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THE DOCUMENT IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE DOCUMENT: (A) IF EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED (the "FSMA"), IS BEING ADDRESSED TO, OR DIRECTED AT, 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(2) 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 EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, IS BEING ADDRESSED TO, OR DIRECTED AT, 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 CIS ORDER"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSON DESCRIBED IN ARTICLE 22(2)(a)-(d) OF THE PROMOTION OF CIS ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE. PERSONS OF ANY OTHER DESCRIPTION IN THE UNITED KINGDOM MAY NOT RECEIVE AND SHOULD NOT ACT OR RELY ON THIS DOCUMENT.

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(the "**Delegate**") that: (i) you are located outside the United States and not a U.S. person, or acting for the account or benefit of any U.S. person; (ii) you consent to delivery by electronic transmission; (iii) you will not transmit the document (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 Joint Lead Managers; (iv) 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 (as defined in the document); (v) if you are a person in Hong Kong, you are a "professional investor" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; and (vi) you have understood and agree to the other terms set out herein.

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

Neither the Joint Lead Managers, the Delegate, the Agents nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Trustee, SIB or the offer. The Joint Lead Managers, the Delegate, the Agents and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers, the Delegate, the Agents or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the document and none of the Joint Lead Managers, the Delegate, the Agents or their respective affiliates accepts any responsibility for any acts or omissions of the Trustee, SIB or any other person in connection with the document or issue and offering of the Certificates.

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 a Joint Lead Manager or any affiliate of the Joint Lead Manager is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of SIB and the Trustee in such jurisdiction.

Under no circumstances shall the document constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the 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 final version of the document.

If you received the document by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "Reply" function on the e-mail software, will be ignored or rejected. Your receipt of the electronic transmission 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.

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SIB TIER 1 SUKUK IIND LTD

(incorporated with limited liability under the laws of the Cayman Islands)

U.S.\$500,000,000 Additional Tier 1 Capital Certificates

The U.S.\$500,000,000 Additional Tier 1 Capital Certificates (the "**Certificates**") of SIB Tier 1 Sukuk IIND Ltd (in its capacity as issuer and in its capacity as trustee, as applicable the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated 4 June 2025 (the "**Issue Date**") entered into between the Trustee, Sharjah Islamic Bank PJSC ("**SIB**") and Citibank, N.A. London Branch as (i) the donee of certain powers as set out in the Declaration of Trust and as (ii) the delegate of the Trustee (the "**Delegate**"). Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets (as defined herein) upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "**Conditions**").

If a Non-Viability Event (as defined herein) occurs, a Write-down (as defined herein) shall occur on the relevant Non-Viability Event Write-down Date (as defined herein), as more particularly described in Condition 11. In such circumstances, the Certificateholders' rights to the Trust Assets (including the Mudaraba Assets (as defined herein)) shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount (as defined herein) and in the case of the relevant Write-down Amount corresponding to the full proportion of the Prevailing Face Amount (as defined herein) of each Certificate then outstanding, the Certificates shall be cancelled. See "*Risk Factors – Risks Relating to the Certificates – Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently written-down upon the occurrence of a Non-Viability Event*".

The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. For a discussion of these risks, see "Risk Factors". In particular, there are risks inherent in the holding of the Certificates, including the risks relating to subordination of claims in connection therewith and the circumstances in which a Certificateholder may suffer losses as a result of holding the Certificates. See "Risk Factors – Risks Relating to the Certificates – The circumstances triggering a Write-down are unpredictable and Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, or without, any losses being required to be borne by SIB's shareholders".

The payment obligations of SIB under the Mudaraba Agreement (as defined herein) (including all payments which are the equivalent of principal (being capital amounts, including the Mudaraba Capital (as defined herein), payable in accordance with the provisions of the Mudaraba Agreement) and profit) (the "**Relevant Obligations**") will, subject to the Solvency Conditions (as defined herein) being satisfied at the relevant time and no bankruptcy order having been issued in respect of SIB by a court in the United Arab Emirates (the "**UAE**"), rank in priority only to all Junior Obligations (as defined herein). Payments in respect of the Relevant Obligations by SIB are conditional upon (i) SIB being Solvent (as defined herein) at all times from (and including) the first day of the relevant Periodic Distribution Period (as defined herein) (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable; (ii) SIB being capable of making payment of the Relevant Obligations and any other payment that is due to be made on the relevant date to a creditor in respect of all Senior Obligations and all Pari Passu Obligations (each, as defined herein) and still be Solvent immediately thereafter; and (iii) the total share capital (including, without limitation, retained earnings) of SIB being greater than zero at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable (together, the "**Solvency Conditions**"). **In addition, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of SIB has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by SIB in respect of the Relevant Obligations.**

Periodic Distribution Amounts (as defined herein) shall be payable subject to and in accordance with the Conditions on the Prevailing Face Amount of the Certificates then outstanding from (and including) the Issue Date to (but excluding) 4 June 2031 (the "**First Reset Date**") at a rate of 6.125 per cent. per annum. If the Certificates are not redeemed or purchased and cancelled in accordance with the Conditions on or prior to the First Reset Date, Periodic Distribution Amounts shall be payable from (and including) the First Reset Date subject to and in accordance with the Conditions at a fixed rate, to be reset on the First Reset Date and every six years thereafter, equal to the Relevant Six Year Reset Rate (as defined in the Conditions) plus a margin of 1.956 per cent. per annum. Periodic Distribution Amounts will, if payable pursuant to the Conditions, be payable semi-annually in arrear on 4 June and 4 December in each year, commencing 4 December 2025. Payments on the Certificates will be made free and clear of and without withholding or deduction for, or on account of, taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed or levied by or on behalf of any Relevant Jurisdiction (as defined herein) (the "**Taxes**") to the extent described under Condition 13. Each payment of a Periodic Distribution Amount will be made by the Trustee

provided that SIB (in its capacity as Mudareb (as defined herein)) shall have paid Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit (as applicable) (each as defined herein) equal to such Periodic Distribution Amount pursuant to the terms of the Mudaraba Agreement (as defined in the Conditions). Payments of such profit amounts under the Mudaraba Agreement are subject to mandatory cancellation if a Non-Payment Event (as defined herein) occurs, and are otherwise at the sole discretion of SIB (as Mudareb). Any Periodic Distribution Amounts not paid as aforesaid will not accumulate and neither the Trustee nor the Certificateholders shall have any claim in respect thereof.

The Certificates are perpetual securities and have no fixed or final redemption date. Unless the Certificates have previously been redeemed or purchased and cancelled as provided in the Conditions, SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, redeem all but not some only of the Certificates on 4 December 2030 (the "**First Call Date**") or on any date thereafter up to and including the First Reset Date or any Periodic Distribution Date following the First Reset Date in accordance with Condition 10.1(b). In addition, upon the occurrence of a Tax Event or a Capital Event (each as defined herein), SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall redeem all, but not some only, of the Certificates or vary the terms thereof, in each case at any time on or after the Issue Date in accordance with Conditions 10.1(c) or 10.1(d), respectively. Any redemption or variation is subject to the conditions described in Condition 10.1.

If a SIB Event (as defined in the Conditions) occurs, the Delegate shall (subject to Condition 12.1) give notice of the occurrence of such event to the Certificateholders in accordance with Condition 17 with a request to the Certificateholders to indicate to the Trustee and the Delegate in writing if they wish the Certificates to be redeemed and the Trust to be dissolved (a "**Dissolution Request**"). If so requested in writing by the Certificateholders of at least 20 per cent. of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of Certificateholders, the Delegate shall (but in each case subject to Condition 12.3(e)(i)), give notice (a "**Dissolution Notice**") to the Trustee that the Certificates are immediately due and payable at the Prevailing Face Amount of the Certificates then outstanding together with any Outstanding Payments (as defined in the Conditions), whereupon the aggregate face amount of the Certificates then outstanding together with any Outstanding Payments shall become immediately due and payable and, upon receipt of such Dissolution Notice, the Trustee and/or the Delegate shall subject to Condition 12.3 take the actions referred to therein.

This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the "**Central Bank of Ireland**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this 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 SIB 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 to be admitted to the official list (the "**Official List**") and trading on the regulated market (the "**Euronext Dublin Regulated Market**") of Euronext Dublin. The Euronext Dublin Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, "**MiFID II**"). This Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under Rule 2.6 of the DFSA's Markets Rules (the "**Markets Rules**") and is therefore an approved prospectus for the purposes of Article 14 of the DIFC Law No. 1 of 2012 (the "**Markets Law**"). Application has also been made to the DFSA for the Certificates to be admitted to the official list of securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai. References in this Prospectus to Certificates being "**listed**" (and all related references) shall mean that such Certificates have been (a) admitted to listing on the Official List and the DFSA Official List and (b) admitted to trading on the Euronext Dublin Regulated Market and on Nasdaq Dubai.

This Prospectus is valid until the Certificates are admitted to trading on the Euronext Dublin Regulated Market of and to listing on the Official List of Euronext Dublin. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid. For the purposes of this Prospectus, "**valid**" means valid for admissions to trading on a regulated market by or with the consent of the Trustee and the obligation to supplement this Prospectus is only required within its period of validity between the time when this Prospectus is approved and the closing of the offer period for the Certificates or the time when trading on a regulated market begins, whichever occurs later.

The Certificates will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or before the Issue Date with, and registered in the name of a nominee for, a common depository (the "**Common Depository**") for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information, nor has it determined whether the Certificates are Shari'a-compliant. The liability for the content of this Prospectus lies with the Trustee and SIB. The DFSA has also not assessed the suitability of the Certificates to which this Prospectus relates to any particular investor

or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Certificates to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The transaction structure relating to the Certificates (as described in this Prospectus) and the Transaction Documents (as defined herein) have been approved by each of the Internal *Shari'ah* Supervisory Committee of SIB, the Standard Chartered Bank Global *Shariah* Supervisory Committee, Internal *Shari'ah* Supervision Committee of Emirates NBD – Islamic and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited as, in their view, complying with Shari'a principles as applicable to, and interpreted by, them. Prospective Certificateholders should not rely on the approvals referred to above in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in the approvals referred to above, including tradability of the Certificates in the secondary market, is in compliance with Shari'a principles (including, without limitation, their individual standards of compliance relating thereto) Prospective Certificateholders are reminded that, as with any Shari'a views, differences in opinion are possible and different Shari'a standards may be applied by different Shari'a advisers.

The Certificates may only be offered, sold or transferred in registered form in minimum face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Amounts payable on the Certificates following the First Reset Date will be calculated by reference to one or more U.S. Treasury rates. As at the date of this Prospectus, the administrator(s) of the relevant U.S. Treasury rate(s) are not included in the register of administrators of the European Securities and Markets Authority ("**ESMA**") under Article 36 of the Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**"). As far as the Trustee is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the administrator(s) of the relevant U.S. Treasury rate(s) are not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence).

JOINT LEAD MANAGERS

Arqam Capital	Dubai Islamic Bank	Emirates NBD Capital
First Abu Dhabi Bank	HSBC	Kamco Invest
Mashreqbank psc (acting through its Islamic Banking Division)		Standard Chartered Bank

The date of this Prospectus is 3 June 2025

This Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Market Rules and comprises a prospectus for the purposes of Article 6 of the Prospectus Regulation.

The Trustee and SIB accept responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Trustee and SIB the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Certain information under the headings "*Risk Factors*", "*Description of the Group*" and "*The United Arab Emirates Banking Sector and Regulations*" has been extracted from information provided by or obtained from independent third party sources and, in each case, the relevant source of such information is specified where it appears under those headings. Each of the Trustee and SIB confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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 Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

None of Arqaam Capital Limited, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Kamco Investment Company K.S.C.P., Mashreqbank psc (acting through its Islamic Banking Division) and Standard Chartered Bank (together, the "**Joint Lead Managers**"), nor any of their directors, affiliates, advisers, agents, the Delegate nor the Agents (as defined in the Agency Agreement) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or any other information provided by the Trustee or SIB in connection with the Certificates or for any acts or omissions of the Trustee, SIB or any other person in connection with this Prospectus or the issue and offering of the Certificates.

To the fullest extent permitted by law, the Joint Lead Managers, the Delegate and the Agents each accepts no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager, the Delegate or an Agent or on its behalf in connection with the Trustee, SIB or the issue and offering of the Certificates. Each of the Joint Lead Managers, 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 Prospectus or any such statement.

No person is or has been authorised by the Trustee, SIB, the Joint Lead Managers, the Delegate or the Agents to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the offering of the Certificates and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, SIB, the Joint Lead Managers, the Delegate or any of the Agents.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Certificates shall, in any circumstances, constitute a representation or create any implication that the information contained in this Prospectus is correct subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or the financial or trading position of the Trustee or SIB since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Certificates is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No advice is given by the Trustee, SIB, the Joint Lead Managers, the Delegate or the Agents or, any of their directors, affiliates, advisers or agents in respect of taxation matters relating to the Certificates or the legality of the purchase of the Certificates by an investor under applicable or similar laws.

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 and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) 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 may be offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

SIB has been assigned ratings of "BBB+" by Fitch Ratings Limited ("**Fitch**") with a "stable" outlook and "A-" by S&P Global Ratings Europe Limited ("**S&P**") with a "negative" outlook.

Fitch is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). Fitch is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. S&P is established in the European Union and is registered under the CRA Regulation. As such S&P is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the United Kingdom and is registered under the UK CRA Regulation.

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

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

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Trustee, SIB, the Joint Lead Managers, the Delegate or the Agents makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

The distribution of this Prospectus and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. None of the Trustee, SIB, the Joint Lead Managers, nor any of their directors, affiliates, advisers, agents, the Delegate or the Agents represents that this Prospectus may be lawfully distributed, or that Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, SIB, the Joint Lead Managers, nor any of their directors, affiliates, advisers, agents, the Delegate or the Agents which is intended to permit a public offering of the Certificates or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Prospectus comes are required by the Trustee, SIB and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Certificates in the United States, the European Economic Area ("**EEA**"), the United Kingdom, the UAE (excluding the Abu Dhabi Global Market ("**ADGM**") and the Dubai International Financial Centre ("**DIFC**")), the ADGM, the DIFC, the Cayman Islands, the Kingdom of Saudi Arabia, State of Kuwait, the Kingdom of Bahrain, Hong Kong, Singapore, Malaysia and Switzerland. For a description of the restrictions on offers, sales and deliveries of

Certificates and on the distribution of this Prospectus and other offering material relating to the Certificates, see "*Subscription and Sale*".

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase Certificates, is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Trustee, SIB, the Joint Lead Managers, the Delegate, the Agents or any of their directors, affiliates, advisers, agents or any of them that any recipient of this Prospectus should subscribe for, or purchase, the Certificates. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and SIB. None of the Joint Lead Managers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or SIB during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Certificates of any information coming to the attention of any of the Joint Lead Managers.

The Certificates are of high risk and may not be a suitable or appropriate investment for all investors (see, in particular, "*MIFID II Product Governance / Professional Investors and ECPS only Target Market*", "*UK MIFIR Product Governance / Professional Investors and ECPS only Target Market*", "*PRIIPS Regulation / Prohibition of Sales to EEA Retail Investors*" and "*UK PRIIPS Regulation / Prohibition of Sales to UK Retail Investors*" below). In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Certificates to investors. There are risks inherent in the holding of the Certificates, including the risks relating to subordination of claims in connection therewith and the circumstances in which a prospective investor may suffer loss as a result of holding the Certificates. For a discussion of these risks, see "*Risk Factors*".

Each prospective investor in the Certificates must determine the suitability of its investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;**
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;**
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the prospective investor's currency;**
- (iv) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets;**
- (v) be able to evaluate the compliance of the Certificates with Shari'a principles (including without limitation, their individual standards of compliance relating thereto); and**
- (vi) be 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.**

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 prospective investor should consult its legal advisers to determine whether and to what extent: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of financing; and (c) 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 are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the 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 the Certificates and the impact this investment will have on the prospective investor's overall investment portfolio.

No comment is made or advice given by the Trustee, SIB, the Joint Lead Managers, the Delegate or the Agents in respect of taxation matters relating to the Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

Any term which is not compliant with *Shari'a* principles used in this Prospectus has been included to give the correct meaning to a particular statement or a Condition and does not impact the *Shari'a* compliant nature of the Certificates or the Transaction Documents described in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

This Prospectus incorporates by reference the following financial statements of SIB:

- unaudited condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2025 which include comparative financial information as at and for the three-month period ending 31 March 2024, together with the notes thereto (the **Q1 2025 Financial Statements**);
- audited consolidated financial statements as at and for the year ended 31 December 2024 which include comparative financial information as at and for the year ended 31 December 2023, together with the notes thereto (the **2024 Financial Statements**); and
- audited consolidated financial statements as at and for the year ended 31 December 2023 which include comparative financial information as at and for the year ended 31 December 2022, together with the notes thereto (the **2023 Financial Statements**).

The 2024 Financial Statements and the 2023 Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) and comply with the guidance of the UAE Central Bank, Islamic *Shari'ah* principles and applicable requirements of the UAE federal law. The Q1 2025 Financial Statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (IAS 34). The 2023 Financial Statements have been audited in accordance with International Standards on Auditing (**ISA**) by PricewaterhouseCoopers Limited Partnership Dubai Branch (**PwC**). The 2024 Financial Statements have been audited in accordance with the ISA by KPMG Lower Gulf Limited (**KPMG**).

SIB presents its financial statements in thousands of UAE dirham.

Unless otherwise indicated, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity information incorporated by reference in this Prospectus relating to SIB have been extracted:

- in respect of the financial information as at and for the year ended 31 December 2023 from the reclassified comparative information as at and for the year ended 31 December 2023 included in the 2024 Financial Statements (see "*Certain restatements and reclassifications*" below). Where financial information as at and for the year ended 31 December 2023 which has been reclassified in the 2024 Financial Statements, the original figure (extracted from the 2023 Financial Statements) has been presented together with the reclassified figure (extracted from the comparative information included in the 2024 Financial Statements);
- in respect of the financial information as at and for the year ended 31 December 2024 from the 2024 Financial Statements; and
- in respect of the financial information as at and for the three-month period ended 31 March 2024 from the Q1 2025 Financial Statements.

CERTAIN RESTATEMENTS AND RECLASSIFICATIONS

Certain comparative information in the:

- (i) consolidated statement of financial position of SIB as at 31 December 2023;
- (ii) consolidated statement of profit and loss of SIB for the year ended 31 December 2023;
- (iii) consolidated statement of comprehensive income of SIB for the year ended 31 December 2023; and
- (iv) consolidated statement of changes in equity of SIB as at 31 December 2023,

in each case, as contained in the 2024 Financial Statements, has been reclassified in order to conform to the presentation in the 2024 Financial Statements as at and for the year ended 31 December 2024.

Specifically, a fee payable to the Board of Directors of SIB (the “fee”) which was previously charged to “Retained earnings” in the consolidated statement of changes in equity, has been reclassified and is now charged to the consolidated statement of profit and loss.

The impact of this reclassification on the consolidated statement of financial position of SIB as at 31 December 2023 has resulted in: (i) a decrease of AED 10 million in “Retained earnings” as at 1 January 2023 and as at 31 December 2023; and (ii) an increase of AED 10 million in “Other liabilities” as at 31 December 2023.

The impact of this reclassification on the consolidated statement of profit and loss of SIB for the year ended 31 December 2023 has resulted in: (i) an increase of AED 10 million in “General and administrative expenses” (and, consequently, “Operating profit before impairment and revaluation”) for the year ended 31 December 2023; and (ii) a decrease of AED 10 million in “Profit before tax” and “Profit for the year”, in each case for the year ended 31 December 2023. This decrease of AED 10 million in “Profit for the year” for the year ended 31 December 2023 has also been reflected in the consolidated statement of comprehensive income of SIB for the year ended 31 December 2023.

The reversal of the charge of the fee from the consolidated statement of changes in equity to the consolidated statement of profit and loss is also reflected in the consolidated statement of changes in equity of SIB as at 31 December 2023, which reflects a decrease of AED 10 million in “Retained earnings” recorded as at 1 January 2023 and as at 31 December 2023.

ALTERNATIVE PERFORMANCE MEASURES

A number of the financial metrics in the analysis of SIB's business and financial position presented by SIB in this Prospectus are not defined in accordance with IFRS and SIB considers such metrics to constitute Alternative Performance Measures (APMs), as defined in the European Securities and Markets Authority Guidelines on APMs (the **ESMA Guidelines**).

Although not defined in accordance with IFRS, SIB believes such metrics provide useful supplementary information to both investors and SIB'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 IFRS. The assumptions underlying the APMs have not been audited in accordance with ISA or any other auditing standards. In evaluating the APMs, investors should carefully consider the financial statements of SIB incorporated by reference in this Prospectus. Whilst certain data in this Prospectus has been extracted or derived from the financial statements incorporated by reference into the Prospectus, this data has not been audited or reviewed by the independent auditors. Certain of these APMs are presented below, along with their reconciliation to the extent that such information is not defined according to IFRS and not included in SIB's Financial Statements incorporated by reference into this Prospectus:

APM	Calculation	Rationale for inclusion	2024 Financial Statements page number(s) for referred to in calculation
Cost to income ratio	General and administrative expenses divided by the sum of Income from investments in Islamic financing and sukuk and net fee and commission income, investment income, foreign exchange income and other income.	It is used to measure SIB's cost efficiencies, comparing cost to income.	9
Net profit margin	The sum of Income from investments in Islamic financing and sukuk and distribution to depositors divided by average earning assets (being the two-year average of murabaha and wakalah with financial institutions plus investments in Islamic financing, investment securities measured at amortised cost and investment in sukuks measured at fair value).	This is a profitability ratio and is a relevant comparable to the net interest margin in conventional terms, measuring the income/spread SIB makes on its financing investments.	9 and 11
Return on average assets	Profit for the year divided by the average of total assets for two years.	This is a profitability ratio and efficiency measure, indicating how effectively SIB's assets are being used to generate profits.	8 and 10
Return on average equity	Profit for the year divided by the average of total shareholders' equity for two years.	This is a profitability ratio, measuring the average return to shareholders for their investment in SIB. It indicates how effectively SIB's shareholders' equity is being used to generate profits.	8 and 10
Non-performing financing assets/gross financing	Gross non-performing investments in Islamic financing (Stage 3) divided by the gross	This indicates non-performing financing as a percentage of total financing, and is used to	43

APM	Calculation	Rationale for inclusion	2024 Financial Statements page number(s) for referred to in calculation
	investments in Islamic financing.	assess SIB's asset quality.	
Financing/total deposits	Investments in Islamic financing divided by the sum of customers' deposits and due to banks.	This is used to assess the liquidity of SIB, as it indicates how much of SIB's deposits are being used for financing.	8
Earnings per share	Profit for the year divided by the weighted average number of shares for the year.	This is a measure of management performance and profitability, and shows the portion of SIB's distributable profit allocated to each outstanding share.	8 and 9
Equity/total assets	Total shareholders' equity divided by total assets.	This shows the proportion of shareholders equity in SIB's total assets.	8
Liquid assets/total assets	The sum of cash and balances with banks and financial institutions and murabaha and wakalah with financial institutions divided by total assets.	This liquidity ratio indicates SIB's current assets as a proportion of total assets, and is used to assess the liquidity of SIB.	8
Depositors' accounts/total deposits	Customers' deposits divided by total deposits (which is the sum of customers' deposits and due to banks).	This indicates the proportion/reliance on customer deposits in SIB's deposit base.	8
Financing/Depositors' account	Investments in Islamic financing divided by customers' deposits.	This is a measure of SIB's ability to fund its financing book through its deposit base.	8
Capital expenditure	The sum of additions to property and equipment and intangible assets deducted by additions to right-of-use assets.	This is a measure of SIB's expenditure on acquiring or maintaining assets.	8 and 64

These APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of SIB's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of SIB's liquidity.

PRESENTATION OF UAE STATISTICAL INFORMATION

The statistical information in the section entitled "*The United Arab Emirates Banking Sector and Prudential Regulations*" has been accurately reproduced from a number of different identified sources. All statistical information provided in that section may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. GDP data is not final and may be subject to revision in future periods and certain other historical GDP data set out in that section may also be subject to future adjustment.

PRESENTATION OF OTHER INFORMATION

In this Prospectus, references to:

- **Abu Dhabi, Dubai and Sharjah** are to the Emirate of Abu Dhabi, the Emirate of Dubai and the Emirate of Sharjah, respectively;
- **UAE Central Bank** means the Central Bank of the UAE;
- **dirham, AED and UAE dirham** are to the lawful currency of the UAE and references to fil are to the sub-unit of the dirham;
- **Emirate** means one or more of the seven emirates of the UAE;
- **euro and €** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union;
- the **GCC** are to the Gulf Co-operation Council;
- the **Group** are to SIB and its consolidated subsidiaries;
- the **MENA** region are to the Middle East and North Africa region; and
- **U.S.\$, USD or U.S. dollars** are to the lawful currency of the United States.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The midpoint between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. All U.S.\$ translations of dirham amounts appearing in this Prospectus have been translated at this fixed exchange rate. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The language of the 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.

Information contained on any website referred to herein does not form part of this Prospectus and has not been scrutinised or approved by the Irish Central Bank unless that information is incorporated by reference into the Prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

The risks and uncertainties referred to above include:

- macro-economic and financial market conditions;
- credit risks, including the impact of a higher level of credit defaults arising from adverse economic conditions (in particular in relation to the impact of the Russia-Ukraine conflict), the impact of provisions and impairments and concentration of SIB's portfolio of Islamic financing and investing assets;
- liquidity risks, including the inability of SIB to meet its contractual and contingent cash flow obligations or the inability to fund its operations; and
- changes in profit rates and other market conditions.

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

These forward-looking statements speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws, SIB expressly disclaims any obligation or undertaking to disseminate, after the date of this 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.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

There are no manufacturers for the purposes of MiFID II. Any person subsequently offering, selling or recommending the Certificates (a “**distributor**”) should consider (i) the target market for the Certificates to be eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients to be appropriate. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of 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, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR, only; and (ii) all channels for distribution of the Certificates to eligible

counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

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

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

VOLCKER RULE

THE VOLCKER RULE, WHICH BECAME EFFECTIVE ON 1 APRIL 2014, BUT WAS SUBJECT TO A CONFORMANCE PERIOD FOR CERTAIN ENTITIES THAT CONCLUDED ON 21 JULY 2015, GENERALLY PROHIBITS "**BANKING ENTITIES**" (WHICH IS BROADLY DEFINED TO INCLUDE U.S. BANKS AND BANK HOLDING COMPANIES AND MANY NON-U.S. BANKING ENTITIES, TOGETHER WITH THEIR RESPECTIVE SUBSIDIARIES AND OTHER AFFILIATES) FROM (I) ENGAGING IN PROPRIETARY TRADING, (II) ACQUIRING OR RETAINING AN OWNERSHIP INTEREST IN OR SPONSORING A "**COVERED FUND**", AND (III) ENTERING INTO CERTAIN RELATIONSHIPS WITH "**COVERED FUNDS**". THE GENERAL EFFECTS OF THE VOLCKER RULE REMAIN UNCERTAIN; ANY PROSPECTIVE INVESTOR IN THE CERTIFICATES AND ANY ENTITY THAT IS A "**BANKING ENTITY**" AS DEFINED UNDER THE VOLCKER RULE WHICH IS CONSIDERING AN INVESTMENT IN THE CERTIFICATES SHOULD CONSULT ITS OWN LEGAL ADVISERS AND CONSIDER THE POTENTIAL IMPACT OF THE VOLCKER RULE IN RESPECT OF SUCH INVESTMENT. IF INVESTMENT BY "**BANKING ENTITIES**" IN THE CERTIFICATES IS PROHIBITED OR RESTRICTED BY THE VOLCKER RULE, THIS COULD IMPAIR THE MARKETABILITY AND LIQUIDITY OF SUCH CERTIFICATES. NO

ASSURANCE CAN BE MADE AS TO THE EFFECT OF THE VOLCKER RULE ON THE ABILITY OF CERTAIN INVESTORS SUBJECT THERETO TO ACQUIRE OR RETAIN AN INTEREST IN THE CERTIFICATES, AND ACCORDINGLY NONE OF THE TRUSTEE, SIB, THE JOINT LEAD MANAGERS, THE DELEGATE OR THE AGENTS, OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION REGARDING (A) THE STATUS OF THE TRUSTEE UNDER THE VOLCKER RULE (INCLUDING WHETHER IT IS A "**COVERED FUND**" FOR THEIR PURPOSES) OR (B) THE ABILITY OF ANY PURCHASER TO ACQUIRE OR HOLD THE CERTIFICATES, NOW OR AT ANY TIME IN THE FUTURE.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

The Certificates represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this 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 Prospectus and any other marketing materials relating to the Certificates: (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, 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(2)(a) – (d) (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 effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, 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 CIS Order**"); (ii) persons falling within any of the categories of person described in Article 22(2)(a)-(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CIS Order; and (iii) any other person to whom it may otherwise lawfully be made. Persons of any other description in the United Kingdom may not receive and should not act or rely on this document.

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

Any prospective investor intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document 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 Saudi Arabian Capital Market Authority (the "**Capital Market Authority**").

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and any 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 Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

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

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of person set out in Part I of Schedule 6 or Section 229(1)(b), Part I of 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 Capital Market and Services Act 2007 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 SIB and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.

STABILISATION

In connection with the issue of the Certificates, Standard Chartered Bank (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager shall act as principal and not as agent of the Trustee or SIB. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. Any stabilisation action must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

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OVERVIEW OF THE OFFERING

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Prospectus carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Words and expressions defined in the Conditions shall have the same meanings in this overview.

Certificates:	U.S.\$500,000,000 Additional Tier 1 Capital Certificates.
Trustee:	SIB Tier 1 Sukuk IIND Ltd, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registered number 419447 and its registered office at 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):	254900WL7OVWM4TM3S73
SIB Legal Entity Identifier (LEI):	635400NBMEM4UME2TO15.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, 250 of which are fully-paid and issued. The Trustee's entire issued share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a declaration of trust.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the " Trustee Administrator "), who has agreed to perform certain management functions and provide certain clerical, administrative and other services pursuant to a corporate services agreement dated 13 May 2025 between the Trustee and the Trustee Administrator (the " Corporate Services Agreement "). The Trustee Administrator's registered office is P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Mudareb:	Sharjah Islamic Bank PJSC
Rab-al-Maal:	SIB Tier 1 Sukuk IIND Ltd
Risk Factors:	Certain factors may affect the Trustee's ability to fulfil its obligations under the Certificates and SIB's ability to fulfil its obligations under the Transaction Documents. In addition, certain factors are material for the purpose of assessing the market risks associated with the Certificates. These are set out under " <i>Risk Factors</i> ".
Joint Lead Managers:	Arqaam Capital Limited, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Kamco Investment Company K.S.C.P., Mashreqbank psc (acting through its Islamic Banking Division) and Standard Chartered Bank.
Delegate:	Citibank, N.A. London Branch

Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future powers, authorities and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being directed and indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Mudareb and/or SIB following a SIB Event.

**Principal Paying Agent,
Calculation Agent and Transfer
Agent:**

Citibank N.A. London Branch

Registrar:

Citibank Europe plc

**Summary of the transaction
structure and Transaction
Documents:**

An overview of the structure of the transaction and the principal cashflows is set out under "*Structure Diagram and Cash Flows*" and a description of the principal terms of certain of the Transaction Documents is set out under "*Summary of the Principal Transaction Documents*".

Issue Date:

4 June 2025.

Issue Price:

100 per cent.

Periodic Distribution Dates:

4 June and 4 December in each year, commencing on 4 December 2025.

Periodic Distributions:

Subject to Condition 8, Periodic Distribution Amounts shall be payable on each Periodic Distribution Date up to and including the First Reset Date at a rate of 6.125 per cent. per annum. If the Certificates are not redeemed or purchased and cancelled in accordance with the Conditions on or prior to the First Reset Date, Periodic Distribution Amounts shall be payable on each Periodic Distribution Date after the First Reset Date (subject as aforesaid) at a fixed rate, to be reset on the First Reset Date and every six years thereafter, equal to the Relevant Six Year Reset Rate plus a margin of 1.956 per cent. per annum.

If SIB makes a Non-Payment Election (as defined herein) or a Non-Payment Event occurs (as defined herein), the Trustee shall not pay the corresponding Periodic Distribution Amounts and neither SIB nor the Trustee shall have any obligation to make any subsequent payment in respect of any unpaid Periodic Distribution Amount as more particularly described in Condition 8. In such circumstances, Periodic Distribution Amounts will not be cumulative and any Periodic Distribution Amount which is not paid will not accumulate or compound and Certificateholders will have no claim in respect of any such Periodic Distribution Amount at any time.

Form of Certificates:

The Certificates will be issued in registered form as described in "*Global Certificate*". The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg.

Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants.

Definitive Certificates evidencing a holding of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.

Clearance and Settlement:

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

Denomination of the Certificates:

The Certificates will be issued in registered form in face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Status of the Certificates:

Each Certificate will represent an undivided ownership interest in the Trust Assets, will be a limited recourse obligation of the Trustee and will rank *pari passu* without any preference or priority with all other Certificates. See Condition 4.1.

The Relevant Obligations will: (a) constitute Additional Tier 1 Capital of SIB; (b) constitute direct, unsecured, conditional and subordinated obligations of SIB; (c) rank subordinate and junior to all Senior Obligations but not further or otherwise; (d) rank *pari passu* with all other Pari Passu Obligations, which, for the avoidance of doubt, includes and shall continue to include SIB's obligations under the Existing Tier 1 Securities; and (e) subject to the Solvency Conditions being satisfied at the relevant time and no bankruptcy order having been issued in respect of SIB by a court in the UAE rank in priority to all Junior Obligations. See Condition 4.2.

Payments in respect of the Relevant Obligations by SIB are conditional upon: (i) SIB (in its capacity as Mudareb or otherwise) being Solvent at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable; (ii) SIB (in its capacity as Mudareb or otherwise) being capable of making payment of the Relevant Obligations and any other payment that is due to be made on the relevant date to a creditor in respect of all Senior Obligations and all Pari Passu Obligations and still be Solvent immediately thereafter; and (iii) the total share capital (including, without limitation, retained earnings) of SIB being greater than zero at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable (together, the "**Solvency Conditions**").

To the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of SIB has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by SIB in respect of the Relevant Obligations.

Trust Assets:

The Trust Assets consist of:

- (a) the cash proceeds of the issue of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets;
- (c) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given by SIB (acting in any capacity) pursuant to any of the Transaction Documents and the covenant given to the Trustee pursuant to clause 12.1 of the Declaration of Trust); and
- (d) all amounts standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing which will be held by the Trustee upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions.

Redemption of Certificates and variation of their terms:

The Certificates are perpetual securities and accordingly do not have a fixed or final redemption date. All, but not some only, of the Certificates may be redeemed or the terms of the Certificates may be varied by the Trustee (but only upon the instructions of SIB (acting in its sole discretion)) only in accordance with the provisions of Condition 10.

Pursuant to Condition 10.1(b), SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, on any Call Date, redeem all, but not some only, of the Certificates at the Trustee Call Amount.

In addition (on any date on or after the Issue Date, whether or not a Periodic Distribution Date), upon the occurrence of a Tax Event or a Capital Event, all, but not some only, of the Certificates may be redeemed or the terms of the Certificates may be varied, in each case in accordance with Conditions 10.1(c) and 10.1(d). Any redemption of the Certificates is subject to the conditions described in Condition 10.1.

Write-down at the Point of Non-Viability (as prescribed by the Financial Regulator):

If a Non-Viability Event occurs, a Write-down (as defined herein) shall occur on the relevant Non-Viability Event Write-down Date, as more particularly described in Condition 11. In such circumstances, the Certificateholders' rights to the Trust Assets (including the Mudaraba Assets) shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount and in the case of the relevant Write-down Amount corresponding to the full proportion of the Prevailing Face Amount of each Certificate then outstanding, the Certificates shall be cancelled. See Condition 11.

Dissolution Events:

Subject to Condition 12, if a SIB Event occurs, and, if so requested in writing by the Certificateholders of at least 20 per cent. of the

aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of the Certificateholders in accordance with Condition 12.1, the Trustee and/or the Delegate shall, subject to Condition 12.3, take the actions referred to therein.

Withholding Tax:

Subject to Condition 9.2 and Condition 13, 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 Taxes (as defined in Condition 13), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay, in respect of Periodic Distribution Amounts (but not, for the avoidance of doubt, in respect of Dissolution Distribution Amounts (other than any Outstanding Payments)), Additional Amounts as shall be necessary in order that the net amounts of Periodic Distribution Amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts of Periodic Distribution Amounts due and payable to any Certificateholder which would otherwise have been receivable in the absence of such withholding or deduction.

In addition, the Mudaraba Agreement provides that all payments thereunder by SIB (in its capacity as the Mudareb) shall be made without withholding or deduction for, or on account of, any Taxes, unless such withholding or deduction of the Taxes is required by law. In the event there is any such withholding or deduction in relation to any Rab-al-Maal Mudaraba Profit or Rab- al-Maal Final Mudaraba Profit, as the case may be, SIB shall pay such Additional Amounts as shall result in the receipt by the Trustee of such net amounts of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as the case may be, as would have been receivable by it if no such withholding or deduction had been required. To the extent that any such Additional Amounts are paid by SIB pursuant to the Mudaraba Agreement, SIB shall be entitled to recover amounts equal to such Additional Amounts from the amounts (if any) standing to the credit of the Mudaraba Reserve and if, following such recovery a shortfall remains between the amounts standing to the credit of the Mudaraba Reserve and such Additional Amounts paid by SIB (such shortfall the "**Additional Amounts Shortfall**"), SIB shall be entitled to recover amounts equal to such Additional Amounts Shortfall from any Liquidation Proceeds (after taking into account amounts equal to the then applicable Dissolution Distribution Amount payable to the Trustee on the Mudaraba End Date pursuant to the Mudaraba Agreement).

Notwithstanding any other provision of the Conditions, in no event will the Trustee be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended, the "**Code**") or otherwise imposed pursuant to Sections 1471 through to 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Trustee Covenants:

The Trustee has agreed to certain restrictive covenants as set out in Condition 6.

Ratings:

SIB has been assigned ratings of "BBB+" by Fitch with a "stable" outlook and "A-" by S&P with a "negative" outlook. The

	<p>Certificates will not be rated by any rating organisation upon their issue.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Certificateholder Meetings:	<p>A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 18.</p>
Tax Considerations:	<p>See "<i>Taxation</i>" for a description of certain tax considerations applicable to the Certificates.</p>
Listing and Admission to Trading:	<p>Application has been made to Euronext Dublin for the Certificates to be admitted to listing on the Official List and for such Certificates to be admitted to trading on the Euronext Dublin Regulated Market.</p> <p>Application has been made to the DFSA for the Certificates to be admitted to listing on the DFSA Official List and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.</p>
Transaction Documents:	<p>The Declaration of Trust, the Agency Agreement and the Mudaraba Agreement are referred to herein as the "Transaction Documents".</p>
Governing Law:	<p>The Certificates, the Declaration of Trust, the Mudaraba Agreement, the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.</p> <p>The Corporate Services Agreement and the Share Declaration of Trust are governed by the laws of the Cayman Islands.</p>
Waiver of Immunity:	<p>To the extent that SIB may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, SIB will agree in the Transaction Documents not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings. Further, SIB will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any legal proceedings. See Condition 20.7.</p>
Limited Recourse:	<p>Proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as otherwise provided in Condition 4.4, the Certificates do not represent an interest in any of the Trustee, SIB, the Delegate, any of their Agents, or any of their respective affiliates.</p> <p>If the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets is not sufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of any of the Trustee (other than the Trust Assets in the manner contemplated in the Transaction Documents) or of the Delegate or the Agents or any of their respective affiliates.</p>

in respect of any shortfall in the expected amounts from the Trust Assets.

See Condition 4.4 for further details.

SIB is obliged to make certain payments under the Transaction Documents directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and/or the Delegate will, subject to Condition 4.2 and Condition 12.3, have recourse against SIB to recover payments due to the Trustee from SIB pursuant to such Transaction Documents notwithstanding any other provision of Condition 4.4. Such right of the Trustee and the Delegate shall constitute an unsecured claim against SIB. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of SIB in connection with the enforcement of any such claim.

Selling Restrictions:

There are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, EEA, the United Kingdom, the UAE (excluding the ADGM and the DIFC), the ADGM, the DIFC, the Cayman Islands, the Kingdom of Saudi Arabia, State of Kuwait, the Kingdom of Bahrain, Hong Kong, Singapore, Malaysia and Switzerland. See "*Subscription and Sale*".

Use of Proceeds:

The net proceeds of the issue of the Certificates will be contributed by the Trustee (as Rab-al-Maal) to SIB (as Mudareb) as Mudaraba Capital pursuant to the terms of the Mudaraba Agreement and will be used by SIB to enhance its tier 1 capital as well as for general corporate purposes, all in accordance with the investment plan set out in the Mudaraba Agreement, as described in "*Use of Proceeds*".

RISK FACTORS

The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of the Certificates should consider carefully, in light of their own financial circumstances and investment objectives, all of the information in this Prospectus.

Each of the Trustee and SIB believes that the factors described below represent the principal risks inherent in investing in the Certificates but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and neither the Trustee nor SIB represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or SIB or which the Trustee or SIB currently deems immaterial, that may impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in the Conditions and "Global Certificate" shall have the same meanings in this section.

RISKS RELATING TO THE TRUSTEE

The Trustee has a limited operating history and no material assets and is dependent upon the performance by SIB of its obligations under the Transaction Documents

The Trustee is a newly formed entity and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as a trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which it will hold on trust for the Certificateholders, will be the Trust Assets, including its right to receive payments under the Mudaraba Agreement.

The Trustee's ability to pay amounts due on the Certificates will depend on its receipt from SIB (in its capacity as Mudareb), of all amounts due under the Mudaraba Agreement, which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents. Therefore, the Trustee is subject to all the risks to which SIB is subject to the extent that such risks could limit SIB's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. See "*Risks relating to the Group*" for a further description of these risks.

RISKS RELATING TO THE GROUP

Risk factors relating to SIB and its business

Political, economic and related risks

The UAE is seen as a relatively stable political environment. Although the UAE enjoys domestic political stability and generally healthy international relations, because it is located in the MENA region, there is a risk that it could be impacted by regional geopolitical instability. The effects of such risks and geopolitical uncertainty can be varied, and it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide in light of the Russia-Ukraine conflict, and various correlated macro-economic conditions.

Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, in 2015, Saudi Arabia commenced a military intervention in the Republic of Yemen in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE was a member of this intervention before withdrawing its military in 2020. In March 2021, Saudi Arabia proposed a ceasefire in Yemen which the Al Houthi militia rejected. As such, the conflict remains ongoing at the date of this Prospectus.

In addition, the ongoing Israeli-Hamas conflict has resulted in an increase in geopolitical tensions in the

region and may have far reaching effects on the global economy currency exchange rates and regional economies. There have also been limited skirmishes in southern Lebanon between Israel and the Lebanese militant group Hezbollah, resulting in casualties, and increased escalations of military activities in the wider region.

In particular, there has been increased attacks by the Yemeni Houthis of international shipping cargoes traversing the Red Sea and the Gulf of Aden, which has impacted globally shipping routes and supply chains. As of the date of this Prospectus, the aforementioned hostilities are ongoing. The scale, duration and impact of this conflict in the region and any global effects are currently unclear and cannot be predicted with any certainty. A wider regional conflict or any escalation of the current conflict could have effects on wider geopolitical stability and the global macroeconomic framework.

In February 2022, an armed conflict ignited between Russia and Ukraine which is currently ongoing. The conflict is resulting in loss of life, a flux of refugees to neighbouring countries, as well as causing significant damage to Ukraine's physical infrastructure. The United States, the United Kingdom, the European Union, Japan, Canada and other countries have implemented extensive and unprecedented sanctions (including SWIFT cut-off) against certain Russian entities, persons and sectors, including Russian financial, oil and defence companies as a result of the conflict. In addition, certain NATO countries have banned the import of Russian oil and transactions with the Central Bank of Russia, with more predicted to follow suit in respect of Russian gas. As a result of the Russia-Ukraine conflict, the economic sanctions imposed on Russia and any retaliatory measures that Russia could adopt in response to the sanctions, energy and commodity prices – including wheat and other grains – have surged, adding to the inflationary pressures experienced globally due to supply chain disruptions caused by the COVID 19 pandemic. While not directly impacting the UAE's territory, the dispute could negatively affect SIB's customers. This, in turn, may have an adverse effect on SIB's business, financial condition, results of operations and prospects.

As a result of the above, many of the world's economies are experiencing elevated inflation, which is expected to remain as such for longer than previously forecasted. In 2023, inflation averaged 4.6 per cent. in advanced economies and 8.4 per cent. in emerging market and developing economies. During 2024, inflation began to decline and as a result interest rates also decreased in some jurisdictions. Whilst the expectation is for inflation to generally continue to decline, as with the growth outlook, considerable uncertainty surrounds inflation projections. Various factors have contributed to shaping the inflation outlook, including the Russia-Ukraine conflict, which caused increases to energy prices (as discussed above) and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers). In addition, while demand grew rapidly in 2021 and 2022, various bottlenecks held back supply, including outbreak-induced factory closures, restrictions at ports, congested shipping lanes, container shortfalls and worker shortages because of quarantines. Although supply bottlenecks are generally anticipated to ease as production responds to higher prices, the ongoing Russia-Ukraine conflict and widespread sanctions on Russian persons, entities and institutions are likely to prolong disruptions in some sectors into 2025. Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate instruments, which could have negative implications for equity and real estate markets) and SIB's customers and counterparties (leading to lower recoverability), which, in turn, could have a materially adverse effect on SIB.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of such politico-economic uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war, hostilities or pandemics, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political, economic or related events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE.

There can be no assurance that either the economic performance of, or political stability in, the UAE can or will be sustained. Whilst SIB believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks (see further "*Description of Sharjah Islamic Bank PJSC – Risk Management*"), investors should note that a worsening of current financial market conditions, instability in certain sectors of the UAE or regional economy or major political upheaval therein could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption, further decline in real estate markets and, as a result, could have a material adverse effect on

SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Liquidity risk

Liquidity risk is the risk that SIB may be unable to meet its payment obligations when they fall due under normal and stressed circumstances. Liquidity risks could arise from the inability of SIB to fund an increase in assets and meet obligations as they become due (structural funding risk) or the inability to convert assets into cash at reasonable prices (market liquidity risk). The risk arises from mismatches in the amount and timings of cash flows.

A dislocated credit environment creates the risk that SIB will not be able to access funds on favourable terms. For instance, although SIB has access to a diverse liquidity pool, including in the form of short and longer-term deposits, interbank financial transactions, syndicated financing and capital market instruments, the movement of global interest rates can cause a negative effect on liquidity (see "*Risk Factors – Risks relating to SIB and its business – Market risk*" and "*Risks relating to SIB and its business – Political, economic and related risks*" in relation to current instability of interest rates across global markets, including in light of rising inflation). Moreover, although SIB considers that it has adequate access to sources of funding, the withdrawal of a significant proportion of its largest deposits may have an adverse effect on SIB's liquidity position (see further "*Risk Factors – Risks relating to SIB and its business – Concentration Risk*"). These and other factors could also lead creditors to form a negative view of SIB's liquidity, which could result in less favourable credit ratings, higher funding costs and less accessible funds. Furthermore, in circumstances where financial institutions generally have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, SIB's access to funds and its cost of funding (profit paid or expected to be paid) may be adversely affected. All of these factors related to liquidity risk could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Liability mismatch risk

As at 31 December 2024, 77.6 per cent. of SIB's customers' deposits, including short-term profit-sharing investment accounts, carried a maturity of less than three months. There may therefore be a potential mismatch in the asset and liability profile of SIB. The existence of maturity profile mismatches may increase SIB's vulnerability to price competition as SIB may face increased liquidity risks to the extent that SIB becomes unable to offer an adequate rate of return to customers. This could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risks arise from adverse changes in the credit quality and recoverability of financings, advances and amounts due from counterparties, which are inherent in the business of SIB. In particular, SIB is exposed to credit risk through financing receivables, ijarah receivables, balances with banks and financial institutions, international murabaha and wakalah with financial institutions, other assets (except prepayments and assets available for sale) and investments in capital markets instruments.

Credit risks could arise from a deterioration in the credit quality of specific counterparties of SIB, from a general deterioration in local or global economic conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of the assets of SIB which would require an increase in the provisions for the impairment of its assets and other credit exposures. The volatility in the macro-economic climate has prompted reduced fiscal budgets and public spending plans in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices, the effects of the economic slowdown in emerging markets generally and rising inflation and interest rates (see further "*Risk Factors – Risks relating to SIB and its business – The UAE's economy is highly dependent upon its oil revenues*" and "*Risk Factors – Risks relating to SIB and its business – Political, economic and related risks*").

As a result of these recent adverse market conditions (see "*Risk Factors – Risks relating to SIB and its business – Market risk*"), certain customers to which SIB directly extends credit and counterparties of SIB may experience decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their service obligations or other expenses as they become due, including amounts payable to SIB. For instance, increased inflation, volatility in oil prices and supply chain pressures resulting from the Russia-Ukraine conflict have had, and may continue to have, a significant adverse effect on the businesses of customers and counterparties of SIB. This has resulted in SIB recognising total impairment on financial assets - net of recoveries, amounting to AED 210,414 thousand for the year ended 31 December 2024 as compared to AED 220,608 thousand for the year ended 31 December 2023. Although SIB maintains a credit risk management strategy (see further "*Description of Sharjah Islamic Bank PJSC – Risk Management*"), there can be no assurance that such measures eliminate or reduce, or will continue to eliminate or reduce, credit risks. Accordingly, SIB may experience a higher level of credit defaults (including non-performing financings and consequential increases in impairment allowances for doubtful financings and advances) in the immediate future, which could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

A substantial increase in new impairment allowances or losses greater than the level of previously recorded impairment allowances for doubtful financing and advances to customers would adversely affect SIB's results of operations and financial condition

In connection with financing activities, SIB periodically establishes impairment allowances for financing losses, which are recorded in its income statement. SIB's overall level of impairment allowances is based upon its assessment of prior loss experience, the volume and type of financing being conducted, collateral held, industry standards, past due financings, economic conditions and other factors related to the recoverability of various financings. Although SIB endeavours to establish an appropriate level of impairment allowances based on its best estimate of the amount of incurred loss, it may have to significantly increase its impairment allowances for financing losses in the future as a result of increases in non-performing assets, deteriorating economic conditions leading to increases in defaults and bankruptcies, or for other reasons. For more information, see "*Risk Factors – Risks relating to SIB and its business – Political, economic and related risks*". See also "*Description of Sharjah Islamic Bank PJSC – Risk Management – Non-performing financing receivable*" in respect of the impact of IFRS 9 on the assessment of expected credit losses and impairment allowances. Any significant increase in impairment allowances for financing losses or a significant change in SIB's estimate of the risk of loss inherent in its portfolio of non-impaired financings, as well as the occurrence of financing losses in excess of the impairment allowances allocated with respect thereto, would have an adverse effect on its business, results of operations and financial condition.

Concentration risk

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 in the financing and deposit portfolio of SIB subject it to further credit risks in the form of default by its larger clients, exposure to particular sectors of the UAE economy and/or withdrawal of large deposits. Concentration of credit risk by (a) industrial sector for investment in Islamic financing and (b) geographical distribution are set out in the 2024 Financial Statements (which are incorporated by reference in this Prospectus).

In addition, SIB's 10 largest private sector clients represented 12.02 per cent. of SIB's gross investments in Islamic financing (which refers to SIB's investment in Islamic financing before loss allowance) as at 31 December 2024. As at 31 December 2024, SIB's largest funded exposure to a private sector client was AED 755 million, which constituted 1.92 per cent. of SIB's gross investments in Islamic financing (as at 31 December 2024) and 8.74 per cent. of its total regulatory capital (total regulatory capital being AED 8.649 billion as at 31 December 2024).

In terms of the industry concentration of SIB's financing portfolio, as at 31 December 2024, financing to individuals (including high net worth individuals) accounted for 15.5 per cent. of SIB's gross investments in Islamic financing (compared to 15.8 per cent. as at 31 December 2023), Government departments and authorities accounted for 36.0 per cent. (compared to 34.7 per cent. as at 31 December 2023), trading and

manufacturing accounted for 7.8 per cent. (compared to 7.6 per cent. as at 31 December 2023), construction and contracting and real estate combined accounted for 29.3 per cent. (compared to 30.6 per cent. as at 31 December 2023) and other sectors (transportation, retail businesses, financial institutions, services and others and consumer home finance) accounted for 11.5 per cent. (compared to 11.3 per cent. as at 31 December 2023).

As at 31 December 2024, SIB's wholesale banking customers (which comprises corporate and government customer segments) represented 82.3 per cent. of its total customers' deposits (compared to 79.3 per cent. as at 31 December 2023). Although SIB considers that it has adequate access to sources of funding, the withdrawal of a significant portion of these large deposits may have an adverse effect on the financial condition and results of operations of SIB as well as its ability to meet the UAE Central Bank capital adequacy requirements.

A downturn in the fortunes of any of SIB's depositors or in the sectors in which they operate, such as aviation, hospitality, real estate and retail (for example, as discussed in "*Risk Factors – Risks relating to SIB and its business – Political, economic and related risks*" and "*Risk Factors – Risks relating to SIB and its business – Credit risk*"), could have an adverse effect on the business, results of operations, financial condition and prospects of SIB.

Further, investors should note that SIB is incorporated in, and has all of its material operations and assets located in, the UAE. SIB has no material operations or assets outside of the UAE. Accordingly, SIB may have insufficient assets located outside the UAE to satisfy in whole or in part any judgment or arbitral award obtained from an English court or an arbitral tribunal with its seat in London (as the case may be) relating to amounts owing in connection with the Certificates. If investors were to seek enforcement of an English judgment in the UAE or to bring proceedings in relation to the Certificates in the UAE, then certain limitations would apply (see further "*Risk factors relating to enforcement*" and "*Risk factors relating to the Assets – Transfer of the Assets*").

Additionally, as all of SIB's material operations and assets are located in the UAE, its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East (see further "*Risk Factors – Risks relating to SIB and its business – Political, economic and related risks*"). Investors are advised to make, and will be deemed by the Arranger, the Dealers, the Delegate, the Agents and SIB to have made, their own investigations in relation to such factors before making any investment decisions in relation to the Certificates. The UAE and Middle East 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 the light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Market risk

Market risk refers to the risk that SIB's income and/or value of a financial instrument will fluctuate because of changes in market rates such as profit rates, foreign exchange rates and market prices of equity. SIB is exposed to market risk through its diverse financial instruments including sukuk, equities, investment funds and foreign currencies.

SIB, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. As at the date of this Prospectus, global debt and equity markets continue to be adversely impacted by the ongoing volatility in the macro-economic climate. For instance, the prevailing macro-economic climate has prompted reduced fiscal budgets and lower public spending plans in recent years in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices, the Russia-Ukraine conflict, the effects of the economic slowdown in emerging markets generally and increased inflation (see further "*Risk Factors – Risks relating to SIB and its business – Political, economic and related risks*" above), and the broader impact thereof on global debt and equity markets, as well as the current heightened interest rates across global markets.

On 6 July 2020, the UAE Central Bank introduced the overnight deposit facility to enable conventional banks operating in the UAE to deposit their surplus liquidity at the UAE Central Bank on an overnight

basis. Movements in global interest rates have also continued to be unpredictable. The general stance of the UAE Central Bank's monetary policy is signalled through the interest rate of the overnight deposit facility, which is the main policy rate of the UAE Central Bank (the **UAE Base Rate**). The UAE Central Bank expects that overnight money market rates should hover around the UAE Base Rate under normal market conditions. The UAE Base Rate is pegged to the U.S. Federal Reserve's interest on excess reserves (source: the UAE Central Bank). Starting 29 July 2021, the U.S. Federal Reserve replaced the interest rate on excess reserves and the interest rate on required reserves with a single rate, the interest rate on reserve balances (the **IORB**). In March 2022, the U.S. Federal Reserve reversed its monetary policy in response to high levels of inflation. Between 16 March 2022 and 26 July 2023, and in response to high levels of inflation, the U.S. Federal Reserve increased the IORB by an aggregate 525 basis points. During that period, each increase to the IORB was followed by a corresponding increase to the UAE Base Rate by the UAE Central Bank such that the UAE Base Rate also increased by an aggregate of 525 basis points, bringing it to 5.4 per cent as at 26 July 2023. However, in September 2024 and November 2024, the U.S. Federal Reserve cut its overnight interest rates. As a result, the UAE Central Bank also reduced its base rate in both September and November 2024, bringing it to 4.65 per cent. as at 8 November 2024. Any future movements in such rates could further exacerbate the reduced liquidity environment.

Moreover, any future monetary policy tightening by the U.S. Federal Reserve could adversely affect asset prices globally and ultimately economic growth globally. Additionally, the pressures faced by regional oil producing countries in response to the volatility of oil prices to remove the foreign exchange "peg" of their domestic currencies to the U.S. dollar poses systemic risks to the banking systems in the GCC (see further *"Risk Factors – Risks relating to SIB and its business – Foreign exchange movements may adversely affect the profitability of SIB"*).

Continued adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The business, results of operations, financial condition and prospects of SIB may be materially adversely affected by these trends and may be further materially adversely affected by a continuation of the general unfavourable economic conditions in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

Although SIB has implemented market risk limits and regularly monitors its exposure, it is not possible to eliminate market risks entirely, and major fluctuations in profit rates, foreign exchange rates or market prices of equity could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Foreign exchange movements may adversely affect the profitability of SIB

SIB maintains its financial statements and reports its results in UAE dirham. The UAE dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Prospectus.

In response to the ongoing economic volatility, certain regional oil producing countries that have traditionally "pegged" their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange "pegs". As at the date of this Prospectus, each of Kazakhstan and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear (the UAE Central Bank has, as recently as January 2018, reiterated its intention to retain the UAE dirham peg against the U.S. dollar), there remains a risk that any such future de-pegging by the GCC states (in the event that the current challenging market conditions persist for a prolonged period) would pose a systemic risk to the regional banking systems by virtue of the inevitable de-valuation of any such de-pegged currency against the U.S. dollar and the impact this would have on the open cross-currency positions held by regional banks, including SIB. Further, any de-pegging could adversely impact SIB's net profit margins and funding costs. As at 31 December 2024, 8.4 per cent. of SIB's total financings were denominated in U.S. dollars (5.7 per cent. as at 31 December 2023).

Should any of the foregoing materialise, this could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Limited profitability

SIB maintains a conservative outlook towards its growth plans which are based on a prudent risk management approach of increasing the size of its financing portfolio and investment securities (predominantly sukuk investments) by focusing only on medium to long term financing with a limited number of counterparties. Whilst this is a prudent approach that is consistent with SIB's cautious attitude to risk, the maintenance of a small financing portfolio may restrict SIB's potential to maximise profit, which could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Impact of regulatory changes and legal risk

Legal risk is the risk of losses occurring due to legal or regulatory action that invalidates or otherwise precludes performance by SIB or any of its counterparties under the terms of its contractual agreements. Additionally, SIB may face certain legal risks from private actions brought against it.

SIB is subject to the laws, regulations, administrative actions and policies in the UAE. These regulations may limit SIB's activities and changes in supervision and regulation could materially adversely affect SIB's business, the products or services offered, the value of its assets, and its financial condition. Future changes in regulatory, fiscal, taxation or other policies which have a material adverse effect on the businesses, results of operations, financial condition and prospects of SIB cannot be predicted and are beyond the control of SIB. For example, Federal Law No. (14) of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities, as amended by Federal Decree Law No. 25 of 2020 (the **2018 Federal Law**) (Article 116) indicates that the UAE Central Bank shall establish a resolution framework for financial institutions, pursuant to which, in the case of a deficiency in an institution's financial position, the UAE Central Bank may take certain actions for the protection of the concerned institution and its depositors. These may include (without limitation) requesting a court to liquidate or declare bankrupt such institution, or prepare a plan for transfer of its assets and liabilities, in accordance with established laws. The timing and content for any such resolution framework are uncertain. The exercise (or perceived likelihood of exercise) of any such action by the UAE Central Bank or any suggestion of such exercise could materially adversely affect the value of the Certificates and could lead to holders losing some or all of their investment in the Certificates.

In addition, the UAE Central Bank has recently issued a high volume of new regulations and standards, some of which are already in effect and others which will become effective in the near future. In particular, new regulations and standards have been proposed that cover consumer protection and Islamic financing. As part of the process of introducing internal controls and action plans to comply with the UAE Central Bank's regulations and standards, such actions may have an adverse effect on SIB's business, results of operations and financial condition.

As a participant in the regulated financial services industry, it is likely that SIB may experience, from time to time, a level of litigation and regulatory scrutiny related to its businesses and operations which may, if adversely determined, have a material adverse effect on SIB's business, reputation, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Tax changes in the UAE may have an adverse effect on SIB

On 9 December 2022, the UAE Ministry of Finance released Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "**Corporate Tax Law**") to enact a federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9 per cent. corporate tax rate.

The first tax period that the Corporate Tax Law is applicable to SIB commenced on 1 January 2024. SIB is not otherwise subject to tax in the UAE.

The implementation of changes to corporation tax (or any other analogous tax regime) may have a material adverse effect on SIB's business, financial condition, results of operations and prospects, which in turn could affect SIB's ability to perform its obligations under the Transaction Documents and consequently, the

Trustee's ability to make payments in respect of any Certificates issued under the Programme under the Transaction Documents.

If the Trustee or SIB fails to comply with applicable anti-money laundering, anti-terrorism financing, sanctions and other related regulations, it could face fines and damage to its reputation

The Trustee and SIB are required to comply with applicable anti-money laundering, anti-terrorism financing laws, sanctions and other regulations. These laws and regulations require the Trustee and SIB, among other things, to adopt and enforce KYC policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. The Trustee and SIB have adopted KYC/AML policies and procedures and reviews them regularly in light of any relevant regulatory and market developments. To the extent the Trustee or SIB may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on the Trustee or SIB, as applicable. In addition, the Trustee and SIB's business and reputation could suffer if customers use the Trustee or SIB for money laundering or other illegal purposes.

The UAE's economy is highly dependent upon its oil revenues

Although the UAE has a more diversified economy than most of the other countries in the GCC, the UAE's economy is highly dependent upon its oil and affiliated sectors' revenues. According to OPEC data, as at 31 December 2022, the UAE had approximately 7.2 per cent. of the world's proven crude oil reserves (source: OPEC Annual Statistical Bulletin 2023) while, according to preliminary data produced by The Federal Competitiveness and Statistics Centre, the hydrocarbon sector (mining and quarrying (including crude oil and natural gas)) accounted for 30.3 per cent. of the UAE's GDP in 2022 and oil and gas revenues accounted for 42.4 per cent of total public revenues in 2019.

Historically, the markets for oil and gas have been volatile and they are likely to continue to be volatile in the future. Prices for oil and natural gas are based on world supply and demand with increasingly complex interlinkages with other macro-economic conditions and parameters which are both beyond the Group's control and unpredictable. For example, the COVID-19 pandemic contributed to a significant decline in hydrocarbon prices in 2020 and the Russia-Ukraine conflict contributed to a significant increase in hydrocarbon prices in 2022. This volatility can be illustrated by the OPEC Reference Basket price which was, based on the average annual price, U.S.\$41.47 in 2020, U.S.\$69.89 in 2021, U.S.\$100.08 in 2022 and U.S.\$82.95 in 2023. The average monthly OPEC Reference Basket price in September 2024 was U.S.\$73.59. The monthly price per barrel of Arabian Light Crude Oil has also moved in line with these trends. Continued volatility in international prices for hydrocarbon could have a material adverse effect on SIB's clients, customers and depositors and therefore on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents.

Oil prices have fluctuated in response to changes in many factors over which SIB has no control. These factors include, but are not limited to:

- the effects of the Russian-Ukraine conflict and increasing inflation on global economic activity and the demand for oil and gas;
- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand dynamics, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and

- global weather and environmental conditions.

Principal shareholders and Governmental interests

As at the date of this Prospectus, the Government holds, directly and indirectly, 43.58 per cent. of the share capital of SIB. By virtue of such shareholding in SIB, the Government has the ability to influence the business of SIB through its ability to control actions that require shareholder approval. If circumstances were to arise where the interests of the Government conflict with the interests of the Certificateholders, the latter could be disadvantaged. The Government could, for example, cause SIB to pursue transactions, make dividend payments or other distributions or payments to shareholders or undertake other actions to implement governmental policy rather than to foster the commercial interests of SIB. The Government has publicly declared that it is exploring ways to rationalise and consolidate entities in the financial services sector based in the Emirate, which may result in the consolidation of one or more such entities.

The Government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support SIB, which could have a material adverse effect on SIB's business, results of operations, financial condition and prospects.

The Government does not explicitly or implicitly guarantee the financial obligations of SIB (including in respect of the Certificates to be issued) nor does it, like any other shareholder, have any legal obligation to provide any support or additional funding for SIB's future operations.

Competition

SIB faces competition in all of its business areas from domestic and foreign banks operating in the UAE. SIB faces competition from both Islamic banks and conventional banks.

The UAE could be viewed as an over-banked market, even by regional standards, with 61 banks (comprising 23 locally incorporated banks and 38 foreign banks (including 11 foreign wholesale banks)) operating in the UAE (source: the UAE Central Bank, September 2024 Statistical Bulletin), serving a population estimated to be in the region of 11.1 million people in 2024 (source: World Population Review). There has traditionally been little impetus for consolidation. However, in recent years, the mergers between the National Bank of Abu Dhabi P.J.S.C. and First Gulf Bank P.J.S.C. and Abu Dhabi Commercial Bank P.J.S.C., Union National Bank P.J.S.C. and Al Hilal Bank P.J.S.C., together with Dubai Islamic Bank PJSC's acquisition of Noor Bank PJSC are anticipated to stimulate further moves towards greater consolidation amongst UAE banks. Such mergers are likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as information technology system development.

Generally, the banking market in the UAE has been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the **WTO**), the GCC or any other similar entities, it is likely to lead to a more competitive environment for SIB and other domestic financial institutions. Such increase in competition could have a material adverse effect on SIB's business, financial condition, results of operations or prospects and thereby affect its ability to perform its obligations under the Transaction Documents (see further "*Description of Sharjah Islamic Bank PJSC – SIB's Competition*").

RISKS RELATING TO THE CERTIFICATES

Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently written-down upon the occurrence of a Non-Viability Event

If a Non-Viability Event (as defined below) occurs at any time, the Prevailing Face Amount of the Certificates then outstanding will be permanently written-down in whole or, in exceptional cases, in part on a *pro rata* basis, in each case, as solely determined by the Financial Regulator. See "*The circumstances*

triggering a Write-down are unpredictable and Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, or without, any losses being required to be borne by SIB's shareholders". Pursuant to a Write-down, the rights of any Certificateholder for payment of any amounts under or in respect of the Certificates (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, a SIB Event) in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Periodic Distribution Amounts) shall be cancelled (and the face amount of the Certificates shall be reduced accordingly) and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event or notice in relation thereto and, in the case of a Write-down in whole, the Certificates shall be cancelled.

In exceptional cases in which a Write-down in part is required by the Financial Regulator, a Write-down may occur on one or more occasions as solely determined by the Financial Regulator provided, however, that the face amount of a Certificate shall never be reduced to below nil.

Furthermore, upon the occurrence of any Write-down in part pursuant to Condition 11, Periodic Distribution Amounts will accrue on the reduced face amount of the Certificates and the payment thereof is subject to a Non-Payment Event (including, without limitation, SIB having insufficient Distributable Items and, if applicable, any payment restrictions due to breach of any capital buffers imposed on SIB by the Financial Regulator) or a Non-Payment Election having occurred. See "*Payments of Periodic Distribution Amounts are conditional upon certain events and may be cancelled and are non-cumulative*". Also, any amounts arising as a result of, or due and payable upon the occurrence of, a SIB Event, a Trustee Event (in the circumstances described in Condition 12.2) or any redemption at the option of the Trustee (upon the instructions of SIB (acting in its sole discretion)) (a) on the First Call Date or on any date thereafter up to and including the First Reset Date or on any Periodic Distribution Date following the First Reset Date (each a "**Call Date**") or (b) upon the occurrence of a Tax Event or a Capital Event will be by reference to such reduced face amount of the Certificates.

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

Certificateholders will lose all or some of their investment in the Certificates as a result of a Write-down and moreover, in such event, it is likely that Certificateholders will suffer losses in respect of their investment in the Certificates ahead of, or without, any losses being required to be borne by SIB's shareholders.

Prospective investors should also be aware that the application of a non-viability loss absorption feature as contained in Condition 11 has not been tested in the UAE and therefore some degree of uncertainty exists in its application.

A "**Non-Viability Event**" means that the Financial Regulator has notified SIB in writing that it has determined that SIB is, or will become, Non-Viable without: (a) a Write-down; or (b) a public sector injection of capital (or equivalent support).

SIB shall be "**Non-Viable**" if (a) it is insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business or (b) any other event or circumstance occurs, which is specified as constituting non-viability by the Financial Regulator or in applicable banking regulations.

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

The occurrence of a Non-Viability Event is unpredictable and depends on a number of factors, many of which are outside of SIB's control. The occurrence of a Non-Viability Event is subject to a subjective determination by the Financial Regulator. As a result, the Financial Regulator may require a Write-down in circumstances that are beyond the control of SIB and with which SIB may not agree and regardless of whether or not the Solvency Conditions (as defined below) are satisfied at such time. Furthermore, although the Conditions provide that the Financial Regulator may require a Write-down in whole or in part upon the occurrence of a Non-Viability Event, the current stated position of the Financial Regulator is that a Write-down in whole will apply in all such cases save only in exceptional cases as determined by the Financial

Regulator in its sole discretion. See "*Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently written-down upon the occurrence of a Non-Viability Event*".

Prospective investors should also be aware that the application of a non-viability loss absorption feature similar to Condition 11 has not been tested in the UAE and therefore some degree of uncertainty exists in its application.

The Financial Regulator shall, in its sole discretion, determine the occurrence and scope of a Non-Viability Event and therefore the requirement for a Write-down. Accordingly, prospective investors should note that the Financial Regulator may require a Write-down, regardless of whether or not the Solvency Conditions are satisfied at such time, without also requiring the Ordinary Shares of SIB and/or Other Common Equity Tier 1 Instruments to absorb any losses. In such circumstances, Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, or without, any losses being required to be borne by SIB's shareholders.

The exercise (or perceived likelihood of exercise) of any such power by the Financial Regulator or any suggestion of such exercise could materially adversely affect the value of the Certificates and could lead to the Certificateholders losing some or all of their investment in the Certificates. As a result of a Write-down, a holder may suffer a loss in respect of its holding of the Certificates ahead of, or without, any loss being required to be borne by a shareholder of SIB in respect of its shareholding.

The financial viability of SIB will also depend in part on decisions made by SIB in relation to its business and operations, including the management of its capital position. In making such decisions, SIB subject to the requirements of the Conditions, may not have regard to the interests of Certificateholders and, in particular, the consequences for Certificateholders of any such decisions and there can be no assurance in any such circumstances that the interests of SIB, its shareholders and the Financial Regulator will be aligned with those of the Certificateholders.

Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be fully and permanently written-down upon any of the Solvency Conditions not being satisfied at any time or a bankruptcy order in respect of SIB being issued.

If any of the Solvency Conditions (as defined below) is not satisfied on any date on which any payment obligation under the Mudaraba Agreement is due or a bankruptcy order in respect of SIB has been issued by a court in the UAE, all rights of the Certificateholders for payment of any amounts under or in respect of the Certificates (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, a SIB Event) shall be extinguished and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to such date. As a result, Certificateholders will lose the entire amount of their investment in the Certificates. Furthermore, any indication or perceived indication that any of the Solvency Conditions may not be satisfied or that such a bankruptcy order may be issued may have a material adverse effect on the market price of the Certificates.

The payment obligations of SIB under the Mudaraba Agreement are subordinated and unsecured obligations

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount will be made by the Trustee **provided that** SIB (as Mudareb) shall have paid to the Trustee amounts equal to such Periodic Distribution Amount and Dissolution Distribution Amount, respectively, pursuant to the terms of the Mudaraba Agreement. In this regard, prospective investors should note that the payment obligations of SIB under the Mudaraba Agreement are subordinated to the claims of the Senior Creditors and rank *pari passu* to the Pari Passu Obligations, as more particularly described in Condition 4.2. Potential investors should note that payment of all amounts by SIB under the Mudaraba Agreement (and consequently, the corresponding payments by the Trustee under the Conditions) are conditional upon:

- (i) SIB (in its capacity as Mudareb or otherwise) being Solvent at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable;
- (ii) SIB (in its capacity as Mudareb or otherwise) being capable of making payment of the Relevant Obligations and any other payment that is due to be made on the relevant date to a creditor in

respect of all Senior Obligations and all Pari Passu Obligations and still be Solvent immediately thereafter; and

- (iii) the total share capital (including, without limitation, retained earnings) of SIB being greater than zero at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable,

(together, the "**Solvency Conditions**").

Further, the payment obligations of SIB under the Mudaraba Agreement are unsecured and no collateral is or will be given by SIB in relation thereto.

Notwithstanding any other provision in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of SIB has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by SIB in respect of the Relevant Obligations.

The Trustee may exercise its enforcement rights in relation to the Mudaraba Agreement only in the manner provided in Condition 12.3. If a SIB Event occurs and SIB has failed to satisfy any of the Solvency Conditions or if a bankruptcy order in respect of SIB has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by SIB in respect of the Relevant Obligations and, accordingly, without any further payment to be made by the Trustee under the Certificates. As a result, Certificateholders would lose the entire amount of their investment in the Certificates.

No limitation on issuing senior securities; subordination

Other than the limitations in relation to the issue of further Tier 1 Capital by SIB as set out in Condition 4.3 which limits the circumstances in which Tier 1 Capital of SIB can be issued that ranks senior to the Certificates, there is no restriction in the Conditions or in the terms of the Transaction Documents on SIB (in its capacity as Mudareb or otherwise) incurring additional financing or issuing securities or creating any guarantee or contractual support arrangement which would rank senior to the Certificates and the obligations of SIB under the Mudaraba Agreement ("**SIB Senior Obligations**"). The issue of or the creation of any such SIB Senior Obligations may reduce the likelihood of the Solvency Conditions being met and/or the amount recoverable by Certificateholders on a winding-up of SIB. See also "*The payment obligations of SIB under the Mudaraba Agreement are subordinated and unsecured obligations*".

Payments of Periodic Distribution Amounts are conditional upon certain events and may be cancelled and are non-cumulative

SIB may elect, in its sole discretion and by instructing the Trustee to such effect, not to make payment of a Periodic Distribution Amount to Certificateholders on the corresponding Periodic Distribution Date including, without limitation, if SIB incurs a net loss during the relevant financial period, except that no such election may be made in respect of the Periodic Distribution Amount payable on the date on which the Certificates are, at SIB's discretion, to be redeemed.

In addition, if a Non-Payment Event (detailed below) occurs, SIB (in its capacity as Mudareb) shall be prohibited from paying Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit on any Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) pursuant to the Mudaraba Agreement, and as a result thereof the Trustee shall be prohibited from paying Periodic Distribution Amounts to the Certificateholders on the corresponding Periodic Distribution Date.

A **Non-Payment Event** is any of the following events:

- (i) the amount equal to the then applicable Periodic Distribution Amount (which for the purposes of the Conditions includes Additional Amounts as referred to in Condition 13) to be paid by SIB out of the Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as applicable (the "**Relevant Rab-al-Maal Mudaraba Profit Amount**"), when aggregated with any distributions or amounts payable by SIB (in its capacity as Mudareb or otherwise) on the same date (or otherwise due and payable on such date) on any other obligations in respect of Pari Passu Obligations,

exceeds, on the relevant date for payment of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, Distributable Items; or

- (ii) SIB (in its capacity as Mudareb or otherwise) is, on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of any capital buffers imposed on SIB by the Financial Regulator) or payment of the Relevant Rab-al-Maal Mudaraba Profit Amount (as applicable) to the Trustee would cause it to be in breach thereof; or
- (iii) the Financial Regulator requires (a) SIB not to pay the Relevant Rab-al-Maal Mudaraba Profit Amount to the Trustee on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) or (b) the Trustee not to pay the relevant Periodic Distribution Amount on that Periodic Distribution Date, in each case, for any reason as it may deem necessary; or
- (iv) the Solvency Conditions are not satisfied (or would no longer be met if the Relevant Rab-al-Maal Mudaraba Profit Amount was paid),

as more particularly provided in Condition 8.1.

In relation to limb (i) above, as at the Issue Date, "**Distributable Items**" means the amount of SIB's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in its latest audited or (as the case may be) auditor reviewed consolidated financial statements, or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital that does not constitute Common Equity Tier 1 Capital. As at 31 March 2025, SIB's Distributable Items amounted to AED 1,664,508,000.

However, current guidance issued by the Financial Regulator has indicated that the definition of "**Distributable Items**" may in the future be calculated by reference to the latest audited or (as the case may be) auditor reviewed non-consolidated financial statements. To the extent that this change comes into effect in the future, SIB may be required to prepare audited and auditor reviewed non-consolidated financial statements given that it currently only prepares audited and auditor reviewed consolidated financial statements and, in such circumstances the level of Distributable Items as so calculated might be lower than otherwise would be the case if the change does not take effect.

In relation to limb (ii) above, payment restrictions will also apply in circumstances where SIB does not meet certain capital buffer requirements, namely, payment restrictions in an amount equal to the Maximum Distributable Amount (as defined below) if the combined capital buffer requirement is not satisfied pursuant to the Capital Regulations. In the event of a breach of the combined buffer requirement, under the Capital Regulations, the restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of SIB's profits for the most recent relevant period. Such calculation will result in a maximum distributable amount (the "**Maximum Distributable Amount**") in each relevant period. As an example, the scaling is such that in the lowest quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce payments that would, but for the breach of the combined buffer requirement, be discretionary, including Periodic Distribution Amounts in respect of the Certificates. In such circumstances, the aggregate amount of distributions which SIB can make on account of dividends, Periodic Distribution Amounts and redemption amounts on its Additional Tier 1 instruments (including the Certificates) and certain variable remuneration (such as bonuses) or discretionary pension benefits will be limited. Furthermore, there can be no assurance that the combined buffer requirement applicable to SIB will not be increased in the future, which may exacerbate the risk that discretionary distributions, including payments of Periodic Distribution Amounts in respect of the Certificates, are cancelled.

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

with Condition 8.3) and the consequential non-payment of any Periodic Distribution Amount in such a circumstance shall not constitute a Dissolution Event. SIB shall not have any obligation to make any subsequent payment in respect of any such unpaid profit (whether from its own cash resources, from the Mudaraba Reserve or otherwise) (which shall be credited by SIB to the Mudaraba Reserve) and the Trustee will not have any obligation to make any subsequent payment in respect of any such Periodic Distribution Amounts.

If such a situation occurs, the Certificateholders shall not receive Periodic Distribution Amounts on their investment in the Certificates and neither the Trustee nor the Certificateholders shall have any claim in respect thereof. Any non-payment of Periodic Distribution Amounts or perceived risk of such non-payment may have a material adverse effect on the market value of the Certificates.

The Certificates are perpetual securities

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

The SIB Events and Certificateholders' rights following a SIB Event are set out in Condition 12. See also "*The Conditions contain limited Dissolution Events and remedies*".

In certain circumstances SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, redeem the Certificates, including on any Call Date and if a Tax Event or a Capital Event occurs, as more particularly described in Condition 10, although there is no assurance that SIB will require it to do so.

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

- (i) the Trustee (upon the instructions of SIB (acting in its sole discretion)) redeems the Certificates in accordance with Condition 10;
- (ii) the Trustee is required by the Delegate (including as requested in writing by the Certificateholders of at least 20 per cent. of the aggregate face amount of the Certificates then outstanding or as directed by an Extraordinary Resolution of the Certificateholders), following a SIB Event to redeem the Certificates; or
- (iii) they sell their Certificates.

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

If the Certificates are redeemed, there can be no assurance that Certificateholders will be able to reinvest the amount received upon redemption in a comparable security at a rate that will provide the same expected rate of return as their investment in the Certificates. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

The Conditions contain limited Dissolution Events and remedies

The Certificates are perpetual instruments with no fixed redemption date and there is no obligation on the Trustee to pay the face amount of the Certificates other than in accordance with Condition 10.1(b), Condition 10.1(c), Condition 10.1(d) or following the occurrence of a SIB Event in accordance with Condition 12.1. In addition, the Trustee may be prohibited from making, or instructed by SIB not to make,

payments of Periodic Distribution Amounts on the Certificates in accordance with Condition 8 and Periodic Distribution Amounts will not therefore be due other than in the limited circumstances described in the Conditions.

The Dissolution Events in the Conditions are limited to: (a) SIB Events (being (i) SIB failing to pay an amount which is equivalent to principal (being capital amounts, including the Mudaraba Capital, payable in accordance with the provisions of the Mudaraba Agreement) or profit (including Additional Amounts) due and payable by it pursuant to the Mudaraba Agreement and the failure continuing for a period (in the case of principal) of seven days or (in the case of profit) fourteen days (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Election or a Non-Payment Event); (ii) a final determination being made by a court or other official body that SIB is insolvent or bankrupt or unable to pay its debts including any financing arrangement issued (or intended to be issued) in compliance with the principles of Shari'a and which is treated as debt for the purposes of applicable law, in each case whether entered into directly or indirectly by SIB; (iii) an administrator being appointed, an order being made or an effective resolution being passed for the winding-up or dissolution or administration of SIB or if SIB applies or petitions for a winding-up or administration order in respect of itself or ceases, or through an official action of its Directors threatens to cease, to carry on all or substantially all of its business or operations, except, in each case (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders or (b) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or (iv) any event occurring which, under the laws of the UAE, has an analogous effect to any of the events referred to in (ii) or (iii) above); and (b) Trustee Events (being similar in nature to SIB Events in respect of the Trustee), all as more fully described in the Conditions.

Moreover, pursuant to Condition 12, upon the occurrence of any SIB Event and the delivery of a Dissolution Notice, the Mudaraba will be liquidated in accordance with the provisions of the Mudaraba Agreement and the remedies available to the Trustee, the Delegate and/or the Certificateholders (as applicable) are limited to giving notice to the Trustee and SIB that the Certificates are, and shall immediately become, due and payable at the applicable Prevailing Face Amount together with any Outstanding Payments and thereafter: (i) instituting any steps, actions or proceedings for the winding-up of SIB and/or (ii) proving in the winding-up of SIB and/or (iii) instituting any steps, actions or proceedings for the bankruptcy of SIB and/or (iv) claiming in the liquidation of SIB and/or (v) taking such other steps, actions or proceedings which, under the laws of the UAE, have an analogous effect to the actions referred to in (i) to (iv) above, in each case, for all amounts of Mudaraba Capital, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit and/or other amounts due to the Trustee on termination of the Mudaraba Agreement in accordance with its terms and the terms of the other Transaction Documents. Therefore, it will only be possible to enforce claims for payment of the applicable Dissolution Distribution Amount and/or Periodic Distribution Amounts in respect of the Certificates when the same have become due pursuant to the Mudaraba Agreement and the Conditions.

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

In addition, if a SIB Event occurs and SIB has failed to satisfy any of the Solvency Conditions or if a bankruptcy order in respect of SIB has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by SIB in respect of the Relevant Obligations.

Resettable fixed rate instruments have a market risk

A holder of an instrument with a fixed profit (or equivalent) rate that will be reset during the term of the instrument (as will be the case for the Certificates with effect from each Reset Date if not previously redeemed and/or purchased and cancelled) is exposed to the risk of fluctuating profit rate levels and uncertain profit rate income. While the expected initial profit rate on the Certificates is fixed until the First Reset Date (with a reset of the expected initial profit rate on the First Reset Date as set out in the Conditions and every six years thereafter), the current investment return rate in the capital markets (the market return rate) typically changes on a daily basis. As the market return rate changes, the market value of the Certificates may also change, but in the opposite direction. If the market return rate increases, the market

value of the Certificates would typically decrease. If the market return rate falls, the market value of the Certificates would typically increase. Certificateholders should be aware that movements in these market return rates can adversely affect the market value of the Certificates and can lead to losses for the Certificateholders if they sell the Certificates.

Variation upon the occurrence of a Capital Event or a Tax Event

Upon the occurrence and continuation of a Capital Event or a Tax Event, SIB may (acting in its sole discretion), instruct the Trustee to, whereupon the Trustee shall, subject as provided in Condition 10.1(c) or 10.1(d) (as the case may be) and without any requirement for consent or approval of the Certificateholders, vary the terms of the Mudaraba Agreement (subject to the approval of the Internal Sharia Supervision Committee of SIB) and the Certificates such that the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments.

A "**Capital Event**" is deemed to have occurred if SIB is notified in writing by the Financial Regulator to the effect that the face amount (or the amount that qualifies as regulatory capital, if some amount of the Certificates are held by SIB or whose purchase is funded by SIB) of the Certificates outstanding would cease to be eligible to qualify, in whole or in part for inclusion in the consolidated Tier 1 Capital of SIB (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and **provided that** SIB satisfies the Financial Regulator that such non-qualification was not reasonably foreseeable at the time of the issuance of the Certificates. A "**Tax Event**" will arise if SIB or the Trustee (as the case may be) would, as a result of a Tax Law Change, in making any payments under the Mudaraba Agreement or on the Certificates (as the case may be) on the next due date for such payment, be required to pay Additional Amounts (and such requirement cannot be avoided by SIB or the Trustee (as the case may be) taking reasonable measures available to it), and **provided that** SIB satisfies the Financial Regulator that such Tax Law Change was not reasonably foreseeable at the time of the issuance of the Certificates. The consequences following the occurrence of each of a Tax Event and a Capital Event are more particularly described in Condition 10.1.

The tax and stamp duty consequences of holding the Certificates following variation as contemplated in Condition 10.1 could be different for certain Certificateholders from the tax and stamp duty consequences for them of holding the Certificates prior to such variation and none of the Trustee, the Delegate or SIB shall be responsible to any Certificateholder for any such consequences in connection therewith. Further, while the Conditions stipulate that the variation (as contemplated by the Conditions) must not be materially less favourable to the Certificateholders, no assurance can be given as to whether any of these changes will negatively affect any particular Certificateholder.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on the Certificates. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12.1, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders), will be (subject to Condition 12.3) against SIB to perform its obligations under the Transaction Documents. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets in the manner contemplated in the Transaction Documents) or of the Delegate or the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets. SIB is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and/or the Delegate will have recourse against SIB 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 and distributing the net proceeds of such Trust Assets in accordance with Condition 5.3, the obligations of the Trustee and/or the Delegate in respect of the Certificates shall be satisfied and neither the Trustee nor the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and SIB shall

be (in accordance with Condition 12.3), to enforce their respective obligations under the Transaction Documents.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, may have a material adverse effect on the market value of the Certificates. The Certificates generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as they are perpetual securities (see "*The Certificates are perpetual securities*"), are subordinated (see "*The payment obligations of SIB under the Mudaraba Agreement are subordinated and unsecured obligations*"), will be permanently written-down upon the occurrence of a Non-Viability Event (see "*Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently written-down upon the occurrence of a Non-Viability Event*") and payments of Periodic Distribution Amounts may be restricted in certain circumstances (see "*Payments of Periodic Distribution Amounts are conditional upon certain events and may be cancelled and are non-cumulative*").

Application has been made for the Certificates to be admitted to the Official List and the DFSA Official List and for such Certificates to be admitted to trading on the Euronext Dublin Regulated Market and Nasdaq Dubai. However, there can be no assurance that any such listing or admission to trading will occur on or prior to the Issue Date or at all or, if it does occur, that it will enhance the liquidity 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.

The Certificates may be redeemed early or purchased subject to certain requirements

At its option in connection with any Call Date or otherwise at any time upon the occurrence of a Tax Event or a Capital Event and subject to a Non-Viability Event not having occurred (or if a Non-Viability Event has occurred, a Write-down in part having taken place in accordance with the instructions of the Financial Regulator), SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall give not less than 10 nor more than 15 days' prior notice to the Certificateholders in accordance with Condition 17 and the Delegate in accordance with the Declaration of Trust and, **provided that**, any such notice has not been revoked by the Trustee (upon the instructions of SIB (acting in its sole discretion)) by giving notice of such revocation to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust and a Non-Viability Event has not occurred after the giving of such notice and, in each case prior to the redemption date specified in the initial notice, redeem in accordance with the Conditions, all, but not some only, of the Certificates at the applicable Prevailing Face Amount together with any accrued but unpaid Periodic Distribution Amounts (as more particularly described in Conditions 10.1(b), 10.1(c) and 10.1(d), respectively).

Any redemption of the Certificates is subject to the requirements in Condition 10.1(a), including obtaining the prior written consent of the Financial Regulator. There can be no guarantee that the consent of the Financial Regulator will be received on time or at all.

There is no assurance that the Certificateholders will be able to reinvest the amount received upon redemption at a rate that will provide the same expected rate of return as their investment in the Certificates. During any period when SIB may instruct the Trustee to redeem the Certificates, the market value of the Certificates generally will not rise substantially above the Trustee Call Amount, the Tax Redemption Amount or the Capital Event Amount (as applicable) payable. Potential investors should consider re-investment risk in light of other investments available at that time.

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

Any purchase of the Certificates by SIB or any of its Subsidiaries is subject to the requirements in Condition 10.2, including (to the extent then required by the Financial Regulator and/or the Capital Regulations) obtaining the prior written consent of the Financial Regulator. There can be no guarantee that the written consent of the Financial Regulator will be received on time or at all, particularly as the current stated position of the Financial Regulator is that it will provide such written consent in exceptional cases only.

Investment in the Mudaraba Assets

Pursuant to the Mudaraba Agreement, the proceeds of the issuance of the Certificates will be contributed by the Trustee (as Rab-al-Maal) to the Mudareb which proceeds shall form the initial capital of the Mudaraba (the "**Mudaraba Capital**"). The Mudaraba Capital will be invested by SIB (as Mudareb) on an unrestricted co-mingling basis in its general business activities carried out through the General Mudaraba Pool and, following investment of the Mudaraba Capital in the General Mudaraba Pool, the Mudaraba Capital shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the "**Mudaraba Assets**"), with a view to earning profit therefrom, which will in turn be applied towards payments due to Certificateholders in respect of the Certificates.

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Mudaraba Assets. The investment activities of the Mudaraba will be carried out by SIB, and the Certificateholders shall have no ability to influence such activities. SIB shall be granted the express entitlement to co-mingle any of its own assets with the Mudaraba Assets on a basis proportionate to the rights and obligations of holders of equity of SIB and as a result it will not be possible to identify the Mudaraba Assets separately from the assets of SIB.

If any of the risks relating to the business of SIB mentioned above (see "*Risks relating to the Group*") materialise or otherwise impact SIB's business, the value of and profit earned from the investment in such Mudaraba Assets may decrease which may, in turn, have a material adverse effect on SIB's ability to fulfil its payment obligations under the Mudaraba Agreement and consequently, the Trustee's ability to make payments in respect of the Certificates.

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

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

Limitation on gross-up obligation under the Certificates

The Trustee's obligation to pay Additional Amounts in respect of any withholding or deduction in respect of Taxes under Condition 13 applies only to payments of Periodic Distribution Amounts and not to payments of Dissolution Distribution Amounts (other than any Outstanding Payments) due and payable under the Certificates. As such, the Trustee will not be required to pay any Additional Amounts under the terms of the Certificates to the extent any withholding or deduction applied to payments of Dissolution Distribution Amounts (other than any Outstanding Payments). Accordingly, if any such withholding or deduction were to apply to any payments of Dissolution Distribution Amounts (other than any Outstanding Payments) under the Certificates, holders may receive less than the full amount due under the Certificates, and the market value of the Certificates may be adversely affected.

To the extent that SIB is required to pay Additional Amounts in respect of amounts corresponding to Periodic Distribution Amounts under the Mudaraba Agreement, SIB shall immediately recover such Additional Amounts from any amounts (if any) standing to the credit of the Mudaraba Reserve and if, following such recovery a shortfall remains between the amounts standing to the credit of the Mudaraba

Reserve and such Additional Amounts paid by SIB (such shortfall, the "**Additional Amounts Shortfall**"), SIB shall be entitled to recover amounts equal to such Additional Amounts Shortfall from any Liquidation Proceeds (after taking into account amounts equal to the then applicable Dissolution Distribution Amount payable to the Trustee on the Mudaraba End Date pursuant to the Mudaraba Agreement).

RISKS RELATING TO ENFORCEMENT

Compliance with the UAE bankruptcy law may affect SIB's ability to perform its obligations under the Transaction Documents

In the event of SIB's insolvency, UAE bankruptcy laws may adversely affect SIB's ability to perform its obligations under the Mudaraba Agreement and, consequently, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders, the Trustee and/or the Delegate against SIB would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

Investors may experience difficulties in enforcing foreign arbitration awards and foreign judgments in the UAE

The payments under the Certificates are dependent upon SIB making payments to investors in the manner contemplated under the Transaction Documents. If SIB fails to do so, it may be necessary to bring an action against SIB to enforce its obligations and/or to claim damages which could be both time consuming and costly.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

SIB has irrevocably agreed to the Certificates and certain Transaction Documents being governed by English law. Unresolved disputes in relation to the Certificates and such Transaction Documents governed by English law will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised, any dispute may also be referred to the courts of England (or another court of competent jurisdiction as the relevant party may elect). 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 SIB has or would at the relevant time have assets in the United Kingdom against which such an arbitral award or judgment could be enforced. SIB is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE.

Under current UAE law, the UAE courts are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the relevant Transaction Documents or the Certificates. In the UAE, foreign law is required to be established as a question of fact, and the interpretation of English law, by a court in the UAE, may not accord with the perception of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

There have been conflicting decisions of the onshore UAE courts with respect to the validity of asymmetrical dispute resolution clauses which provide one party with the option to choose the applicable dispute resolution forum. Accordingly, there is a risk that the Sharjah courts may find that the unilateral option to litigate in the Conditions and the relevant Transaction Documents is invalid, that its inclusion invalidates the arbitration agreement in the dispute resolution provisions thereof, or otherwise does not deprive the Sharjah courts of jurisdiction in respect of any dispute thereunder. This gives rise to a risk that the Sharjah courts may accept jurisdiction in contravention of the dispute resolution provisions of the Conditions and the relevant Transaction Documents, or potentially refuse to enforce an arbitral award or court judgment obtained pursuant to the dispute resolution provisions thereof. Moreover, claims may become time-barred or become subject to a counterclaim. This creates further uncertainty with respect to enforcement.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**) entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration, or enforcement would be contrary to the public policy of the UAE.

There is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused.

Federal Law No. 42 of 2022 Promulgating the Civil Procedure Code (**Law of Civil Procedure**) also governs the enforcement of foreign arbitral awards in the UAE. Under the Law of Civil Procedure, in the absence of an applicable multilateral or bilateral treaty with force of law, arbitral awards made in any state other than the UAE may be refused enforcement by the UAE courts for the reasons set out in Article 222 and Article 223 of Law of Civil Procedure. However, Article 225 of the Law of Civil Procedure further provides that the rules set out in the foregoing articles do not prejudice the provision of treaties and agreements entered into by the UAE with other States (which includes the New York Convention). There remains a risk that, notwithstanding Article 225 of the Law of Civil Procedure or the terms of an applicable multilateral or bilateral enforcement convention, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the **UAE Arbitration Law**) to the enforcement of any non-UAE arbitral award. As the UAE Arbitration Law and the Law of Civil Procedure are both relatively untested, it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Compliance with UAE bankruptcy law may affect SIB's ability to perform its obligations under the Transaction Documents

In the event of SIB's insolvency, UAE bankruptcy law may adversely affect SIB's ability to perform its obligations under the Transaction Documents and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

Considerations relating to the non-recognition of trusts under the laws of the UAE

Notwithstanding the introduction of Federal Decree Law No. 31 of 2023 on trusts, UAE law does not recognise the concept of trust as commonly understood in common law jurisdictions and may construe a trust as an agency relationship. Accordingly, if a Sharjah court were to consider the merits of a claim in respect of the Declaration of Trust and apply UAE law principles in doing so, there is no certainty that all of the terms of the Declaration of Trust (which is governed by English law) would be enforced by the Sharjah courts and the trust arrangements set out therein may be re-characterised as an agency arrangement by the Sharjah courts.

A court may not grant an order for specific performance

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

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by SIB to perform its obligations set out in the Transaction Documents.

SIB's waiver of immunity may not be effective under UAE law

SIB has waived its rights in relation to sovereign immunity under the Transaction Documents. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Transaction Documents are valid and binding under the laws of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE.

Change of law

The structure of the issue of the Certificates is based on English law as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to or the interpretation of English law, or administrative practices after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of the Trustee or SIB to comply with their respective obligations under the Transaction Documents.

ADDITIONAL RISK FACTORS

Certificateholders must rely on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented on issue by a Global Certificate that will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate.

While the Certificates are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in the Global Certificate.

Holders of ownership interests in the 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.

Shari'a requirements in relation to interest awarded by a court

In accordance with applicable Shari'a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator as a result of any arbitration and/or by any court in connection with any dispute under the Mudaraba Agreement. Should there be any delay in the enforcement of an arbitral award or a judgment given against SIB, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive all, or any part of, such interest.

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

As the Certificates have a minimum denomination consisting of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof, it is possible that the Certificates may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than U.S.\$200,000 would need to purchase an

additional amount of Certificates with a face value of U.S.\$200,000 or more such that it holds an amount equal to at least U.S.\$200,000 to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

If a Certificateholder holds a face amount which is less than U.S.\$200,000 in his account with the relevant clearing system at the relevant time, such Certificateholder 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 U.S.\$200,000 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 U.S.\$200,000 may be illiquid and difficult to trade.

Consents are required in relation to the variation of Transaction Documents and other matters

The Conditions contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally and for obtaining written resolutions on matters relating to the Certificates from Certificateholders 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 who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Declaration of Trust and whose Certificates are 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, SIB and the Delegate 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, SIB or the Delegate or given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems 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 for the time being outstanding; and
- (ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Trustee, SIB and/or the Delegate by accountholders in the clearing systems with entitlements to the 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 has 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 Declaration of Trust, 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 Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

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

The Conditions also provide that the Delegate may, without the consent or approval of the Certificateholders, agree to the variation of the terms of the Certificates and (subject to the approval of the Internal Sharia Supervision Committee of SIB) the Mudaraba Agreement so that the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments, as provided in Condition 10.1(c) and Condition 10.1(d).

The Declaration of Trust also contains provisions permitting the Delegate from time to time and at any time without the consent or sanction of the Certificateholders to make any modification to the Declaration of Trust if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; or (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the holders of the Certificates then outstanding and is other than in respect of a Reserved Matter (as defined in the Declaration of Trust) or any provision of the Declaration of Trust referred to in the definition of Reserved Matter. Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

Exchange rate risks and exchange controls

Subject to the terms of the Conditions, the Trustee will pay amounts due on the Certificates in U.S. dollars and SIB will make payments pursuant to the Transaction Documents in U.S. dollars. If the Certificateholders measure their investment returns by reference to a currency other than U.S. dollars (the "**Investor's Currency**"), an investment in the Certificates will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, as applicable, relative to the Investor's Currency because of economic, political and other factors over which the Trustee has no control and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. Depreciation of the U.S. dollar, as applicable, against the Investor's Currency could cause a decrease in the effective yield of the Certificates below their stated Periodic Distribution Amount and could result in a loss to the Certificateholders when the return on the Certificates is translated into the Investor's Currency. Investment in the Certificates may also have important tax consequences as a result of any foreign currency exchange gains or losses.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts.

Taxation risks on payments

Payments made by SIB to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Mudaraba Agreement requires SIB (acting in its relevant capacity thereunder), to pay Additional Amounts in the event that any withholding or deduction, for or on account of, any Taxes is required to be made in respect of payments made by it to the Trustee under such document. Condition 13 provides that the Trustee is required to pay Additional Amounts in respect of any withholding or deduction for, or on account of, any Taxes in certain circumstances. In the event that the Trustee fails to comply with any obligation to pay any such Additional Amounts pursuant to Condition 13, SIB has, pursuant to the Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to or to the order of the Delegate an amount equal to the liability of the Trustee in respect of any and all Additional Amounts required to be paid by it in respect of the Certificates pursuant to Condition 13.

The circumstances described above may entitle SIB to be able to instruct the Trustee to redeem or vary the Certificates pursuant to Condition 10.1(c). See "*The Certificates may be redeemed early or purchased subject to certain requirements*" and "*Variation upon the occurrence of a Capital Event or a Tax Event*" for a description of the consequences thereof.

DOCUMENTS INCORPORATED BY REFERENCE

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

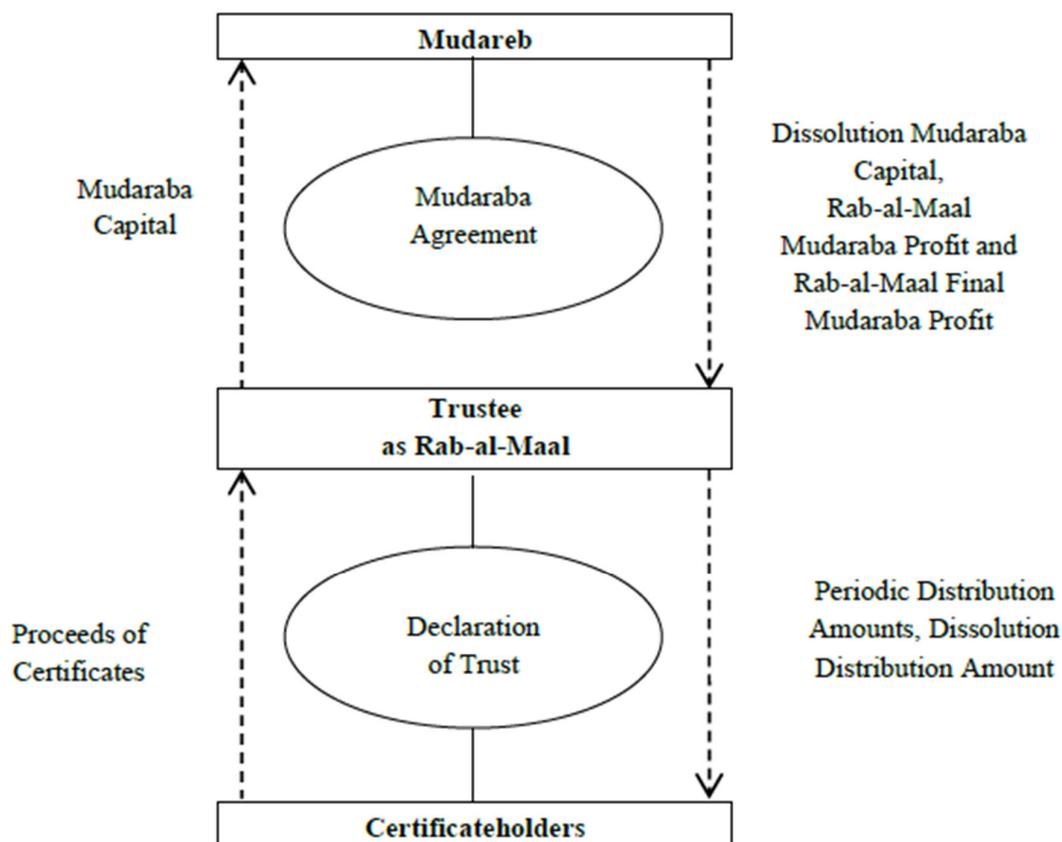
- (a) the Q1 2025 Financial Statements and the review report thereon (available at: [https://www.sib.ae/docs/default-source/default-document-library/sharjah-islamic-bank-pjsc-fs-31-mar-2025\(english\).pdf?sfvrsn=68dea264_2](https://www.sib.ae/docs/default-source/default-document-library/sharjah-islamic-bank-pjsc-fs-31-mar-2025(english).pdf?sfvrsn=68dea264_2));
- (b) the 2024 Financial Statements and the independent auditor's report thereon (available at: https://www.sib.ae/docs/default-source/default-document-library/sib-financial-statements-fy-2024---english.pdf?sfvrsn=503136ac_2);
- (c) the 2023 Financial Statements and the independent auditor's report thereon (available at: https://www.sib.ae/docs/default-source/default-document-library/sharjah-islamic-bank-pjsc-signed-fs-2023-enf86bca32-d822-441b-a34c-865cd7967b43.pdf?sfvrsn=76597d10_2);

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

STRUCTURE DIAGRAM AND CASH FLOWS

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

STRUCTURE DIAGRAM



PRINCIPAL CASH FLOWS

Payments by the Certificateholders and the Trustee

On the Issue Date, the Certificateholders will pay the issue price in respect of the Certificates to the Trustee. Pursuant to the Declaration of Trust, the Trustee will declare a trust, in favour of the Certificateholders, over:

- (a) the cash proceeds of the issuance of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets (as defined below);
- (c) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given by SIB (acting in any

capacity) pursuant to any of the Transaction Documents and the covenant given to the Trustee by SIB pursuant to clause 12.1 of the Declaration of Trust); and

- (d) all amounts standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing (together, the "**Trust Assets**").

The proceeds of the issuance of the Certificates will be contributed by the Trustee (as Rab-al-Maal) to SIB (as Mudareb) and shall form the initial capital of the Mudaraba (the "**Mudaraba Capital**") pursuant to the Mudaraba Agreement. The Mudareb will invest the Mudaraba Capital on an unrestricted co-mingling Mudaraba basis in its general business activities carried out through the General Mudaraba Pool, and following investment of the Mudaraba Capital in the General Mudaraba Pool, the Mudaraba Capital shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the "**Mudaraba Assets**").

Periodic payments by the Trustee

Unless a Non-Payment Event or a Non-Payment Election has occurred, prior to each Periodic Distribution Date, the Mudareb shall distribute the profit generated by the Mudaraba to both the Trustee and the Mudareb in accordance with an agreed profit sharing ratio (90 per cent. to the Trustee (as Rab-al-Maal) and 10 per cent. to the Mudareb). The Trustee shall apply its share of the profit (if any) generated by the Mudaraba on each Periodic Distribution Date to pay the Periodic Distribution Amount due to the Certificateholders on such date.

Payments of Rab-al-Maal Mudaraba Profit and Rab-al-Maal Final Mudaraba Profit (each as defined in the Mudaraba Agreement) by the Mudareb may only be made in circumstances where a Non-Payment Event has not occurred and, in the case of Rab-al-Maal Mudaraba Profit only, are at the sole discretion of the Mudareb. The Mudareb shall not have any obligation to make any subsequent payment in respect of such unpaid profit (whether from its own cash resources, from the Mudaraba Reserve or otherwise) (which shall be credited by the Mudareb to the Mudaraba Reserve). Under the terms of the Mudaraba Agreement, the Mudareb shall be expressly entitled to co-mingle the Mudaraba Assets with any of the other assets of the General Mudaraba Pool from time to time.

Dissolution payments, redemption and variation by the Trustee and the Mudareb

The Mudaraba is a perpetual arrangement with no fixed end date. Accordingly, the Certificates are perpetual securities in respect of which there is no fixed redemption date.

Subject to certain conditions set out in clause 7 of the Mudaraba Agreement, the Mudareb may at its option liquidate the Mudaraba in whole, but not in part, on the basis of a final constructive liquidation of the Mudaraba in the following circumstances:

- (i) on any Call Date, by giving not less than 15 nor more than 20 days' prior notice to the Trustee and the Delegate; or
- (ii) on any date on or after the Issue Date (whether or not a Periodic Distribution Date), by giving not less than 15 nor more than 20 days' prior notice to the Trustee and the Delegate:
 - (a) upon the occurrence of a Tax Event; or
 - (b) upon the occurrence of a Capital Event.

The Trustee (but only upon the instructions of SIB (acting in its sole discretion)) shall, upon receipt of notice and the associated liquidation of the Mudaraba in accordance with paragraph (i) above redeem all, but not some only, of the Certificates, and upon receipt of notice and, where applicable, the associated liquidation of the Mudaraba in accordance with paragraph (ii) above redeem all, but not some only, of the Certificates or vary the terms thereof, in each case by giving not less than 10 nor more than 15 days' prior notice to the Certificateholders, all as more particularly described in the Conditions, and in each case following actual liquidation of the Mudaraba, as described above.

The Mudareb and the Trustee undertake in the Mudaraba Agreement, in circumstances where the Certificates are required by SIB to be varied upon the occurrence of a Tax Event or a Capital Event, to

make such variations as are necessary to ensure that the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments.

TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 CAPITAL CERTIFICATES

The following (except for the text in italics) is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and will, save as provided in Global Certificate, apply to the Global Certificate:

SIB Tier 1 Sukuk IIND Ltd (in its capacity as issuer and in its capacity as trustee, as applicable, the "**Trustee**", which expression shall where the context allows include the Delegate (as defined below) acting pursuant to the powers delegated to it by the Trustee pursuant to the Declaration of Trust (as defined below)) has issued Additional Tier 1 Capital Certificates (the "**Certificates**") in an aggregate face amount of U.S.\$500,000,000. The Certificates are constituted by a declaration of trust (the "**Declaration of Trust**") dated 4 June 2025 (the "**Issue Date**") made between the Trustee, Sharjah Islamic Bank PJSC ("**SIB**") and Citibank, N.A. London Branch (the "**Delegate**", which expression shall include all persons for the time being appointed as the delegate or delegates under the Declaration of Trust) and will represent an undivided ownership interest in the Trust Assets (as defined in Condition 5).

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Issue Date (the "**Agency Agreement**") made between the Trustee, SIB, the Delegate, Citibank N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**"), Citibank Europe plc as registrar (in such capacity, the "**Registrar**") and as transfer agent (in such capacity, the "**Transfer Agent**" and, together with the Registrar and any further or other transfer agents appointed from time to time in respect of the Certificates, the "**Transfer Agents**") and Citibank N.A., London Branch calculation agent (the "**Calculation Agent**", which expression includes the Calculation Agent for the time being). The Paying Agents, the Transfer Agents and the Calculation Agent are together referred to in these terms and conditions (the "**Conditions**") as the **Agents**. References to the "**Agents**" or any of them shall include their successors.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents (as defined in Condition 1). Copies of the Transaction Documents are available for inspection and/or collection during normal business hours at the specified offices of the Principal Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

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 contribute the sums paid by it in respect of its Certificate(s) to the Mudareb (as defined in Condition 5) in accordance with the Mudaraba Agreement (as defined in Condition 12.2);
- (b) to act as Rab-al-Maal (as defined in Condition 5) pursuant to the Mudaraba Agreement on its behalf (which authorisation and direction shall also apply to its successors in title and any Substituted Trustee (as defined in Condition 12.2)); and
- (c) to enter into each Transaction Document, subject to the provisions of the Declaration of Trust and these Conditions.

1. DEFINITIONS AND INTERPRETATION

Words and expressions defined in the Declaration of Trust and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of any inconsistency between any such document and these Conditions, these Conditions will prevail. In addition, in these Conditions the following expressions have the following meanings:

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

"**Additional Tier 1 Capital**" means capital qualifying as, and approved by the Financial Regulator as, additional tier 1 capital in accordance with the Capital Regulations;

"Applicable Regulatory Capital Requirements" means any regulatory capital requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to SIB, including transitional rules and waivers granted in respect of the foregoing;

"Assets" means the consolidated gross assets of SIB as shown (if required by any relevant party) in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of SIB, but adjusted for subsequent events in such manner as the Directors, the Auditors or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of SIB) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;

"Auditors" means, at any time, the statutory independent auditors to SIB at the relevant time or such other auditor as may be appointed for the purpose of the Transaction Documents or, failing such appointment, as may be nominated or approved by the Delegate (subject to the Delegate being indemnified and/or secured and/or pre-funded to its satisfaction);

"Authorised Denomination" has the meaning given to that term in Condition 2.1;

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

"Business Day" means a day, other than a Saturday, Sunday or public holiday, on which registered banks settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Sharjah, New York City and London;

"Call Date" means the First Call Date and any date thereafter up to and including the First Reset Date and any Periodic Distribution Date following the First Reset Date;

"Capital Event" is deemed to have occurred if SIB is notified in writing by the Financial Regulator to the effect that the face amount (or the amount that qualifies as regulatory capital, if some amount of the Certificates are held by SIB or whose purchase is funded by SIB) of the Certificates outstanding would cease to be eligible to qualify, in whole or in part, for inclusion in the consolidated Tier 1 Capital of SIB (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and **provided that** SIB satisfies the Financial Regulator that such non-qualification was not reasonably foreseeable at the time of the issuance of the Certificates;

"Capital Event Amount" means, in relation to a Certificate, its Prevailing Face Amount together with any Outstanding Payments;

"Capital Regulations" means, at any time, the regulations, requirements, standards, guidelines, guidance and policies relating to the maintenance of capital and/or capital adequacy then in effect in the UAE, including those of the Financial Regulator;

"Central Bank" means the Central Bank of the UAE or any successor thereto;

"Certificateholder" means a person in whose name a Certificate is registered in the Register (or in the case of joint Certificateholders, the first named thereof) and the expressions **"holder"** and **"holder of Certificates"** and related expressions shall (where appropriate) be construed accordingly;

"Common Equity Tier 1 Capital" means capital qualifying as, and approved by the Financial Regulator as, common equity tier 1 in accordance with the Capital Regulations;

"Corporate Services Agreement" means the corporate services agreement dated 13 May 2025 made between the Trustee and the Trustee Administrator;

"Day-count Fraction" means the actual number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months and, in

the case of an incomplete month, the number of days elapsed of the Periodic Distribution Period in which the relevant period falls (including the first such day but excluding the last));

"Determination Date" means, in respect of a Reset Period, the third Business Day prior to the commencement of such Reset Period;

"Directors" means the executive and non-executive directors of SIB who make up its board of directors;

"Dispute" has the meaning given to it in Condition 20.2;

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

"Dissolution Event" means a SIB Event and/or a Trustee Event;

"Dissolution Notice" has the meaning given to it in Condition 12.1;

"Dissolution Request" has the meaning given to it in Condition 12.1;

"Distributable Items" means the amount of SIB's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in its latest audited or (as the case may be) auditor reviewed consolidated financial statements, or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital that do not constitute Common Equity Tier 1 Capital;

"Existing Tier 1 Securities" means the U.S.\$500,000,000 Perpetual Additional Tier 1 Capital Securities issued by SIB Tier 1 Sukuk Company on 2 July 2019;

"Extraordinary Resolution" has the meaning given to it in the Declaration of Trust;

"Final Mudaraba Profit" has the meaning given to it in the Mudaraba Agreement;

"Financial Regulator" means the Central Bank or any successor entity having primary bank supervisory authority with respect to SIB in the UAE;

"First Call Date" means 4 December 2030;

"First Mudaraba Profit Distribution Date" means 4 December 2025;

"First Reset Date" means 4 June 2031;

"General Mudaraba Pool" has the meaning given to it in the Mudaraba Agreement;

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

"Initial Period" means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

"Initial Periodic Distribution Rate" has the meaning given to it in Condition 7.4(a);

"Junior Obligations" means all claims of the holders of Ordinary Shares and all payment obligations of SIB in respect of its Other Common Equity Tier 1 Instruments and any other payment obligations that rank or are expressed to rank junior to the Certificates;

"LCIA" means the London Court of International Arbitration;

"**Liabilities**" means the consolidated gross liabilities of SIB as shown (if required by any relevant party) in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of SIB, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors, the Auditors or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of SIB) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;

"**Margin**" means 1.956 per cent. per annum;

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

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

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

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

"**Mudaraba End Date**" means the date on which the Mudaraba ends, being the date on which all, but not some only, of the Certificates are redeemed in accordance with these Conditions;

"**Mudaraba Profit**" has the meaning given to it the Mudaraba Agreement;

"**Mudaraba Profit Distribution Date**" means 4 June and 4 December in each year, starting on the First Mudaraba Profit Distribution Date;

"**Mudaraba Reserve**" has the meaning given to it in the Mudaraba Agreement;

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

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

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

"**Non-Viability Event**" means that the Financial Regulator has notified SIB in writing that it has determined that SIB is, or will become, Non-Viable without (a) a Write-down; or (b) a public sector injection of capital (or equivalent support);

"**Non-Viability Event Write-down Date**" shall be the date on which the Write-down will take place as specified in the Non-Viability Notice, which date shall be as determined by the Financial Regulator;

"**Non-Viability Notice**" has the meaning given to it in Condition 11.2;

"**Non-Viable**" means (a) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business or (b) any other event or circumstance which is specified as constituting non-viability by the Financial Regulator or in applicable banking regulations;

"**Ordinary Shares**" means issued ordinary shares of SIB, having on the Issue Date a par value of AED1.00 each;

"**Other Common Equity Tier 1 Instruments**" means securities issued by SIB that qualify as Common Equity Tier 1 Capital of SIB other than Ordinary Shares;

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

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

"**Payment Business Day**" has the meaning given to it in Condition 9.3;

"Periodic Distribution Amount" has the meaning given to it in Condition 7.2;

"Periodic Distribution Date" means 4 June and 4 December in each year, starting on (and including) 4 December 2025;

"Periodic Distribution Period" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

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

"Prevailing Face Amount" means, in respect of a Certificate, the initial face amount of such Certificate as reduced by a Write-down of such Certificate (on one or more occasions) at or prior to such time pursuant to Condition 11;

"Proceedings" has the meaning given to it in Condition 20.5;

"Profit Rate" means, in respect of the Initial Period, the Initial Periodic Distribution Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 7.4(a);

"Qualifying Tier 1 Instruments" means instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) other than Ordinary Shares or Other Common Equity Tier 1 Instruments, issued directly or indirectly by SIB that:

- (a) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital;
- (b) have terms and conditions not materially less favourable to a holder of the Certificates than the terms and conditions of the Certificates (as reasonably determined by SIB (**provided that** in making this determination SIB is not required to take into account the tax treatment of the new instrument in the hands of all or any Certificateholders, or any transfer or similar taxes that may apply on the acquisition of the new instrument) **provided that** a certification to such effect of two Directors shall have been delivered to the Trustee prior to the variation of the terms of the Certificates in accordance with Condition 10.1(c) or Condition 10.1(d) (as the case may be));
- (c) continue to be obligations of SIB, directly or indirectly or by a guarantee or equivalent support undertaking by SIB;
- (d) rank on a winding-up at least pari passu with the Relevant Obligations;
- (e) have the same face value amount, profit distribution dates and profit or distribution rate or rate of return as the Certificates;
- (f) (where the Certificates are varied prior to the First Call Date) have a first call date no earlier than the First Call Date and otherwise have the same optional redemption dates as the Certificates; and
- (g) if, immediately prior to the variation of the terms of the Certificates in accordance with Condition 10.1(c) or Condition 10.1(d) (A) the Certificates were listed or admitted to trading on a Regulated Market, have been listed or admitted to trading on a Regulated Market; or (B) the Certificates were listed or admitted to trading on a recognised stock exchange other than a Regulated Market, have been listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in each case as selected by the Trustee and approved by the Delegate,

and which may include such technical changes as necessary to reflect the requirements of Additional Tier 1 Capital under the Capital Regulations then applicable to SIB (including, without

limitation, such technical changes as may be required in the adoption and implementation of the Basel III Documents);

"**Rab-al-Maal**" has the meaning given to it in Condition 5;

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

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

"**Record Date**" means, in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Distribution Amount, the date falling two Payment Business Days before the date for payment of the relevant Dissolution Distribution Amount, as the case may be;

"**Register**" has the meaning given to it in Condition 2.1;

"**Registered Account**" has the meaning given to it in Condition 9.1;

"**Regulated Market**" means a regulated market for the purposes of Directive 2014/65/EU, as amended;

"**Relevant Date in respect of a Certificate**" means (a) the date on which payment in respect of such Certificate first becomes due, or (b) if the full amount of the money payable has not been received by the Principal Paying Agent or the Delegate on or before the due date, the date on which, the full amount of the money having been so received, notice to that effect has been duly given to Certificateholders in accordance with Condition 17;

"**Relevant Six Year Reset Rate**" means, in respect of each Reset Period: (i) a rate (expressed as a decimal) determined on the relevant U.S. Securities Determination Date per annum equal to the weekly average yield to maturity for U.S. Treasury securities with a maturity of /six years and trading in the public securities markets; or (ii) if there is no such published U.S. Treasury security with a maturity of six years and trading in the public securities markets, then the rate will be determined on the relevant U.S. Securities Determination Date by interpolation between the most recent weekly average yield to maturity for two series of U.S. Treasury securities trading in the public securities market: (A) one maturing as close as possible to, but earlier than, the immediately following Reset Date; and (B) the other maturity as close as possible to, but later than the immediately following Reset Date, in each case as published in the most recent H.15. If the Trustee cannot procure the determination of the Relevant Six Year Reset Rate on the relevant Determination Date pursuant to the methods described in (i) and (ii) above, then the Relevant Six Year Reset Rate will be: (i) equal to the rate applicable to the immediately preceding Reset Period; or (ii) in the case of the Reset Period commencing on the First Reset Date, 4.169 per cent.;

"**Relevant Jurisdiction**" means the Cayman Islands (in the case of any payment made by the Trustee) and the UAE and/or the Emirate of Sharjah (in the case of any payment made by SIB) or, in each case, any political sub-division or authority thereof or therein having the power to tax;

"**Relevant Obligations**" has the meaning given to it Condition 4.2(a);

"**Reserved Matter**" has the meaning given to it in the Declaration of Trust;

"**Reset Date**" means the First Reset Date and every sixth anniversary thereafter;

"**Reset Period**" means the period from (and including) the First Reset Date to (but excluding) the earlier of (a) the Mudaraba End Date and (b) the following Reset Date, and (if applicable) each successive period thereafter from (and including) such Reset Date to (but excluding) the earlier of (i) the Mudaraba End Date and (ii) the next succeeding Reset Date;

"**Rules**" has the meaning given to it in Condition 20.2;

"**Senior Creditors**" means creditors of SIB (including depositors (in respect of their due claims) and, for this purpose, holders of any instrument issued by, or other obligation of, SIB which ranks senior to the claims of the Trustee in respect of the Relevant Obligations) other than creditors in

respect of obligations the claims in relation to which rank or are expressed to rank *pari passu* with, or junior to, the claims of the Trustee in respect of the Relevant Obligations;

"**Senior Obligations**" means all unsubordinated payment obligations of SIB (including payment obligations to SIB's depositors (in respect of their due claims)) and all subordinated payment obligations (if any) of SIB except *Pari Passu* Obligations and Junior Obligations;

"**SIB Event**" means:

- (a) **Non-payment:** SIB (acting in its capacity as Mudareb) fails to pay an amount which is equivalent to principal (being capital amounts, including the Mudaraba Capital, payable in accordance with the provisions of the Mudaraba Agreement) or profit (including Additional Amounts) due and payable by it pursuant to any Transaction Document and the failure continues for a period of (in the case of principal) seven days or (in the case of profit) 14 days (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Election or a Non-Payment Event); or
- (b) **Insolvency:** a final determination is made by a court or other official body that SIB is insolvent or bankrupt or unable to pay its debts including any financing arrangement issued (or intended to be issued) in compliance with the principles of Shari'a and which is treated as debt for the purposes of applicable law, in each case whether entered into directly or indirectly by SIB; or
- (c) **Winding-up:** an administrator is appointed, an order is made or an effective resolution is passed for the winding-up or dissolution or administration of SIB or SIB applies or petitions, for a winding-up or administration order in respect of itself or ceases, or through an official action of its Directors threatens to cease, to carry on all or substantially all of its business or operations, except, in each case (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or (ii) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or
- (d) **Analogous Event:** any event occurs which under the laws of the UAE has an analogous effect to any of the events referred to in paragraphs (b) or (c) above;

"**Solvency Conditions**" has the meaning given to it in Condition 4.2(b);

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

"**Subsidiary**" means any entity whose financial statements at any time are required by applicable law or in accordance with provisions of generally accepted accounting principles to be fully consolidated with those of SIB;

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

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

"**Tax Event**" means SIB or the Trustee (as the case may be) would, as a result of a Tax Law Change, in making any payments under the Mudaraba Agreement (in the case of SIB (in its capacity as Mudareb)) on the next due date for a payment of Mudaraba Profit or the Certificates (in the case of the Trustee) on the next due date for payment of a Periodic Distribution Amount (as the case may be) (whether or not a Non-Payment Event has occurred or a Non-Payment Election has been made), be required to pay Additional Amounts (and such requirement cannot be avoided by SIB or the Trustee (as the case may be) taking reasonable measures available to it), and **provided that** SIB satisfies the Financial Regulator that such Tax Law Change was not reasonably foreseeable at the time of the issuance of the Certificates;

"**Tax Law Change**" means any change in, or amendment to, the laws, regulations or rulings affecting taxation of any Relevant Jurisdiction, or any change in the official application of such laws, regulations or rulings;

"**Tax Redemption Amount**" means, in relation to a Certificate, its Prevailing Face Amount together with any Outstanding Payments;

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

"**Tier 1 Capital**" means capital qualifying as, and approved by the Financial Regulator as, tier 1 capital in accordance with the Capital Regulations;

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

"**Transaction Documents**" means each of the Declaration of Trust, the Agency Agreement, the Mudaraba Agreement and any other agreements, deeds, undertakings or other documents designated as such by the parties thereto;

"**Trust Assets**" has the meaning given to it in Condition 5;

"**Trustee Administrator**" means MaplesFS Limited;

"**Trustee Call Amount**" means, in relation to a Certificate, its Prevailing Face Amount together with any Outstanding Payments;

"**Trustee Event**" means any of the following events:

- (a) **Non-Payment:** default is made in the payment of the Dissolution Distribution Amount on the due date 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 any Periodic Distribution Amount only, such default continues for a period of seven days; or
- (b) **Insolvency:** the Trustee is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Delegate) a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or
- (c) **Winding-up:** an administrator is appointed, an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Trustee, or the Trustee applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or
- (d) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (b) or (c) above;

For the purpose of paragraph (a) above, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts calculated as being payable under Condition 7.4) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts including, without limitation, as a result of any failure by the Mudarab to comply with the matters described in Condition 4.4(c) (save in each case where such insufficient funds arise solely as a result of SIB making a Non-Payment Election or the occurrence of a Non-Payment Event);

"**Trustee's Territory**" has the meaning given to it in Condition 12.2;

"**UAE**" means United Arab Emirates;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association recommends that the

fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

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

"**Write-down**" means:

- (a) the Certificateholders' rights to the Trust Assets (including the Mudaraba Assets) shall automatically be deemed to be irrevocably, unconditionally and permanently written down in a proportion corresponding to the relevant Write-down Amount;
- (b) in the case of the relevant Write-down Amount corresponding to the full proportion of the Prevailing Face Amount of each Certificate then outstanding, the Certificates shall be cancelled; and
- (c) the rights of any Certificateholder for payment of any amounts under or in respect of the Certificates (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, a Dissolution Event) in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Periodic Distribution Amounts) shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date,

and all references to "**Written-down**" shall be construed accordingly; and

"**Write-down Amount**" means, in relation to any Non-Viability Event Write-down Date, the amount as determined by the Financial Regulator by which the aggregate Prevailing Face Amount of the Certificates then outstanding is to be Written-down on a *pro rata* basis and shall be calculated per Certificate by reference to the Prevailing Face Amount of each Certificate then outstanding which is to be Written-down.

All references in these Conditions to "**U.S. dollars**" and "**U.S.\$**" are to the lawful currency of the United States of America.

2. **FORM, DENOMINATION AND TITLE**

2.1 **Form and Denomination**

The Certificates are issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an "**Authorised Denomination**"). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the "**Register**").

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

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

2.2 **Title**

The Trustee will cause the Registrar to maintain the Register outside the United Kingdom in accordance with the provisions of the Agency Agreement. Title to the Certificates passes only by registration in the Register. The registered holder of any Certificate will (except as otherwise

required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. 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.

3. **TRANSFERS OF CERTIFICATES**

3.1 **Transfers**

Subject to Conditions 3.4 and 3.5 and the provisions of the Agency Agreement, a Certificate may be transferred in an Authorised Denomination only by depositing the Certificate by which it is represented, with the form of transfer on the back duly completed and signed, at the specified office of any of the Transfer Agents together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 **Delivery of New Certificates**

Each new Certificate to be issued upon any transfer of Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be delivered at the specified office of the relevant Transfer Agent or mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.3 **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee or any Transfer Agent but upon payment (or the giving of such indemnity as the Trustee or any Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax, or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed Periods**

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

3.5 **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Certificates scheduled to the Declaration of Trust. The Regulations may be changed by the Trustee from time to time with the prior written approval of the Delegate and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

The holder of Certificates shall be entitled to receive, in accordance with Condition 3.2, only one Certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of

the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2.

4. STATUS, SUBORDINATION AND LIMITED RECOURSE

4.1 Status

The Certificates represent an undivided ownership interest in the 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* without any preference or priority, with all other Certificates. The rights and claims of the Trustee and the Certificateholders against SIB in respect of the Relevant Obligations are subordinated as described in Condition 4.2.

4.2 Subordination

- (a) The payment obligations of SIB under the Mudaraba Agreement (including all payments which are the equivalent of principal (being capital amounts, including the Mudaraba Capital, payable in accordance with the provisions of the Mudaraba Agreement) and profit (the "**Relevant Obligations**") will (i) constitute Additional Tier 1 Capital of SIB, (ii) constitute direct, unsecured, conditional and subordinated obligations of SIB, (iii) rank subordinate and junior to all Senior Obligations but not further or otherwise, (iv) rank *pari passu* with all other Pari Passu Obligations, which, for the avoidance of doubt, includes and shall continue to include SIB's obligations under the Existing Tier 1 Securities, and (v) subject to the Solvency Conditions being satisfied at the relevant time and no bankruptcy order having been issued in respect of SIB by a court in the UAE, rank in priority only to all Junior Obligations.
- (b) The rights and claims of the Trustee against SIB in respect of the Relevant Obligations are subordinated in right of payment to the claims of all Senior Creditors and accordingly payments in respect of the Relevant Obligations by SIB are conditional upon the following conditions (together, the "**Solvency Conditions**"):
 - (i) SIB (in its capacity as Mudareb or otherwise) being Solvent at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable;
 - (ii) SIB (in its capacity as Mudareb or otherwise) being capable of making payment of the Relevant Obligations and any other payment that is due to be made on the relevant date to a creditor in respect of all Senior Obligations and all Pari Passu Obligations and still be Solvent immediately thereafter; and
 - (iii) the total share capital (including, without limitation, retained earnings) of SIB being greater than zero at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable.
- (c) The Trustee has agreed in the Mudaraba Agreement that SIB shall be entitled to utilise the Mudaraba Assets (or any part thereof) or utilise the Mudaraba Profit (or any part thereof) to make payments in respect of the claims of Senior Creditors and, for the avoidance of doubt, such entitlement shall apply both in circumstances (i) where SIB (in its capacity as Mudareb or otherwise) is Solvent and/or (ii) where an order has been made, or an effective resolution has been passed, for the winding-up, bankruptcy, dissolution or liquidation (or other analogous event) of SIB (in its capacity as Mudareb or otherwise).
- (d) Notwithstanding any other provision in these Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Mudareb has been issued by a court in the UAE, all claims of the Trustee in respect of the Relevant Obligations will be extinguished and the Certificates will be cancelled without any further payment to be made by the Mudareb in respect of the Relevant Obligations.

- (e) The Trustee may only exercise its enforcement rights in relation to any Relevant Obligation or in relation to any of its other rights under the Mudaraba Agreement or any other Transaction Document in the manner provided in Condition 12.3.
- (f) The Trustee will, in each relevant Transaction Document, unconditionally and irrevocably waive 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 the Relevant Obligations. No collateral is or will be given by SIB for the Relevant Obligations and any collateral that may have been or may in the future be given in connection with other obligations of SIB shall not secure the Relevant Obligations.

4.3 Other Issues

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

4.4 Limited Recourse and Agreement of Certificateholders

Save as provided in this Condition 4.4, the Certificates do not represent an interest in any of the Trustee, SIB, the Delegate, any of the Agents or any of their respective affiliates. Each Certificateholder, by subscribing for or acquiring the Certificates, acknowledges and agrees that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Trustee (acting in any capacity) or any of its shareholders, directors, officers, employees or agents on its behalf except to the extent funds are available therefor from the Trust Assets;
- (b) the Trustee may not deal with the Mudaraba Assets or realise or deal with its interest, rights, title, benefit and entitlements, present and future, in to and under the Transaction Documents and the Trust Assets except in the manner expressly permitted by the Transaction Documents;
- (c) the proceeds of the Trust Assets are the sole source of payments on the Certificates. Payment by the Trustee of any Periodic Distribution Amount or any amount required to redeem the Certificates is subject to receipt by the Trustee of the amounts expected to be received by it from the Mudareb in accordance with the provisions of the Mudaraba Agreement. The Mudaraba Agreement provides that there is no guarantee of any return from the Mudaraba Assets and SIB's obligation to pay amounts thereunder are subject to the more detailed provisions set out therein, and references in these Conditions to "**Periodic Distribution Amount**", "**profit**" and "**Profit Rate**" should be construed accordingly;
- (d) if the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets are not sufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (acting in any capacity) or any of its shareholders, directors, officers, employees or agents (other than the Trust Assets in the

manner contemplated in the Transaction Documents) or of the Delegate or the Agents, or any of their respective affiliates in respect of any such shortfall, and no recourse shall be had, and no holder will have any claim, 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 (acting in any capacity) or any of its shareholders, directors, officers, employees or agents to the extent the Trust Assets have been exhausted (following which all obligations of the Trustee (acting in any capacity) shall be extinguished) or the Delegate or the Agents;

- (e) it will not 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 (acting in any capacity) or any of its shareholders, directors, officers, employees, agents or affiliates as a consequence of such shortfall or otherwise;
- (f) 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 (acting in any capacity) arising under or in connection with these Conditions or the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, member, director, officer, employee, agent or corporate services provider of the Trustee in their capacity as such. The obligations of the Trustee (acting in any capacity) under these Conditions and the Transaction Documents are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by any officers or directors of the Trustee (acting in any capacity) in their capacity as such, save in the case of their wilful default or actual fraud. References 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;
- (g) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due under such Certificate. No collateral is or will be given for the payment obligations under the Certificates; and
- (h) the Trustee and Mudareb have agreed in the Mudaraba Agreement that the Mudareb shall not be responsible for any losses to the Mudaraba Capital suffered by the Trustee unless such losses are caused by (i) the Mudareb's breach of the Mudaraba Agreement or (ii) the Mudareb's gross negligence, wilful misconduct or fraud.

SIB is obliged to make certain payments under the Transaction Documents directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and/or the Delegate will, subject to Condition 4.2 and Condition 12.3, have recourse against SIB to recover payments due to the Trustee from SIB pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.4. Such right of the Trustee and the Delegate shall constitute an unsecured claim against SIB. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of SIB in connection with the enforcement of any such claim.

5. THE TRUST

- 5.1 SIB Tier 1 Sukuk IIND Ltd (in its capacity as Trustee and in its capacity as rab-al-maal (in such capacity, the "**Rab-al-Maal**")) will enter into a mudaraba agreement (the "**Mudaraba Agreement**") to be dated the Issue Date with SIB (in its capacity as mudareb (in such capacity, the "**Mudareb**")). Pursuant to the Mudaraba Agreement, the Rab-al-Maal will contribute the proceeds of the issue of the Certificates to the Mudareb, which proceeds will form the initial capital of the Mudaraba (as defined below) and which may be subject to change after the Issue Date in accordance with Condition 10.2 (the "**Mudaraba Capital**"). The Mudareb will invest the Mudaraba Capital on an unrestricted co-mingling basis in its general business activities carried out through the General Mudaraba Pool and following investment of the Mudaraba Capital in the General Mudaraba Pool, it shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the "**Mudaraba**

Assets"), in accordance with the Mudaraba Agreement, which shall include an investment plan prepared by the Mudareb and shall constitute a mudaraba (the "**Mudaraba**").

The Trustee has opened a non-interest bearing transaction account in London (the "**Transaction Account**") in its own name which shall be operated by the Principal Paying Agent on behalf of the Trustee and for the benefit of the Certificateholders, and into which the Mudareb will pay all amounts due to the Trustee under the Mudaraba Agreement. If the Trustee is substituted in accordance with Condition 12.2, the Substituted Trustee will be required to open and maintain a non-interest bearing transaction account in London in its name which shall be operated by the Principal Paying Agent on behalf of the Trustee and for the benefit of the Certificateholders and into which the Mudareb will pay all amounts due to the Trustee under the Mudaraba Agreement from the date of substitution onwards, and references in these Conditions to the "**Transaction Account**" will be construed accordingly.

5.2 Pursuant to the Declaration of Trust, the Trustee holds:

- (a) the cash proceeds of the issue of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) all of its rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets;
- (c) all of its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given by SIB (acting in any capacity) pursuant to any of the Transaction Documents and the covenant given to the Trustee pursuant to clause 12.1 of the Declaration of Trust); and
- (d) all amounts standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing (together, the "**Trust Assets**") upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each such holder in accordance with the Declaration of Trust and these Conditions.

5.3 On each Periodic Distribution Date and on any date fixed for payment of the Dissolution Distribution Amount, the Principal Paying Agent shall apply the monies standing to the credit of the 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):

- (a) *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 in accordance with the Declaration of Trust;
- (b) *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*, (i) the Trustee in respect of all amounts owing to it under the Transaction Documents in its capacity as trustee; (ii) 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 (iii) each Agent in respect of all amounts owing to such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
- (c) *third*, only if such payment is due on a Periodic Distribution Date, and subject to Condition 8, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts (including Additional Amounts) due but unpaid;
- (d) *fourth*, only if such payment is due on a date fixed for payment of the Dissolution Distribution Amount, in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount; and
- (e) *fifth*, only after all amounts required to be paid in respect of the Certificates have been discharged in full, in payment of any residual amount to SIB.

Any such residual amount shall be credited to the Mudaraba Reserve and the balance of amounts standing to the credit of the Mudaraba Reserve, after paying all amounts due to the Trustee pursuant to the Mudaraba Agreement, shall be paid to SIB as an incentive.

6. COVENANTS

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

- (a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of Shari'a or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (b) secure any of its present or future indebtedness (whether structured in accordance with the principles of Shari'a or otherwise) by granting or permitting to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) or under or pursuant to any of the Transaction Documents);
- (c) sell, transfer, assign, participate, exchange or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise), or permit such to occur or suffer such to exist, any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents (other than those arising by operation of law);
- (d) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (e) amend or agree to any amendment to any Certificate or Transaction Document (other than in accordance with the terms thereof) in each case in a manner which is materially prejudicial to the rights of Certificateholders, without the prior approval of the Certificateholders by way of Extraordinary Resolution, save that it shall be permitted to make such variations to the Transaction Documents and these Conditions as are required pursuant to Condition 10.1;
- (f) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (g) have any subsidiaries or employees;
- (h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding- up (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders) or any resolution for the commencement of any other bankruptcy or insolvency proceedings with respect to it; and
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:
 - (i) as provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

7. PERIODIC DISTRIBUTIONS

7.1 Distribution of Mudaraba Profit

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

7.2 Periodic Distribution Amounts

Subject to Conditions 4.2(d), 4.4, 7.3, 8, 9 and 11, the Trustee shall distribute to Certificateholders, *pro rata* to their respective holdings, out of amounts transferred into the Transaction Account, a distribution in relation to the Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount. The "**Periodic Distribution Amount**" payable on each Periodic Distribution Date (a) falling prior to and including the First Reset Date shall be equal to the product of: (A) the Initial Periodic Distribution Rate; and (B) the Prevailing Face Amount of the Certificates then outstanding and (b) falling after the First Reset Date shall be the relevant amount calculated pursuant to Condition 7.4.

7.3 Cessation of Accrual

Subject to Conditions 4.2(d), 8 and 11, each Certificate will cease to be eligible to earn Periodic Distribution Amounts from the due date for redemption, following liquidation of the Mudaraba in accordance with these Conditions and the Mudaraba Agreement.

7.4 Periodic Distributions

Subject to Condition 8, the Certificates are entitled to profit (to be paid out of the Rab-al-Maal Mudaraba Profit or the Rab-al Maal Final Mudaraba Profit, as applicable, payable by SIB pursuant to the terms of the Mudaraba Agreement) at the applicable Profit Rate from (and including) the Issue Date in accordance with the provisions of this Condition 7. Periodic Distribution Amounts will not be cumulative and any Periodic Distribution Amount which is not paid will not accumulate or compound and Certificateholders will have no claim in respect of any such Periodic Distribution Amount at any time, even if Periodic Distribution Amounts are paid in the future.

If SIB makes a Non-Payment Election or a Non-Payment Event occurs, any Periodic Distribution Amount which is not paid to the Certificateholders shall be credited by SIB to the Mudaraba Reserve.

Subject to Condition 8, Periodic Distribution Amounts shall be payable on the Certificates semi-annually in arrear on each Periodic Distribution Date, in respect of the Periodic Distribution Period ending on such date, in each case as provided in this Condition 7.

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

(a) Periodic Distribution Rate

For the Initial Period, the Certificates are entitled to profit (to be paid out of the Rab-al-Maal Mudaraba Profit or the Rab-al Maal Final Mudaraba Profit, as applicable, payable by SIB pursuant to the terms of the Mudaraba Agreement) at the Profit Rate of 6.125 per cent. per annum (the "**Initial Periodic Distribution Rate**").

The Profit Rate will be reset on each Reset Date on the basis of the aggregate of the Margin and the Relevant Six Year Reset Rate procured by the Trustee on the relevant Determination Date, and notified to the Calculation Agent on such Determination Date.

The Calculation Agent will, as soon as practicable upon determination of the Profit Rate which shall apply to the Reset Period commencing on the relevant Reset Date but in no event later than the second Business Day thereafter, cause the applicable Profit Rate and the corresponding Periodic Distribution Amount to be notified to each of the Paying Agents, the Irish Stock Exchange plc trading as Euronext Dublin or any other stock exchange on which the Certificates are for the time being listed (if then required by such stock exchange) and to be notified to Certificateholders in accordance with Condition 17.

(b) **Calculation Agent**

With effect from the U.S. Securities Determination Date prior to the First Reset Date, and so long as any Certificates remain outstanding thereafter, the Trustee will maintain a Calculation Agent.

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

(c) **Determinations of Calculation Agent or Trustee Binding**

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

8. **PERIODIC DISTRIBUTION RESTRICTIONS**

8.1 **Non-Payment Event**

Notwithstanding Condition 7.4, if any of the following events occurs (each, a "**Non-Payment Event**"), SIB (as Mudareb) shall not pay Mudaraba Profit (and, as a result, Rab-al-Maal Mudaraba Profit) or Final Mudaraba Profit (and, as a result, Rab-al-Maal Final Mudaraba Profit) on any Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), and as a result thereof the Trustee shall not pay Periodic Distribution Amounts on the corresponding Periodic Distribution Date:

- (a) the amount equal to the then applicable Periodic Distribution Amount (which for the purposes of these Conditions includes Additional Amounts as referred to in Condition 13) to be paid by SIB out of the Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as applicable (the "**Relevant Rab-al-Maal Mudaraba Profit Amount**"), when aggregated with any distributions or amounts payable by SIB (in its capacity as Mudareb or otherwise) on the same date (or otherwise due and payable on such date) on any other obligations in respect of Pari Passu Obligations, exceeds, on the relevant date for payment of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, Distributable Items; or
- (b) SIB (in its capacity as Mudareb or otherwise) is, on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in breach of the Applicable Regulatory

Capital Requirements (including any payment restrictions due to a breach of any capital buffers imposed on SIB by the Financial Regulator) or payment of the Relevant Rab-al-Maal Mudaraba Profit Amount (as applicable) to the Trustee would cause it to be in breach thereof; or

- (c) the Financial Regulator requires (i) SIB not to pay the Relevant Rab-al-Maal Mudaraba Profit Amount to the Trustee on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) or (ii) the Trustee not to pay the relevant Periodic Distribution Amount on that Periodic Distribution Date, in each case, for any reason as it may deem necessary; or
- (d) the Solvency Conditions are not satisfied (or would no longer be met if the Relevant Rab-al-Maal Mudaraba Profit Amount was paid).

8.2 **Non-Payment Election**

Notwithstanding Condition 7.4, SIB may in its sole discretion elect that Rab-al-Maal Mudaraba Profit will not be paid to the Trustee (in its capacity as Rab-al-Maal) on any Mudaraba Profit Distribution Date, including, without limitation, if SIB incurs a net loss during the relevant financial period and SIB shall, in such case, instruct the Trustee not to make payment of a Periodic Distribution Amount to Certificateholders on such Periodic Distribution Date **provided that** the foregoing in this Condition 8.2 shall not apply in respect of Rab-al-Maal Final Mudaraba Profit payable on any Mudaraba End Date (any such election being a "**Non-Payment Election**").

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

If a Non-Payment Election or a Non-Payment Event occurs, then SIB shall (a) in the case of a Non-Payment Election, no later than seven calendar days prior to such event, and (b) in the case of a Non-Payment Event, as soon as practicable thereafter but in any case no later than five Business Days prior to the relevant Mudaraba Profit Distribution Date or Mudaraba End Date, as the case may be, give notice to the Trustee and the Principal Paying Agent in accordance with the Mudaraba Agreement, the Delegate in accordance with the Declaration of Trust and Certificateholders in accordance with Condition 17, which notice shall be revocable, in each case providing details of the Non-Payment Election or Non-Payment Event, as the case may be. In the absence of notice of such Non-Payment Election or Non-Payment Event, as the case may be, having been given in accordance with this Condition 8.3, the fact of non-payment of the relevant Periodic Distribution Amount on the relevant Mudaraba Profit Distribution Date or Mudaraba End Date, as the case may be, shall be evidence of the occurrence of a Non-Payment Election or a Non-Payment Event, as the case may be. Certificateholders shall have no claim in respect of any Periodic Distribution Amount due but not paid as a result of either a Non-Payment Election or a Non-Payment Event (in each case, irrespective of whether notice of such Non-Payment Election or Non-Payment Event, as the case may be, has been given in accordance with this Condition 8.3) and any non-payment of Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit (in the case of a Non-Payment Event only) or a Periodic Distribution Amount in such circumstance shall not constitute a Dissolution Event. SIB shall not have any obligation to make any subsequent payment in respect of any such unpaid profit (whether from its own cash resources, from the Mudaraba Reserve or otherwise) (which shall be credited by SIB to the Mudaraba Reserve). The Trustee shall not have any obligation to make any subsequent payment in respect of any such Periodic Distribution Amounts.

8.4 **Dividend and Redemption Restrictions**

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

- (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Ordinary Shares (other than

to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or

- (b) declare or pay profit or any other distribution on any of its Other Common Equity Tier 1 Instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, junior to or *pari passu* with the Relevant Obligations (excluding securities the terms of which do not at the relevant time enable SIB to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the relevant regulatory criteria for Tier 1 Capital applicable from time to time; or
- (c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or
- (d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Other Common Equity Tier 1 Instruments or any securities issued by SIB ranking, as to the right of repayment of capital, junior to or *pari passu* with the Relevant Obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the relevant regulatory criteria for Tier 1 Capital applicable from time to time,

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

9. PAYMENTS

9.1 Payments in respect of the Certificates

Subject to Condition 9.2, payment of the Dissolution Distribution Amount and any Periodic Distribution Amount will be made by or on behalf of the Trustee in U.S. dollars by wire transfer in same day funds to the Registered Account (as defined below) of the Certificateholder. Payments of the Dissolution Distribution Amount will only be made against presentation and surrender of the relevant Certificate at the specified office of any of the Paying Agents. The Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition 9, a Certificateholder's "**Registered Account**" means the U.S. dollar account maintained by or on behalf of such Certificateholder with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant Record Date.

9.2 Payments subject to Applicable Laws

Payments in respect of Certificates are subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 13.

9.3 Payment only on a Payment Business Day

Where payment is to be made by transfer to a Registered Account, payment instructions (for value the due date or, if that is not a Payment Business Day (as defined below), for value the first following day which is a Payment Business Day) will be initiated by the Principal Paying Agent on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the relevant Certificateholder is late in surrendering its Certificate (if required to do so).

If the amount of the Dissolution Distribution Amount or, subject to Conditions 8.1 and 8.2, any Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

In this Condition 9.3, "**Payment Business Day**" means a day on which commercial banks and foreign exchange markets in Sharjah, London and New York City settle payments and are open for general business and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

9.4 **Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate, and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The names of the initial Agents are set out at the end of these Conditions. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided that**:

- (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); and
- (b) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, it will at all times maintain a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any termination or appointment and of any changes in specified offices will be given to Certificateholders promptly by the Trustee in accordance with Condition 17.

10. **REDEMPTION AND VARIATION**

10.1 **Redemption and variation**

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

The Certificates are perpetual securities in respect of which there is no fixed redemption date and the Trustee shall (subject to the provisions of Condition 4.2, Condition 11) and without prejudice to the provisions of Condition 14) only have the right to redeem the Certificates or vary the terms thereof in accordance with the following provisions of this Condition 10.

The redemption of the Certificates or variation of these Conditions, in each case pursuant to this Condition 10, is subject to the following conditions (in addition to those set out elsewhere in this Condition 10.1) (to the extent then required by the Financial Regulator and/or the Capital Regulations):

- (i) SIB having obtained the prior consent of the Financial Regulator;
- (ii) at the time when the relevant notice of redemption or variation is given, SIB is in compliance with the Applicable Regulatory Capital Requirements;
- (iii) immediately following such redemption or variation (as applicable), SIB will be in compliance with the Applicable Regulatory Capital Requirements;
- (iv) the Solvency Conditions are satisfied; and

- (v) (in the case of a redemption or variation pursuant to Conditions 10.1(c) or 10.1(d) only) the Tax Law Change or Capital Event, as the case may be, becomes, or would become, effective on or after the Issue Date.

If the Trustee (upon the instructions of SIB (acting in its sole discretion)) gives a notice of redemption in accordance with this Condition 10 and, after giving such notice but prior to the relevant redemption date specified in such notice, a Non-Viability Event occurs, the relevant notice of redemption shall be automatically rescinded and shall be of no force and effect, the Certificates will not be redeemed on the scheduled date of redemption and instead a Write-down shall occur in accordance with Condition 11.

Following the occurrence of a Non-Viability Event, the Trustee (upon the instructions of SIB (acting in its sole discretion)) shall not be entitled to give a notice of redemption in accordance with Condition 10 prior to the Non-Viability Event Write-down Date.

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

Subject to Condition 10.1(a), SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall give not less than 10 nor more than 15 days' prior notice to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust, and, **provided that** any such notice has not been revoked by the Trustee (upon the instructions of SIB (acting in its sole discretion)) by giving notice of such revocation to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust prior to the redemption date specified in the initial notice, redeem all, but not some only, of the Certificates at the Trustee Call Amount.

Redemption of the Certificates pursuant to this Condition 10.1(b) may only occur on a Call Date.

(c) **Redemption or Variation due to Taxation**

- (i) Subject to Condition 10.1(a) and the provisions of this Condition 10.1(c), if a Tax Event occurs, SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, by giving not less than ten nor more than 15 days' prior notice to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust, and, **provided that** any such notice has not been revoked by the Trustee (upon the instructions of SIB (acting in its sole discretion)) by giving notice of such revocation to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust prior to the redemption date specified in the initial notice (A) redeem all, but not some only, of the Certificates at the Tax Redemption Amount; or (B) vary the terms of the Mudaraba Agreement (subject to the approval of the Internal Sharia Supervision Committee of the Mudareb) and the Certificates such that the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments, in each case without any requirement for consent or approval of the Certificateholders, and in the case of (B) only **provided that** such modifications or any document giving effect to such modifications do not impose, in the Delegate's sole opinion, more onerous or additional obligations or duties upon it or expose it to liabilities or reduce its protections, and that such modifications or any document giving effect to such modifications are approved by the Trustee and the Delegate. If SIB does not instruct the Trustee to so redeem or vary in accordance with this Condition 10.1(c)(i) in respect of such Tax Event then the Certificates shall continue to be perpetual securities in respect of which there is no fixed redemption date unless the Trustee shall otherwise (subject to the provisions of Condition 4.2, Condition and Condition 12.3 and without prejudice to the provisions of Condition 14) redeem the Certificates or vary the terms thereof in accordance with the provisions of this Condition 10.

- (ii) Redemption of the Certificates, or variation of these Conditions, pursuant to this Condition 10.1(c) may occur on any date on or after the Issue Date (whether or not a Periodic Distribution Date).
- (iii) At the same time as the delivery of any notice of redemption or variation, as the case may be, pursuant to this Condition 10.1(c), SIB shall give to the Trustee and the Delegate a certificate signed by two Directors (upon which the Delegate may rely without liability to any person) stating that (A) the conditions set out in Condition 10.1(a) have been satisfied; (B) a Tax Event has occurred; and (C) in the case of a variation only, the Certificates, as so varied, are Qualifying Tier 1 Instruments and that the Financial Regulator has confirmed that they satisfy limb (a) of the definition of Qualifying Tier 1 Instruments. Such certificate shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out above in this Condition 10.1(c)(iii) and the Delegate shall be entitled to accept and rely on such certificate as sufficient evidence of the satisfaction of such conditions precedent without liability to any person. Upon expiry of such notice and **provided that** it has not been revoked, the Trustee shall redeem or vary the terms of the Certificates, as the case may be.

(d) **Redemption or Variation for Capital Event**

- (i) Subject to Condition 10.1(a) and the provisions of this Condition 10.1(d), if a Capital Event occurs, SIB may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, by giving not less than ten nor more than 15 days' prior notice to the Certificateholders in accordance with Condition 17 and to the Delegate in accordance with the Declaration of Trust, and, **provided that** any such notice has not been revoked by the Trustee (upon the instructions of SIB (acting in its sole discretion)) by giving notice of such revocation to the Certificateholders in accordance with Condition 15 and to the Delegate in accordance with the Declaration of Trust prior to the redemption date specified in the initial notice, (A) redeem all, but not some only, of the Certificates at the Capital Event Amount; or (B) solely for the purpose of ensuring compliance with the Applicable Regulatory Capital Requirements vary the terms of the Mudaraba Agreement (subject to the approval of the Internal Sharia Supervision Committee of the Mudareb) and the Certificates such that the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments without any requirement for consent or approval of the Certificateholders, and in the case of (B) only **provided that** such modifications or any document giving effect to such modifications do not impose, in the Delegate's sole opinion, more onerous or additional obligations or duties upon it or expose it to liabilities or reduce its protections, and that such modifications or any document giving effect to such modifications are approved by the Trustee and the Delegate. If SIB does not instruct the Trustee to so redeem or vary in accordance with this Condition 10.1(d)(i) in respect of such Capital Event then the Certificates shall continue to be perpetual securities in respect of which there is no fixed redemption date unless the Trustee shall otherwise (subject to the provisions of Condition 4.2, Condition 11 and Condition 12.3 and without prejudice to the provisions of Condition 14) redeem the Certificates or vary the terms thereof in accordance with the provisions of this Condition 10.
- (ii) Redemption of the Certificates, or variation of these Conditions, pursuant to this Condition 10.1(d) may occur on any date on or after the Issue Date (whether or not a Periodic Distribution Date).
- (iii) At the same time as the delivery of any notice of redemption or variation, as the case may be, pursuant to this Condition 10.1(d), SIB shall give to the Trustee and the Delegate a certificate signed by two Directors (upon which the Delegate may rely without liability to any person) stating that (A) the conditions set out in Condition 10.1(a) have been satisfied; (B) a Capital Event has occurred; and (C) in the case of a variation only, the Certificates, as so varied, are Qualifying Tier 1 Instruments and the Financial Regulator has confirmed that they satisfy limb (a) of the definition of Qualifying Tier 1 Instruments. Such certificate shall be

conclusive and binding evidence of the satisfaction of the conditions precedent set out above in this Condition 10.1(d)(iii) and the Delegate shall be entitled to accept and rely on such certificate as sufficient evidence of the satisfaction of such conditions precedent without liability to any person. Upon expiry of such notice and **provided that** it has not been revoked, the Trustee shall redeem or vary the terms of the Certificates, as the case may be.

(e) **Taxes upon Variation**

In the event of a variation in accordance with Conditions 10.1(c) or 10.1(d), none of the Trustee, the Delegate and SIB will be obliged to pay and will not pay any liability of any Certificateholder to corporation tax, corporate income tax or tax on profits or gains or any similar tax arising in respect of the variation of the terms of the Certificates **provided that** (in the case of a Tax Event) or so that (in the case of a Capital Event) the Certificates remain or become, as the case may be, Qualifying Tier 1 Instruments, including in respect of any stamp duty or similar other taxes arising on any subsequent transfer, disposal or deemed disposal of the Qualifying Tier 1 Instruments by such Certificateholder.

10.2 **Purchase**

Subject to SIB (to the extent then required by the Financial Regulator and/or the Capital Regulations) (a) obtaining the prior written consent of the Financial Regulator, (b) being in compliance with the Applicable Regulatory Capital Requirements immediately following such purchase, and (c) being Solvent at the time of purchase, SIB or any of its Subsidiaries may purchase the Certificates in the open market or otherwise at such price(s) and upon such other conditions as may be agreed upon between SIB or the relevant Subsidiary (as the case may be) and the relevant Certificateholder(s). Upon any purchase, SIB shall deliver such Certificates to any Paying Agent for cancellation and upon such cancellation, the Mudaraba Capital shall be reduced by the Prevailing Face Amount of the Certificates so cancelled.

10.3 **Cancellation**

All Certificates that are redeemed and all Certificates that are purchased pursuant to Condition 10.2 and which SIB delivers for cancellation in accordance with Condition 10.2 will forthwith be cancelled and accordingly may not be held, reissued or resold.

11. **WRITE-DOWN AT THE POINT OF NON-VIABILITY (AS PRESCRIBED BY THE FINANCIAL REGULATOR)**

11.1 **Non-Viability Event**

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 11.2.

11.2 **Non-Viability Notice**

On the third Business Day following the date on which such Non-Viability Event occurs (or on such earlier date as determined by the Financial Regulator), the Mudareb will notify the Trustee in writing thereof in accordance with the Mudaraba Agreement and the Trustee will then notify the Delegate, the Certificateholders and the Principal Paying Agent in writing thereof in accordance with Condition 17 (a "**Non-Viability Notice**"). A Write-down will occur on the Non-Viability Event Write-down Date. In the case of a Write-down resulting in the reduction of the Prevailing Face Amount of each Certificate then outstanding to nil, the Mudaraba Agreement will be automatically terminated with effect from the Non-Viability Event Write-down Date and the Trustee shall not be entitled to any claim for any amounts in connection with the Mudaraba Assets.

12. **DISSOLUTION EVENTS AND WINDING-UP**

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

12.1 SIB Events

If a SIB Event occurs, the Delegate (provided it shall have been given express notice in writing thereof by the Trustee or SIB and subject to Condition 12.3(e)(i)) shall as soon as practicable give notice of the occurrence of such SIB Event to the Certificateholders in accordance with Condition 17 with a request to such Certificateholders to indicate to the Trustee and the Delegate in writing if they wish the Certificates to be redeemed and the Trust to be dissolved (a "**Dissolution Request**"). The Delegate may, and if so requested in writing by the Certificateholders of at least 20 per cent. of the aggregate face amount of the Certificates then outstanding, or if so directed by an Extraordinary Resolution of Certificateholders, the Delegate shall (but in each case subject to Condition 12.3(e)(i)), give notice (a "**Dissolution Notice**") to the Trustee that the Certificates are immediately due and payable at the Prevailing Face Amount of the Certificates then outstanding together with any Outstanding Payments, whereupon the aggregate face amount of the Certificates then outstanding together with any Outstanding Payments shall become immediately due and payable. A Dissolution Notice may be given whether or not a Dissolution Request has been given to Certificateholders.

12.2 Trustee Events

- (a) SIB has undertaken in the Declaration of Trust that, as soon as practicable following the occurrence of a Trustee Event, it will procure, subject to such amendment of the Declaration of Trust and such other conditions as the Delegate may require and subject to the consent of the Financial Regulator, the substitution of any newly formed special purpose company in form substantially the same as that of the Trustee, in place of the Trustee (the "**Substituted Trustee**"), or of any previous substituted company, as trustee and issuer under the Declaration of Trust and the Certificates **provided that**:
- (i) a deed is executed or undertaking given by the Substituted Trustee to the Delegate, in form and manner satisfactory to the Delegate, agreeing to be bound by the Declaration of Trust, the Certificates and the Transaction Documents (with consequential amendments as the Delegate may deem appropriate) as if the Substituted Trustee had been named in the Declaration of Trust, the Certificates and the other Transaction Documents as trustee and issuer in place of the Trustee;
 - (ii) if the Substituted Trustee is subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the territory of the taxing jurisdiction to which (or to any such authority of or in which) the Trustee is subject generally (the "**Trustee's Territory**"), the Substituted Trustee shall (unless the Delegate otherwise agrees) give to the Delegate an undertaking satisfactory to the Delegate in terms corresponding to Condition 13 with the substitution for or the addition to the references in that Condition and the definition of Relevant Jurisdiction to the Trustee's Territory of references to the Substituted Territory whereupon the Declaration of Trust and the Certificates shall be read accordingly (and SIB shall also be required to give to the Delegate an undertaking satisfactory to the Delegate in terms corresponding to the last paragraph of Condition 13, extending its obligations thereunder to the Substituted Territory);
 - (iii) if any two directors of the Substituted Trustee certify that it will be solvent immediately after such substitution, the Delegate need not have regard to the Substituted Trustee's financial condition, profits or prospects or compare them with those of the Trustee; and
 - (iv) the Trustee, the Substituted Trustee and SIB comply with such other requirements as the Delegate may consider necessary in its absolute discretion in the interests of the Certificateholders.
- (b) Subject to this Condition 12.2, the Delegate may agree to the substitution of the Substituted Trustee without obtaining the consent of the Certificateholders (it being acknowledged that each Certificateholder has by virtue of the last paragraph of the

preamble to these Conditions authorised each Substituted Trustee to act as Rab-al-Maal pursuant to the Mudaraba Agreement on its behalf).

- (c) If SIB fails to comply with the foregoing provisions of this Condition 12.2 within 60 days of the occurrence of the relevant Trustee Event, Conditions 12.1 and 12.3 shall apply to the relevant Trustee Event as if it was a SIB Event.

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

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

If a SIB Event occurs and a Dissolution Notice is delivered pursuant to Condition 12.1, the Mudaraba will be liquidated in accordance with the provisions of the Mudaraba Agreement, and either the Trustee or the Delegate may at its discretion, and the Delegate shall if so requested in writing by the Certificateholders holding at least 20 per cent of the aggregate face amount of the Certificates then outstanding (subject in each case to Condition 12.3(e)(i)), (i) institute any steps, actions or proceedings for the winding-up of SIB and/or (ii) prove in the winding-up of SIB and/or (iii) institute any steps, actions or proceedings for the bankruptcy of SIB and/or (iv) claim in the liquidation of SIB and/or (v) take such other steps, actions or proceedings which, under the laws of the UAE, have an analogous effect to the actions referred to in (i) to (iv) above, in each case, for (subject as set out below) all amounts of Mudaraba Capital, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit and/or other amounts due to the Trustee on termination of the Mudaraba Agreement in accordance with its terms and the terms of the other Transaction Documents, provided, however, that the Trustee or the Delegate may only take such steps, actions or proceedings as described in this Condition 12.3(a), but may take no further or other steps, actions or proceedings to enforce, prove or claim for any payment and provided further that neither the Trustee nor the Delegate may take any steps, actions or proceedings against SIB with respect to any sum that SIB has paid into the Transaction Account in accordance with the Transaction Documents in circumstances where the Trustee has failed to pay that amount to Certificateholders in accordance with these Conditions. No payment in respect of the Transaction Documents may be made by SIB as a result of any steps, actions or proceedings taken pursuant to Condition 12.1, nor will the Trustee or the Delegate accept the same, otherwise than during or after a winding-up (or analogous event) of SIB, unless SIB has given prior written notice (with a copy to the Trustee and the Delegate) to, and received no objection from, the Financial Regulator (which SIB shall confirm in writing to the Trustee and the Delegate).

(b) **Enforcement**

Without prejudice to Condition 12.1 and the remaining provisions of this Condition 12.3, the Trustee (or the Delegate) may at its discretion and the Delegate shall if so requested in writing by the Certificateholders holding at least 20 per cent. of the aggregate face amount of the Certificates then outstanding and without further notice (subject in each case to Condition 12.3(e)(i)) institute such steps, actions or proceedings against SIB, and the Delegate may at its discretion and without further notice institute such steps, actions or proceedings against the Trustee, as it may think fit to enforce any term or condition binding on SIB or the Trustee (as the case may be) under the Transaction Documents (other than any payment obligation of SIB under or arising from the Transaction Documents, including, without limitation, payment of any principal or satisfaction of any payments in respect of the Transaction Documents, including any damages awarded for breach of any obligations), including, without limitation, any failure by SIB to procure the substitution of the Trustee in the circumstances described in Condition 12.2. However, in no event shall SIB, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it in accordance with the Transaction Documents. Nothing in this Condition 12.3 shall, however, prevent the Trustee (or the Delegate) from taking such steps, actions or proceedings as described in Condition 12.3(a) in respect of any payment obligations of SIB arising from the Mudaraba Agreement or any other Transaction Document (including any damages awarded for breach of any obligations).

(c) **Non-Viability and Solvency Conditions**

All claims by the Delegate and/or the Certificateholders against the Trustee under the Certificates and all claims by the Trustee (or the Delegate) against SIB under the Transaction Documents (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Trustee and/or SIB under the Certificates or the Transaction Documents, as the case may be) shall be subject to, and shall be superseded by: (i) the provisions of Condition 11, irrespective of whether the relevant Non- Viability Event occurs prior to or after the event which is the subject matter of the claim and (ii) the provisions of Condition 4.2(d), irrespective of whether the breach of a Solvency Condition at the relevant time or the issue of a bankruptcy order in respect of SIB occurs prior to or after the event which is the subject matter of the claim, in each case **provided that** nothing in these Conditions or the Transaction Documents shall affect or prejudice the payment of the actual costs, charges, expenses, liabilities or remuneration of the Delegate or the rights and remedies of the Delegate in respect thereof, all of which shall accordingly remain unsubordinated.

(d) **Extent of Certificateholder remedy**

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

(e) **Realisation of Trust Assets**

- (i) Neither the Trustee nor the Delegate shall be bound to take any steps, actions or proceedings to enforce or to realise the Trust Assets or any of the steps, actions or proceedings referred to in these Conditions in respect of SIB or, in the case of the Delegate only, the Trustee to enforce the terms of the Transaction Documents or give a Dissolution Notice (including, without limitation, pursuant to this Condition 12), unless (A) it shall have been so requested by an Extraordinary Resolution of the Certificateholders or in writing by Certificateholders holding at least 20 per cent. of the aggregate face amount of the Certificates then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction **provided that** the Delegate shall not be liable for the consequences of exercising its discretion or taking such steps, actions or proceedings and may do so without having regard to the effect of such action on individual Certificateholders.
- (ii) No Certificateholder shall be entitled to proceed directly against the Trustee or SIB or to take the steps, actions or proceedings referred to in Conditions 12.3(a) and 12.3(b) above, unless the Delegate, having become bound so to proceed, (A) fails to do so within a reasonable period, or (B) is unable by reason of an order of a court having competent jurisdiction to do so, and such failure or inability shall be continuing, in which case the Certificateholders shall have only such rights against SIB as those which the Trustee or the Delegate is entitled to exercise as set out in this Condition 12.3.
- (iii) Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and SIB shall be to enforce their respective obligations under the Transaction Documents.
- (iv) The foregoing paragraphs in this Condition 12.3(e) are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the net proceeds thereof in accordance with these Conditions and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and

the right to receive any such sums 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.

13. **TAXATION**

13.1 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, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay, in respect of Periodic Distribution Amounts (but not, for the avoidance of doubt, in respect of Dissolution Distribution Amounts (other than any Outstanding Payments)), additional amounts ("**Additional Amounts**") as shall be necessary in order that the net amounts of Periodic Distribution Amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts of Periodic Distribution Amounts due and payable to any Certificateholder which would otherwise been receivable in the absence of such withholding or deduction, except that no such Additional Amount shall be payable in relation to any payment in respect of any Certificate:

- (a) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Certificate; or
- (b) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day.

In these Conditions, references to any "**Periodic Distribution Amounts**" (and related expressions including, without limitation, "**Rab-al-Maal Mudaraba Profit**", "**Rab-al-Maal Final Mudaraba Profit**" and "**Outstanding Payments**") shall be deemed to include any Additional Amounts payable under this Condition 13 or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

Notwithstanding any other provision in these Conditions, in no event will the Trustee be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended, the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

The Mudaraba Agreement provides that all payments made thereunder by SIB (in its capacity as the Mudareb) to the Trustee shall be made without any withholding or deduction for, or on account of, any present or future Taxes, unless such withholding or deduction is required by law. In the event there is any such withholding or deduction in relation to any Rab-al-Maal Mudaraba Profit or Rab-al- Maal Final Mudaraba Profit, as the case may be, SIB shall pay such Additional Amounts as shall result in the receipt by the Trustee of such net amounts of Rab-al-Maal Mudaraba Profit or Rab-al- Maal Final Mudaraba Profit, as the case may be, as would have been receivable by it if no such withholding or deduction had been required. To the extent that any such Additional Amounts are paid by SIB pursuant to the Mudaraba Agreement, SIB shall be entitled to recover amounts equal to such Additional Amounts from any amounts (if any) standing to the credit of the Mudaraba Reserve and if, following such recovery a shortfall remains between the amounts standing to the credit of the Mudaraba Reserve and such Additional Amounts paid by SIB (such shortfall, the "**Additional Amounts Shortfall**"), SIB shall be entitled to recover amounts equal to such Additional Amounts Shortfall from any Liquidation Proceeds (after taking into account amounts equal to the then applicable Dissolution Distribution Amount payable to the Trustee on the Mudaraba End Date pursuant to the Mudaraba Agreement).

14. **PRESCRIPTION**

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within periods of ten years (in the case of the Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts or Outstanding Payments) from the Relevant Date in respect thereof. Any amounts in respect of which claims have been prescribed under this Condition 14 shall be promptly donated by the Trustee to a registered or otherwise officially recognised charitable organisation.

15. **DELEGATE**

15.1 **Delegation of Powers**

The Trustee will in the Declaration of Trust irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, 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, (a) exercise all of the rights of the Trustee under the Mudaraba Agreement and any of the other Transaction Documents and (b) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together, the "**Delegation**" of the "**Relevant Powers**"), **provided that:** (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust 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, right, authority or discretion to dissolve the trusts constituted by the Declaration of Trust 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 Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

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.

15.2 **Indemnification**

The Declaration of Trust contains provisions for the indemnification of the Delegate 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 as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so in accordance with Condition 12, and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.

15.3 **No Liability**

- (a) The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of SIB or the Trustee under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been paid by SIB or the Trustee but are not so paid and shall not in any circumstances have any

liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

- (b) Each of the Trustee and the Delegate is exempted from:
 - (i) any liability in respect of any loss or theft of the Trust Assets or any cash;
 - (ii) any obligation to insure the Trust Assets or any cash; and
 - (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of actual fraud, wilful default or gross negligence by the Trustee or the Delegate, as the case may be.

15.4 **Reliance on Opinions, Certificates, Reports and/or Information**

The Delegate may engage (at the expense of SIB) and rely (without liability to any person) on any opinion, certificate, report or information of the auditors or insolvency officials (as applicable) of the Trustee or SIB or any lawyer, valuer, banker, broker, accountant, surveyor, auctioneer, tax adviser or any other expert or other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such opinion, certificate, report or information may be relied upon by the Delegate (without liability to any person) as sufficient evidence of the facts stated therein notwithstanding that such opinion, certificate, report, information and/or any engagement letter or other document entered into by the Delegate or any other person in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of the Trustee or SIB or such other expert or other person in respect thereof and notwithstanding that the scope and/or basis of such opinion, certificate, report or information may be limited by an engagement or similar letter or by the terms of the opinion, certificate, report or information itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability, delay or inconvenience that may be occasioned by its failure to do so.

15.5 **Proper performance of duties**

Nothing shall, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust 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 Declaration of Trust.

15.6 **Notice of Events**

The Delegate shall not be responsible for monitoring, supervising, investigating or ascertaining whether or not a Non-Payment Event, Capital Event, Tax Event, Non-Viability Event, Dissolution Event or Potential Dissolution Event has occurred or exists or is continuing or will occur or exist and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred or is continuing (without any liability to the Certificateholders or any other person for so doing).

16. **REPLACEMENT OF CERTIFICATES**

If a definitive Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (and if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the

Trustee, SIB, the Registrar, the Paying Agent or the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17. **NOTICES**

Notices to Certificateholders will be deemed to be validly given if mailed to Certificateholders by pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register. The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Certificates are for the time being admitted to listing, trading and/or quotation. Any notices shall be deemed to have been given on the day 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).

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with evidence of entitlement to the relevant Certificates, with the Principal Paying Agent.

18. **MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

- 18.1 The Declaration of Trust 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 Transaction Documents. Such a meeting may be convened by Certificateholders holding not less than 10 per cent. in face amount of the Certificates then outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing in aggregate more than 50 per cent. in face amount of the Certificates then outstanding, or at any adjourned such meeting one or more Certificateholders, proxies or representatives present whatever the face amount of the Certificates held or represented, except that any meeting the business of which includes consideration of proposals, *inter alia*, (a) to modify any date for payment in respect of the Certificates, (b) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates, (c) to amend any of the Trustee's and/or SIB's covenants set out in the Transaction Documents, (d) to amend the covenant given by the Trustee and the Delegate in clause 14 of the Declaration of Trust, (e) to alter the currency of payment or the denomination of the Certificates, (f) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution, (g) to sanction any such substitution as is described in paragraph 5.9(i) of Schedule 4 to the Declaration of Trust, or (h) to amend the above list or the proviso to paragraph 4.6 of Schedule 4 to the Declaration of Trust, in which case the quorum shall be one or more Certificateholders, proxies or representatives holding or representing in aggregate not less than two-thirds, or at any adjourned such meeting not less than one-third, in face amount of the Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires (i) a majority in favour consisting of not less than 75 per cent. of the votes cast, (ii) a Written Resolution (as defined in the Declaration of Trust) or (iii) Electronic Consent (as defined in the Declaration of Trust). Any Extraordinary Resolution, if duly passed, will be binding on all Certificateholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted.
- 18.2 The Declaration of Trust provides that a Written Resolution or an Electronic Consent 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 Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.
- 18.3 The Delegate may (but shall not be obliged to), without the consent of the Certificateholders: (a) agree to any modification to these Conditions or any provisions of the Transaction Documents which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (b) agree to any modification (other than in respect of a Reserved Matter) of these Conditions, the Declaration of Trust or any other Transaction Document, or to the waiver

or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (c) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in the case of limbs (b) and (c) above that such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the aggregate face amount of the Certificates then outstanding.

18.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, those referred to in this Condition 18), the Delegate shall have regard to the interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent provided in Condition 13.

18.5 Any modification, waiver, authorisation or determination shall be binding on all of the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 17.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, 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**

20.1 **Governing Law**

The Declaration of Trust, the Certificates and these Conditions (including the remaining provisions of this Condition 20 (*Governing Law and Dispute Resolution*)) and any non-contractual obligations arising out of or in connection with the Declaration of Trust, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.

20.2 **Arbitration**

Subject to Condition 20.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Trust, the Certificates and these Conditions (including any dispute as to their existence, validity, interpretation, performance, breach or termination of the Declaration of Trust, the Certificates and these Conditions or the consequences of the nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 20.2. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

20.3 **Option to Litigate**

Notwithstanding Condition 20.2 above, the Delegate (or, but only where permitted to take action in accordance with the terms of the Declaration of Trust, any Certificateholder) may in the alternative, and at its sole discretion, by notice in writing to the Trustee require that a Dispute be heard by a court of law.

The notice described in this Condition 20.3 may be given not later than 28 days after service of a Request for Arbitration (as defined in the Rules).

If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 20.5 and in respect of any arbitration commenced under Condition 20.2 in respect of that Dispute, the following will apply:

- (a) the arbitration will be terminated; and
- (b) with the exception of the Delegate (whose costs will be borne by the Trustee, failing which SIB), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

20.4 **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 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 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:

- (a) 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;
- (b) his entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

20.5 **Submission to Jurisdiction**

If a notice is issued pursuant to Condition 20.3, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and SIB submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and SIB agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 20.5 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraphs (a) and (b) above, the Trustee, the Delegate and any Certificateholder (where permitted to do so) may take proceedings relating to a Dispute (the "**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

20.6 **Appointment of Process Agent**

Each of the Trustee and SIB has, in the Declaration of Trust, appointed Maples and Calder at its registered office at 6th Floor, DUO, 280 Bishopsgate, London EC2M 4RB as its agent for service of process in England and has undertaken that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes and notify the Delegate and the

Certificateholders of such appointment in accordance with this Condition 20.6. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

20.7 Waiver of Immunity

Under the Declaration of Trust, SIB has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes. Further, SIB has irrevocably and unconditionally consented to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

20.8 Waiver of Interest

- (a) Each of the Trustee, the Delegate and SIB has agreed in the Declaration of Trust that no interest will be payable or receivable under or in connection with the Declaration of Trust and in the event that it is determined that any interest is payable or receivable in connection with the Declaration of Trust by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party agrees to waive any rights it may have to claim or receive such interest and agrees that if any such interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.
- (b) Each of the Trustee, SIB and the Delegate has irrevocably agreed in the Declaration of Trust that if any arbitration is commenced in relation to a Dispute and/or any Proceedings are brought by or on behalf of a party under the Declaration of Trust, it will:
 - (i) not claim interest under, or in connection with, such arbitration and/or Proceedings; and
 - (ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of such arbitration and/or by a court as a result of such Proceedings.
- (c) For the avoidance of doubt, nothing in this Condition 20.8 shall be construed as a waiver of rights in respect of Mudaraba Profit, Final Mudaraba Profit, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit, Indemnity Payment, Periodic Distribution Amounts, Outstanding Payments or profit of any kind howsoever described payable by SIB (acting in any capacity) or the Trustee (acting in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

FORM OF THE CERTIFICATES

The Certificates will be in registered form and will be issued outside the United States to persons who are not U.S. persons in reliance on Regulation S.

The Certificates will be represented by beneficial interests in a global certificate in registered form the Global Certificate. The Global Certificate will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depository. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates in fully registered form.

HOLDERS

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the "**Registered Holder**"). Each of the persons (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the "**Accountholders**") (in which regard any certificate or other document issued by a clearing system as to the aggregate 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 deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder (and such payment obligations of the Trustee will be discharged by payment to the Registered Holder in respect of each amount so paid), and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. 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.

CANCELLATION

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

PAYMENTS

Payments of any amount in respect of the Certificate represented by the Global Certificate will, in the absence of any provision to the contrary, be made to, or to the order of, the person shown on the Register as the registered holder of the Global Certificate at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the due date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January). Upon payment of any amount in respect of the Certificates represented by the Global Certificate, the details of such payment shall be entered by the Registrar in the Register.

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of the Dissolution Distribution Amount in respect of Certificates represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate at the specified office of the Registrar or such other office as may be specified by the Registrar subject to and in accordance with the

Conditions and the Declaration of Trust. Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of participants in the relevant clearing system in accordance with the relevant clearing system's rules and procedures. A record of each payment made in respect of the Certificates will be entered into the Register by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

NOTICES

For so long as all of the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices may be given by delivery of the relevant notice to those clearing systems for communication to entitled Accountholders in substitution for notification as required by the Conditions except that, so long as the Certificates are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing systems.

Whilst any of the Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by such Certificateholder may be given (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

REGISTRATION OF TITLE

The Registrar will not register title to the Certificates in a name other than that of a nominee for the Common Depositary for a period of seven calendar days preceding the due date for any payment of any Periodic Distribution Amount or the Dissolution Distribution Amount in respect of the Certificates.

Record dates will be determined in accordance with the standard practices of Euroclear and Clearstream, Luxembourg.

TRANSFERS

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

EXCHANGE FOR DEFINITIVE CERTIFICATES

Interests in the Global Certificate will be exchangeable (free of charge to the holder), in whole but not in part, for Definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (i) a SIB Event (as defined in the Conditions) has occurred and a Dissolution Notice has been delivered pursuant to Condition 12.1; or (ii) Certificates represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, and any such clearing system has been closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor or alternative clearing system satisfactory to the Delegate is available. If an Exchange Event occurs, any of the Trustee, the Delegate or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion and dispatch to the Certificateholders. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions (and such other information as the Trustee and the Registrar may require) to complete, execute and deliver such Definitive Certificates.

In this Prospectus, "**Definitive Certificate**" means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in the Schedules to the Declaration of Trust.

ELECTRONIC CONSENT AND WRITTEN RESOLUTION

While any Global Certificate is registered in the name of any nominee for Euroclear or Clearstream, Luxembourg, then:

- (a) approval of a resolution proposed by the Trustee, SIB or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an "**Electronic Consent**" as defined in the Declaration of Trust) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum (as specified in the Declaration of Trust) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Declaration of Trust) has been validly passed, the Trustee, SIB and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, SIB and/or the Delegate, as the case may be, by Accountholders in the clearing system with entitlements to such Global Certificate or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and **provided that**, in each case, the Trustee, SIB and/or the Delegate, as the case may be, have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting or implementation of such consent or instructions. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, **commercially reasonable evidence** includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, SIB and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the Certificates will be contributed by the Trustee (as Rab-al-Maal) to SIB (as Mudareb) as Mudaraba Capital pursuant to the terms of the Mudaraba Agreement and will be used by SIB to enhance its tier 1 capital as well as for general corporate purposes, all in accordance with the investment plan set out in the Mudaraba Agreement.

DESCRIPTION OF THE TRUSTEE

General

SIB Tier 1 Sukuk IIND Ltd, a Cayman Islands exempted company with limited liability, was incorporated on 4 March 2025 under the Companies Act (As Revised) of the Cayman Islands with company registration number 419447. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

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 (the "**Share Trustee**") under the terms of a share declaration of trust dated 13 May 2025 (the "**Share Declaration of Trust**") under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from its holding of, the Shares.

Business of the Trustee

The Trustee has no prior operating history or prior business other than in connection with the Certificates to be issued and will not have any substantial liabilities other than in connection with the Certificates. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

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

Financial Statements

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.

Directors of the Trustee

The directors of the Trustee are as follows:

Name:	Principal Occupation:
Phillip Hinds	Senior Vice President at MaplesFS Limited
Jamie Sanford	Vice President at MaplesFS Limited
John Irwin	Vice President at Maples Fund Services (Middle East) Limited

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

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

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

The Trustee Administrator

MaplesFS Limited 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 the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of 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.maplesfiduciaryservices.com/terms> (the **Registered Office Terms**). In consideration of the foregoing, the Trustee Administrator receives 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 with a copy to any applicable rating agency.

The Trustee Administrator is 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). The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

The following tables set out in summary form the financial position and statement of income information relating to SIB.

Unless otherwise indicated, the selected consolidated financial information of SIB:

- as at and for the year ended 31 December 2023, is extracted from the reclassified comparative information as at the year ended 31 December 2023 included in the 2024 Financial Statements (see "*Presentation of Financial Information – Certain restatements and reclassifications*"). Where financial information as at and for the year ended 31 December 2023 which has been reclassified in the 2024 Financial Statements, the original figure (extracted from the 2023 Financial Statements) has been presented together with the reclassified figure (extracted from the comparative information included in the 2024 Financial Statements); and
- as at and for the year ended 31 December 2024, is extracted from the 2024 Financial Statements.

Each of the Financial Statements are prepared in accordance with IFRS as issued by IASB (and incorporated by reference in this Prospectus together with the independent auditor's reports thereon). The selected financial information presented below should be read in conjunction and is subject to, "*Presentation of Financial and Other Information*", the Financial Statements and the other information included elsewhere in this Prospectus.

Sources of Funding

SIB's main source of funding has been customers' and other banks' deposits, sukuks and shareholders' equity. The following table sets out certain details of such funding for SIB as at 31 December 2024 and 31 December 2023:

Description	31 December 2024	31 December 2023 (original amounts)	31 December 2023 (amended and restated)
	<i>(AED thousands)</i>	<i>(AED)</i>	<i>(AED)</i>
Customers' Deposits.....	51,758,444	45,206,574	45,206,574
Due to Banks.....	12,850,330	9,053,932	9,053,932
Sukuk Payable.....	3,659,949	1,834,869	1,834,869
Shareholders' Equity.....	8,303,299	8,126,668	8,116,668

Assets and Investments

The following table summarises the position in relation to some of SIB's principal assets and investments as at 31 December 2024 and 31 December 2023:

Description	31 December 2024	31 December 2023
	<i>(AED thousands)</i>	
Cash and Balances with Banks and Financial Institutions.....	3,002,556	3,436,612
Murabaha and Wakalah with Financial Institutions.....	14,106,277	10,240,664
Investment Securities Measured at Fair Value.....	4,597,741	3,961,739
Investment Securities Measured at Amortised Cost.....	13,172,684	9,582,292
Investments in Islamic Financing:.....	37,687,026	33,030,434
Acceptances.....	239,498	209,135
Investment Properties.....	2,964,711	2,822,991
Properties Held-for-Sale.....	793,438	526,215
Other Assets.....	1,687,315	1,117,292
Intangible Assets.....	63,001	61,664
Property and Equipment.....	896,069	889,943
Total assets.....	79,210,316	65,878,981

Contingent Liabilities and Commitments

The following table summarises the position in relation to SIB's contingent liabilities and commitments as at 31 December 2024 and 31 December 2023:

Description	31 December 2024	31 December 2023
	<i>(AED thousands)</i>	
Letters of Credit	589,642	346,253
Letters of Guarantee.....	3,892,739	2,730,974
Commitments	1,632,387	906,113

Capital Adequacy Ratio

SIB's capital adequacy ratio was 17.09 per cent. for the year ended 31 December 2024 and 18.87 per cent. for the year ended 31 December 2023. This remains above the regulatory minimum 13.0 per cent. set by the UAE Central Bank. In the opinion of SIB it has adequate capital to meet its requirements.

Key Financial Information and Business Ratios	As at and for the year ended 31 December 2024	As at and for the year ended 31 December 2023 (original amounts)	As at and for the year ended 31 December 2023 (amended and restated)
<i>(in AED thousands)</i>			
Income Statement Data			
Total Operating Income	2,181,143	1,975,022	1,975,022
General and Administrative Expenses.....	(779,113)	(684,454)	(694,454)
Distribution to depositors' and sukuk holders	(2,215,179)	(1,635,944)	(1,635,944)
Impairment on Financial Assets - Net of Recoveries.....	(210,414)	(220,608)	(220,608)
Profit for the year	1,047,885	851,540	841,540
<i>(in AED thousands)</i>			
Financial Position Data			
Total Assets.....	79,210,316	65,878,981	65,878,981
Investments in Islamic financing	37,687,026	33,030,434	33,030,434
Investments ²	21,528,574	16,893,237	16,893,237
Customers' Deposits.....	51,758,444	45,206,574	45,206,574
Due to Banks.....	12,850,330	9,053,932	9,053,932
Equity attributable to equity holders ³	8,303,299	8,126,668	8,116,668
<i>(in U.S.\$ thousands)</i>			
Income Statement Data			
Total Operating Income	593,912	537,786	537,786
General and Administrative Expenses.....	(21,148)	(186,372)	(189,095)
Impairment on Financial Assets - Net of Recoveries.....	(57,294)	(60,070)	(60,070)
Distribution to depositors' and Sukuk holders.....	(603,452)	(445,457)	(445,457)
Profit for the year	285,332	231,869	229,146
<i>(in U.S.\$ thousands)</i>			
Financial Position Data			
Total Assets.....	21,568,499	17,938,456	17,938,456
Investments in Islamic financing	10,261,954	8,993,991	8,993,991
Investments ²	5,862,103	4,599,944	4,599,944
Customers' Deposit	14,093,517	12,309,482	12,309,482
Due to Banks.....	3,499,068	2,465,332	2,465,332
Equity attributable to equity holders ³	2,260,939	2,212,843	2,212,843
Profitability Ratios			
Net Profit Margin (%).....	2.42	2.76	2.42
Return on Average Asset (%) ⁴	1.44	1.36	1.35
Return on Average Equity (%) ⁵	12.8	10.8	10.7
Earnings Per Share (AED).....	0.30	0.23	0.23
Equity/Total Assets (%).....	10.5	12.3	12.3
Total regulatory capital expressed as a percentage of total risk weighted assets (%) ⁶	17.09	18.87	18.9

Liquidity & Business Ratios

Cost to Income Ratio (%) ¹¹	35.7	34.7	35.2
Liquid Assets ⁷ /Total Assets (%).....	21.6	20.8	20.8
Financings/Total Deposits (%) ⁸	58.3	60.9	60.9
Depositors' accounts/Total Deposits (%) ⁹	80.1	83.3	83.3
Non-performing financing assets (NPA)/Gross Financing (%) ¹⁰	4.8	5.5	5.7
Financing/Depositors' accounts (%).....	72.8	73.1	73.1

- 1 This information has been subject to rounding adjustments.
- 2 Investments include Investment Securities Measured at Fair Value, Investment Securities Measured at Amortised Cost, Investment Properties and Properties Held-for-Sale in the Financial Statements.
- 3 Equity attributable to equity holders is the Total Shareholders' Equity in the Financial Statements.
- 4 Return on Average Asset has been calculated by dividing the Profit for the year by the average of Total Assets of two years.
- 5 Return on Average Equity has been calculated by dividing the Profit for the year by the average of Total Shareholders' Equity of two years.
- 6 This is computed by Total Capital Base/risk assets of SIB as reported per UAE Central Bank guidelines.
- 7 Liquid assets include Cash and Balances with Banks and Financial Institutions and International Murabaha and Wakalah with Financial Institutions.
- 8 Total Deposits include Customers' Deposit and Due to Banks.
- 9 Financings/Total Deposits is determined by dividing Investments in Islamic financing by the sum of Customers' Deposit and Due to Banks.
- 10 Computed by gross non-performing investments in Islamic financing (Stage 3 Exposure) divided by gross investments in Islamic Financing.
- 11 Cost to income ratio has been calculated dividing general and administrative expenses by the sum of i) income from investments in Islamic financing and sukuk and ii) net fee and commission income, investment income, foreign exchange income and other income.

DESCRIPTION OF THE GROUP

Overview

Sharjah Islamic Bank PJSC (**SIB**) was originally incorporated as a commercial bank in 1975 as National Bank of Sharjah, under an Emiri decree issued by H.H. Sheikh Dr. Sultan Bin Mohammed Al Qassimi, Member of the UAE Supreme Council and Ruler of Sharjah. SIB was registered as a Public Joint Stock Company on 3 April 1976 under registration number 12088.

On 18 March 2001, a decision was made by SIB's shareholders to change SIB's status from a conventional bank to an Islamic bank, thereby undertaking to perform all of its banking activities in compliance with *Shari'ah* rules and regulations. The conversion process was completed on 30 June 2002, making SIB the first bank in the world to convert fully from a conventional banking system to an Islamic banking system. In 2005, SIB's name was changed from National Bank of Sharjah to Sharjah Islamic Bank.

During the conversion process, SIB formed a strategic alliance with Kuwait Finance House (**KFH**), under which KFH acquired a 20 per cent. shareholding in SIB from the Government. In 2024, KFH, which was previously the second-largest shareholder, sold its shares in SIB, marking its exit from ownership. As a result, the Sharjah Social Security Fund now holds 15.12% of SIB's share capital, making it the second-largest shareholder, while the Government also has an indirect holding of 28.46% in SIB through Sharjah Asset Management LLC. Additionally, the Endowment of the Ruler of Sharjah owns 7.0%, making it the third-largest shareholder. 5.18 per cent. of shares in SIB were acquired as part of Treasury Shares. Following the sale, Kuwait Finance House's representatives resigned from their positions on the Board of Directors.

SIB is a publicly listed company whose shares are listed on the Abu Dhabi Securities Exchange (the "ADX"). As at 31 December 2024, SIB had 3,235,677,638 shares outstanding held by 3,564 shareholders of record, with a share capital of AED 3,235,677,638, and a market capitalisation of AED 8,056.84 million (assuming a share price of AED 2.49). As at 31 December 2024, the Government directly and indirectly owned 43.58 per cent. of SIB. During the year ended 31 December 2024, SIB proposed a cash dividend of 15 per cent. of its paid up capital to its shareholders.

As at 31 December 2024, SIB had total assets of AED 79,210,316 thousand. By comparison, as at 31 December 2023, total assets of SIB were AED 65,878,981 thousand. SIB had total shareholders' equity of AED 8,303,299 thousand and AED 8,126,668 thousand (as amended and restated in the 2024 Financial Statements to AED 8,116,668 thousand) for the years ended 31 December 2024 and 2023, respectively. For the purposes of reporting its risk-weighted assets in accordance with Basel III, SIB had Tier 1 capital of AED 8,129,388 thousand and AED 7,992,813 thousand and a total capital base of AED 8,648,562 thousand and AED 8,515,637 thousand as at 31 December 2024 and 31 December 2023, respectively. SIB's profit for the year ended 31 December 2024 was AED 1,047,885 thousand (23.05 per cent. higher as compared to the profit for the year of AED 851,540 thousand for the year ended 31 December 2023).

SIB is one of the leading Islamic banks in the UAE, providing a range of Retail Banking, Corporate Banking and Investment Banking services, in compliance with *Shari'ah* rules and regulations. As at the date of this Prospectus, SIB has three wholly owned and active subsidiaries: Sharjah National Hotel Corporation, Sharjah Islamic Finance Services and ASAS Real Estate (for more information, see "*Description of Sharjah Islamic Bank PJSC – Subsidiaries of SIB*"). As at the date of this Prospectus, SIB has 34 branches in six of the seven emirates, namely Sharjah, Dubai, Ajman, Abu Dhabi, Fujairah and Ras Al Khaimah. In 2024, SIB achieved the Nafis Award – Gold Category in recognition for its Emiratisation efforts, for the second time. In 2024, SIB also achieved recognition for its payment processing systems by winning the Wells Fargo Award for Excellence in Straight Through Processing (STP) and the Quality Award from Deutsche Bank for Excellence in (STP) Payments, for the second time. In addition, SIB won the Excellence in Islamic Banking award at the Finnovex Middle East Awards 2023, the Dubai Service Excellence Program award in 2022 and SIB was named as one of Forbes magazine's 100 Most Powerful Companies in the Middle East in 2021. For the second time, SIB's CEO was added to the list of the Top 100 CEOs in the GCC in 2022 and he also won the Best CEO award in the Islamic Banking Sector for 2022. SIB's COO won COO of the Year award in 2023 at the Finnovex Middle East Awards. SIB was also awarded the Learning Culture of the Year Award for 2023 by the Human Resources and Learning Platform. In addition, SIB received two

recognitions from the International Finance Awards in 2020 as Best Islamic Bank and Most Innovative Digital Bank. During 2020, SIB's issuance of U.S.\$500 million Additional Tier 1 Sukuk issuance won the Sukuk Deal of the Year Award as well as the CEEMEA Financial Deal of the Year. SIB also won the Best Service Performance Brand Award for 2021.

General

As at the date of this Prospectus, SIB has ratings of "A-" (negative outlook) from S&P and "BBB+" (stable outlook) from Fitch.

SIB operates in the UAE under a banking license issued by the UAE Central Bank. The registered address of SIB is P.O. Box 4, Sharjah, UAE and the telephone number of the registered office is +971 6 599 9999.

Strategy

SIB's vision is to become a leading Islamic financial institution in the UAE, recognised for innovation, strategic partnerships and a customer-centric approach. Over the next five years, SIB plans to expand its market presence across each of the emirates of the UAE, leverage technology and data analytics to improve customer experience and operational efficiency and foster a performance-driven culture to attract top talent for sustainable growth. To achieve this, SIB has outlined the following key strategic priorities:

- Enhance SIB's brand.
- Expand client offerings and grow the bank's product portfolio
- Diversify business segments.
- Utilise existing relationships.
- Drive digital transformation.
- Create a performance driven culture.
- Strengthen talent management process.

The following strategic priorities have therefore been developed to accomplish these objectives.

Strengthen Strategic Partnerships

SIB aims to deepen relationships with key partners like the Government of Sharjah and major corporates, expanding its portfolio through cross-selling efforts across its business units including, Investment Banking, Retail Banking and Corporate and Treasury units.

Drive Business Development and Expansion

SIB aims to drive business development and expansion through its business units including, corporate banking, retail banking and investment bank. The Corporate Banking Group (the "**CBG**") will concentrate on financing mid-sized and large enterprises in key sectors like trade and manufacturing, while the Retail Banking Group (the "**RBG**") focuses on enhancing customer access and driving growth through personal, home and auto financing. Investment Banking will expand by focusing on syndicated and specialized project financing. Additionally, both Corporate and Retail Banking will broaden their trade finance offerings, and the Investment Banking Division (the "**IBD**") will expand Islamic structured and derivative products and deliver specialised project financing.

Accelerate Digital Transformation

SIB aims to become a leader in digital banking by enhancing its platforms to streamline customer onboarding and improve self-service facilities in retail banking, using advanced digital tools in corporate banking, and applying real-time data and advice in the IBD. These efforts aim to improve customer experience, make operations more efficient, and increase competitiveness.

Grow Non-Funded Income and Optimise Cost of Funds

Corporate Banking will generate fee-based income through trade finance products and guarantees, while Retail Banking will focus on affluent clients, business banking, and digital payments. Investment Banking will grow revenue by offering tailored investment solutions. These strategies will help diversify revenue streams and enhance profitability. SIB also aims to increase CASA deposits, attract customers with digital products and rewards accounts, and improve funding efficiency by optimizing liquidity and reducing reliance on higher-cost deposits.

Competitive Strengths

SIB enjoys a number of key competitive strengths, including the following:

Strong links to the Government of Sharjah and Government of Sharjah related entities

As at the date of this Prospectus, the Government is SIB's largest shareholder, directly and indirectly, holding 43.58 per cent. of SIB's share capital. SIB has capitalised on its close ties between itself and its largest shareholder by becoming the Government's effective bank of choice in the UAE. This close relationship has resulted in the Government departments and authorities becoming the largest customer sector of SIB, being accountable for AED 14,436,411 thousand, or 36.0 per cent. of SIB's investments in Islamic financing as at 31 December 2024, as compared to AED 12,369,565 thousand, or 34.7 per cent. of SIB's investments in Islamic financing as at 31 December 2023. Through its strong relationship with the Government, SIB believes that it will benefit from the ongoing inward investment to Sharjah through the financing of infrastructure projects. In the current macro-economic environment, Sharjah is less affected than neighbouring emirates, having less exposure to oil revenues and volatile real estate assets. In addition, with Sharjah being a smaller emirate with correspondingly more conservative development plans than some of the other emirates, the Government is not burdened with high levels of debt and retains an investment grade rating from S&P and Moody's. As such, SIB believes that its levels of exposure to the Government should be viewed as a strength, reflecting positively on SIB's reputation amongst Sharjah-based retail and corporate clients.

Extensive experience as a conventional bank prior to its conversion to an Islamic bank

Prior to its conversion to an Islamic bank in 2002, SIB had over 25 years' experience in the conventional banking market. Unlike other Islamic banks without prior conventional experience, SIB therefore has a deep knowledge and understanding of the needs of both conventional and Islamic banking customers. SIB believes that this knowledge has enabled it to develop its *Shari'ah*-compliant banking services in a way that appeals to a broader client base than other Islamic banks.

SIB's conventional experience has contributed to the development of many innovative *Shari'ah*-compliant banking products that seek to replicate the salient features of their conventional counterparts. SIB's innovations include prepaid Visa cards and Mastercard and zero per cent. profit finance, each of which was the first *Shari'ah*-compliant example of these products in the UAE. Through innovations such as these, SIB has been able to bridge the divide between conventional banks and Islamic banks, enabling it to appeal to both Muslim and non-Muslim clients.

Stable funding base

SIB has a diversified deposit base that includes retail and corporate customers, Government bodies and public sector agencies which, taken together, are regarded by SIB as a relatively stable and a low cost source of funding. As at 31 December 2024, SIB had AED 40.2 billion of customer deposits maturing in less than three months and AED 10.9 billion of customer deposits maturing between three to 12 months, compared with AED 35.1 billion and AED 8.7 billion, respectively, as at 31 December 2023 (see also "*Description of Sharjah Islamic Bank PJSC – Risk Management – Liquidity Risk*" below).

SIB also had customers' deposits of AED 51,758,444 thousand as at 31 December 2024, representing an increase of AED 6,551,690 thousand, 14.5 per cent. as compared to 31 December 2023 AED 45,206,574 thousand. A breakdown of SIB's deposit base by product as at 31 December 2024 and 31 December 2023 is set out below:

Product	31	31
	December 2024	December 2023
	<i>(AED thousands)</i>	
Current Accounts	13,533,473	12,777,857
Saving Accounts	3,405,940	3,115,965
Watani / Call Accounts	1,531,968	705,611
Escrow Accounts	2,946,263	2,174,214
Time Deposits	4,092,439	4,066,291
Wakala Deposits	25,832,649	22,053,592
Margins	415,712	313,044
Customers' Deposits (thousands)	51,758,444	45,206,574

A breakdown of SIB's customers' deposit base by customer sector as at 31 December 2024 and 31 December 2023 is set out below:

Sector	31	31
	December 2024	December 2023
	<i>(AED thousand)</i>	
Government	13,388,220	11,887,327
Corporate	29,191,833	23,966,367
Retail	9,178,391	9,352,880
Customers' Deposits (thousands)	51,758,444	45,206,574

Diversified distribution channels and accessibility to customers

SIB distributes its products through a variety of channels, which include its branch network, automated teller machines (ATMs), a direct sales force, a call centre, SMS services and online and mobile application based banking. As at the date of this Prospectus, SIB has 34 branches in its network.

As at the date of this Prospectus, SIB has a UAE-wide ATM network consisting of over 189 ATMs and 50 sites capable of handling cash and cheque deposit facilities, referred to as "CCDM", SIB's call centre serves over 25,000 customers monthly. SIB launched its retail Online Banking services in 2009 and its corporate Online Banking services in 2010. The Online Banking and Mobile Banking services were upgraded in 2021 to include additional features with a new user interface aimed at enhancing the customer experience, without the need for interaction at the branch level. SIB plans to further improve its branch network by introducing Interactive Teller Machines and self-service equipment. Customers registered on Online Banking and Mobile Banking platforms can make a number of transactions in a time and cost effective manner. These include, but are not limited to, funds transfer (locally and internationally), bill payments, profile updates, online requests and enquiries.

By offering a wide range of financial products to its customers, SIB has been able to develop a diverse client base, ranging from low income to high net worth individuals. In addition, SIB utilises its strong Corporate Banking relations to cross sell its Retail Banking products to individuals within the relevant corporates.

Quality of service

SIB considers quality of service as being key to maintaining client and customer satisfaction. SIB has a separate Service Quality and Business Process Engineering Division which is part of SIB's Strategic Development Division, which reports directly to the Deputy Chief Executive Officer.

The Service Quality and Business Process Engineering Division conducts service quality assessments in order to maintain compliance with established quality control systems. It carries out quality assurance visits, handles external customer complaints, conducts customer satisfaction surveys and oversees suggestion schemes. Furthermore, the unit regularly assesses SIB's competitive position in the marketplace, as well as recommending business practice improvements.

Strong Islamic banking presence and Shari'ah credibility

Islamic banking is one of the fastest growing sectors in the finance industry and since its conversion to an Islamic bank in 2002, SIB has established a strong market presence in this sector. SIB offers customers a range of full service *Shari'ah*-compliant banking products to retail and corporate clients. Through its retail branch network, SIB is able to maintain a high visibility, both within and outside of Sharjah, serving to develop SIB's brand for the benefit of its Corporate Banking and Retail Banking businesses.

SIB ensures that each of the products and services that it offers to customers are in conformity with the strict *Shari'ah* supervision parameters approved by SIB's Internal *Shari'ah* Supervisory Committee (**ISSC**). Reflecting its commitment to the application of these principles, SIB has established its own Internal *Shari'ah* Control Division (**ISCD**) and Internal *Shari'ah* Audit (**ISA**). Each of the ISCD and the ISA ensure that *Shari'ah* principles are properly applied to each of SIB's new products and services and complied with in all of SIB's businesses, thereby maintaining SIB's reputation as a premier Islamic bank.

Experienced management team

SIB's senior management team has extensive experience in the banking industry, both domestically and internationally. See further "*Management of Sharjah Islamic Bank PJSC*".

Skilled and knowledgeable workforce

Upon joining SIB, all new employees are required to attend a dedicated orientation programme which provides them with a comprehensive overview of each of SIB's products and services. In addition to employee initiation programmes, SIB also provides regular training to all of its staff, at each level of seniority. In order to provide more efficient training to its staff, SIB established a dedicated Learning and Development team (**L&D**), which reviews staff performance and identifies areas for improvement. Associates in SIB's branches have specific classrooms, e-learning and computer based learning modules designed to improve their knowledge and skills in SIB's products, services, Islamic banking and customer service. This commitment to staff training has enabled SIB to develop a skilled and knowledgeable workforce, which is able to better serve the needs of its customers.

As at the date of this Prospectus, L&D has integrated its services with SIB's performance management system. Associates performing below SIB's standards for core or managerial competencies are enrolled in specialised courses designed to address any development issues. More than 80 per cent. of SIB's courses are provided in-house using the services of professional trainers and industry experts.

Strong links with the community

SIB recognises that in order to achieve its vision and attain sustainable development, it must be an active participant in the community. SIB is committed to contributing to the community and sponsors many events and seminars related to volunteering, with the support and direction of His Highness Sheikh Dr. Sultan bin Muhammad Al Qasimi, Member of the Supreme Council, Ruler of Sharjah and His Highness Sheikh Sultan bin Muhammad Sultan Al Qasimi, Crown Prince and Deputy Ruler of Sharjah.

With over AED 81 million donated to charity in 2024, SIB is committed to making a significant contribution to society. SIB prides itself in being "More than a Bank" and is committed to undertaking innovative initiatives to support the community, such as launching the first ATM in the UAE for visually impaired and handicapped customers.

SIB also continues its support for the educational and sports sector through its support for the University of Sharjah, the American University, Al Qasimia University, Sharjah Sports Council, Sharjah Equestrian and Racing Club, and the Thiqa Club for the Disabled in Sharjah. In 2023, as part of SIB's Ramadan activities in coordination with the Sharjah Charity Association, SIB also organised the initiative of "Ramadan Meer at your doorstep" for the fourth year in a row to provide Ramadan Iftar meals to needy families in their homes and sponsored Ramadan Iftar tents in several locations in Sharjah.

Activities of SIB

Key products

SIB offers a number of *Shari'ah*-compliant products across its business divisions, including but not limited to the following:

- *Murabaha* – a sale contract whereby SIB sells an item to a customer at a pre-agreed selling price which includes a pre-agreed mark up over its cost. This usually involves deferred payment terms;
- *Ijara* – a form of leasing contract which involves SIB buying and then leasing an item, such as a consumer durable, to a customer for a specified rental over a specific period. The duration of the lease, as well as the basis for rental, are set and agreed in advance. SIB retains ownership of the item throughout the arrangement and the client will pay periodic lease rentals to SIB;
- *Istisna'a* – a sale contract of specified items to be manufactured with an obligation on the part of the manufacturer to deliver them to the customer upon completion; and
- *Musharaka* – a partnership in which SIB participates in financing new or existing projects and shares in the capital and the returns.

SIB's principal business strategy is geared to the further development of its three core business groups, namely:

- **RBG;**
- **CBG;** and
- Investments, Treasury and Financial Institutions.

The following table, which is derived from the Financial Statements (which are incorporated by reference in this Prospectus), sets out the relative contribution (expressed as a percentage) made by each of SIB's three major divisions, together with its subsidiaries (see further "*Description of Sharjah Islamic Bank PJSC – Subsidiaries of SIB*"), to SIB's total operating income and total assets during the years ended 31 December 2024 and 31 December 2023.

Division	Year ended 31 December 2024	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2023
	Contribution (%) to SIB's total operating income	Contribution (%) to SIB's total assets	Contribution (%) to SIB's total operating income	Contribution (%) to SIB's total assets
Retail	13.0	7.1	17.0	8.2
Corporate and Government.....	27.2	41.7	30.0	45.0
Investment and Treasury.....	45.1	49.0	42.3	42.2
Hospitality, Brokerage and Real Estate.....	14.7	2.3	10.7	4.6

Asset composition of SIB's financing portfolio

A breakdown of SIB's gross investments in Islamic financing (that is, before taking into account loss allowances) by sector, as at 31 December 2024 and 31 December 2023, is set out below:

Sector	31 December 2024		31 December 2023	
	(AED thousands)	(%)	(AED thousands)	(%)
Government departments and authorities.....	14,436,411	38.3	12,369,565	37.4
Construction and contracting.....	1,608,950	4.3	1,623,713	4.9
Manufacturing.....	750,576	2.0	726,184	2.2
Transportation.....	403,255	1.0	437,608	1.3
Real estate.....	10,415,435	27.6	9,460,160	28.6

Retail businesses	452,169	1.2	483,325	1.5
Trading	2,415,182	6.4	2,024,808	6.1
Financial institutions	736,854	2.0	270,886	0.8
Services and others	1,537,354	4.1	1,290,648	3.9
Individual	3,761,049	10.0	3,903,624	11.8
Consumer home finance	1,487,748	3.9	1,489,697	4.5
High net worth individuals	2,785,044	7.4	1,982,653	6.0
Deferred profit.....	(1,390,184)	(3.7)	(1,424,113)	(4.3)
Less: Loss allowance for investments in Islamic financing..	(1,712,817)	(4.5)	(1,608,324)	(4.9)
Total Investments in Islamic financing.....	37,687,026	100	33,030,434	100

Retail Banking Group (RBG)

RBG offers a comprehensive range of *Shari'ah*-compliant (Islamic) financial products and services offered to individuals and corporations. RBG's services encompass a wide spectrum, including Islamic Personal Finance, Real Estate Finance, Car Finance, Credit and Covered Cards, Special Packages, a full range of Accounts, and financial advisory services.

As at the date of this Prospectus, SIB maintains an extensive branch network comprising 34 strategically situated branches across the UAE. These branches are distributed as follows: 21 in Sharjah, 6 in Dubai, 4 in Abu Dhabi, and 1 in each of Al Ain, Fujairah and Ras Al Khaimah. SIB has enhanced and modernised its branch network and has launched a fully operational digital branch. SIB has also launched Multi-Function Kiosks (**MFKs**) at key strategic locations, providing additional access points to customers. These MFKs offer a variety of banking services including account openings, card issuances and statement retrieval.

SIB's collaboration with Diebold Nixdorf (an international financial and retail technology company that specialises in self-service transaction systems) to provide its customers with the DN Series ATM machines, the first self-service ATM machines in the Middle East, has significantly improved service levels and reduced the necessity for customers to physically visit branches.

- 1 SIB is currently engaged in a digital transformation and has launched many new services through its mobile and online banking platforms which include features such as customer digital onboarding (i.e. without customers being required to visit a branch), instant remittances, bill payments, account balance and statement enquiries. More recently SIB has upgraded its mobile banking application to allow customers with eye disabilities to use its digital services through the application. SIB has also embarked on upgrading its ATM fleet with new state-of-the-art ATM terminals with a more interactive user experience.
- 2 In March 2024, SIB launched a new chatbot service powered by machine language which allows customers to interact with SIB (across all channels including WhatsApp) and introduce new enterprise technology to further accelerate the digital adoption of its services.

SIB's Digital Banking division introduced a new state-of-the-art mobile application (SIB Digital) in 2021. This application includes updated features, a new interface and the ability for customers to access a number of services without needing to visit branches.

Among the notable features introduced by Digital Banking is the ability to perform instant money transfers to accounts in the Philippines, Nepal, Sri Lanka, and more through their online and mobile banking services. This enhancement allows customers to transfer funds to wallets using only mobile numbers, drawing from their accounts, credit/covered cards, or prepaid cards, and it is available around the clock for customer convenience.

Additionally, SIB has a dedicated "Excellence Banking" division, with lounges located in key branches to cater to the unique needs of high net-worth customers. These customers are automatically enrolled in the Priority Banking division upon meeting specific financial criteria.

As of 31 December 2024, SIB maintained 359,329 accounts for approximately 320,325 customers.

Product development

RBG is supported by an experienced and fully dedicated Consumer Finance team. Having the customer at the center of focus, the Consumer Finance Product Development department intends to meet the needs of SIB's customers and attract a broader customer base. Some of SIB's core and recently launched products include:

Smiles card

The award winning "Smiles Covered Card" has increased in popularity since its launch in mid-2017. The Smiles Card is a covered card, which features a rewards programme tailored to the needs of SIB customers who are frequent travelers. The clients can earn 'Smiles' points which can then be redeemed in a variety of ways, including airline tickets, hotel stays, retail purchases or cashback and gift vouchers.

Cashback Card

SIB has launched a Cashback Card which allows customers to earn more by maximising their daily online, in-app, international, domestic and utility spends.

Prepaid Cards

SIB's Prepaid Cards operate under six themes targeted to different customer segments, and were the first Islamic prepaid cards in the GCC. These Prepaid Cards have been popular amongst customers who would not typically be able to afford a standard bank account. SIB's prepaid cards are also popular within the student community, facilitating regular account crediting by parents. SIB's current strategic co-branded Prepaid Card products include:

- COOP Card with Sharjah Cooperative Society (largest hypermarket chain in the Emirate of Sharjah);
- Sanad Card with Sharjah Social Affairs;
- Al Saada (happiness) Card with Sharjah Police;
- Tamkeen Prepaid Card with Sharjah Social Empowerment Foundation (SSEF);
- My Family Prepaid Card with Sharjah Court;
- Massarrah (Happiness) Prepaid Card with General Directorate of Residency and Foreigners Affairs in Sharjah;
- SIB Digital Prepaid Card which is available only through the SIB Digital application;
- Jeans Prepaid Card with Punitive and Reformatory Institution in Sharjah;
- Joud Prepaid Card with Sharjah Charity International; and
- Al Faud Exchange Payroll Card.

Digital Account

An instant, no minimum balance and profit bearing account is now available to new SIB customers through the SIB Digital app. This product aims to attract new customers through its offering of unique benefits.

MaxPlus

In 2021, SIB offered its customers the ability to save and receive profit through its new fixed deposit MaxPlus product. Customers have two tenure options (18 and 36 months), the minimum fixed deposit amount is AED 10,000 and the maximum amount is AED 5,000,000 per customer.

MaxPlus fixed deposit product is available to individuals and companies.

Flexi long term Deposit

In 2023, SIB established its Flexi Long Term Deposit (*Investment Wakala*) multi-currency account. This provides SIB's customers the ability to receive higher earnings compared to other account options whilst retaining greater flexibility in terms of returns of deposits.

Personal Finance

A number of growth initiatives were undertaken within Personal Finance products, which have led to accelerated sales of Personal Finance products and contributed to substantial growth of SIB's asset book. Such initiatives included a range of actions, from profit rates revision, seasonal promotions and improved timing of finance disbursement to creating special finance product packages for specific Government entities. These factors contributed to increased and sustained growth of Personal Finance since 2023.

Education Finance

SIB has collaborated with American University in Sharjah and Sharjah University to finance student tuition fees. The scheme was launched with a more flexible credit policy compared to other schemes or products and features subsidised profit rates funded by the universities.

Medical Finance

SIB has also collaborated with University Hospital and University Dental Hospital in Sharjah to offer medical services finance at subsidised profit rates funded by University Hospital and University Dental Hospital.

Zero per cent. Profit Finance

SIB's zero per cent. profit finance is an innovative Islamic financing product that was the first of its kind in the GCC region made available to retail customers. In delivering the product to customers, SIB has collaborated with nearly a dozen major *Haj* and *Umrah* service providers. Pursuant to this scheme, customers can perform *Umrah* and pay the costs over a year, with no additional profit or fees. This category includes 0 per cent. profit Medical Equipment Finance. Such arrangement will enable eligible customers to benefit from financing of customised medical instruments and equipment without bearing the cost of fees throughout the year.

Retail Real Estate Finance

Retail Real Estate Finance (**REF**) provides SIB's customers with finances for retail property options in the UAE.

Projects lead by ASAS Real Estate Development, SIB's real estate subsidiary, are offered to SIB customers with special financing and facilities. ASAS launched the following real estate projects in recent years:

- Al Tai Commercial & Residential Lands;
- Al Qart Commercial & Residential Lands; and
- Khorfakkan Resort.

REF has also entered into several key business partnerships with leading developers in the UAE with a view to improving the affordability and availability of real estate assets to SIB's customers. Such key regional developers include Eagle Hills, Alef Group, Arada and MAF Group in their recent projects in Sharjah.

Car Finance

SIB has undertaken a few changes to its Car Finance offering, aimed at improving the product range and availability. Similarly, changes to pricing have been introduced in order to increase SIB's competitiveness in the current market. In the cars segment, SIB is building a stronger relationship and partnership with the

leading car dealerships in the market such as Al Nabooda Automobiles, Al Rostamani, Al Futtaim Group, and more.

Sukuk Investment Opportunities

SIB has introduced new investment opportunities within the sukuk market, which allow SIB's clients to invest in any sukuk available in USD format based on agreed investment criteria.

Initial Public Offering

SIB and Sharjah Islamic Financial Services (SIFS) have started offering their customers and staff members access to take part in the initial public offerings of several companies such as Dubai Electricity and Water Authority (DEWA), Salik, TECOM and Empower with an additional leverage advantage. Multiple categories could apply and those are:

- SIB Customers with National Investor Number (NIN);
- SIB Customers without National Investor Number (NIN); and
- Non-SIB Customers.

Government Employees

SIB has maintained a strong relationship with the Government of Sharjah over the years, and as a result of the successful partnership with Sharjah Government entities, a new segment was added, Sharjah Police Pensioners. RBG is planning to launch a Sharjah Government Employee campaign that includes, but is not limited to, gifts and rewards for Government employees.

Digital Channels

To upgrade its digital channels and enhance customer experience, SIB has introduced several initiatives such as easy payment services of government transaction fees in Sharjah through SIB ATMs in coordination with the Sharjah Finance Department. In addition, SIB introduced instant transfer services to countries such as India and Pakistan through online banking channels and also intends to roll out these services in respect of additional countries.

Asset composition of retail financing portfolio

Retail financings are governed by strict internal policy parameters, which are uniformly and consistently applied to the relevant customer segments and businesses based on the policy financing rules. A breakdown of the retail financing portfolio of SIB by product type, as at 31 December 2024 and 31 December 2023, is set out below.

Product Type	31 December 2024		31 December 2023	
	(AED thousands)	(%)	(AED thousands)	(%)
Personal Finance	2,877,488	59	3,244,297	64
Consumer Home Finance.....	1,487,748	30	1,489,697	29
Auto (Vehicle).....	455,579	9	230,591	5
Credit Cards	94,739	2	95,520	2
Total retail financing portfolio	4,915,554	100	5,060,105	100

Retail distribution channels

In addition to its retail branch network, SIB's retail distribution channels include a Digital Banking division, consisting of the following:

- Call Centre: a full-fledged, 24-hour call centre with and automated Phone Banking services (Interactive Voice Response system (IVR)). SIB's Call Centre has a team of trained telephone bankers who provide customers with all (non-cash) services and transactions available in the branch.

- **ATM Network:** SIB has one of the largest ATM networks with over 189 ATMs across the UAE.
- **Online Banking (Internet & Mobile Banking):** since its launch, the Online Banking channel is gaining popularity as it allows customers to complete their transactions on the go. The Internet and Mobile Banking channels are not only convenient, they are also secured with the highest industry standards.
- **Chatbot Services:** For customers interested in SIB products or with inquiries, SIB offers a rapid response solution through its Chatbot. The Chatbot is accessible on SIB's website and is intended to be integrated into the SIB Digital App.

Corporate Banking Group (CBG)

The Corporate Banking Group (**CBG**) offers a comprehensive suite of products and services designed to meet the financial needs of SIB's corporate customers, including commercial real estate firms, government entities and government-related organisations. CBG serves a wide range of clients, from small and mid-sized enterprises to large public sector organisations. CBG provides a range of *Shari'ah*-compliant products to its customers including:

1	Corporate Solutions	2	Trade Services	3	Corporate Real-Estate Finance
4	Short term financing facilities (working capital lines)	5	Letter of Credit	4	Ready Property Finance Liquidity Management
1	Murabaha			5	Under construction Property Finance
2	Wakala			6	Property Re-finance
3	Qard Hassan			7	Takeover Finance
6	Long term financing facilities	7	Letter of Guarantee		
8	Ijarah				
9	Musharaka				
10	Murabaha				
11	Mudaraba				

CBG offers a variety of *Shari'ah* compliant products, ensuring that all customers have access to financial solutions. SIB's corporate customers are served through teams of professional corporate bankers with in-depth industry knowledge. These corporate bankers are located in Sharjah, Dubai and Abu Dhabi in order to ensure the efficient delivery of corporate banking solutions to clients.

CBG provides customised and tailor made solutions to customers to meet their objectives in financing, risk management, cash management, investments, foreign exchange, working capital and international banking services. CBG is supported by sophisticated IT infrastructure, trade finance and treasury expertise. Primarily, CBG is focused on bilateral financing transactions and trade finance solutions, whereas all syndicated and international financing transactions are handled by the Investment Banking Division of Investments, Treasury and Financial Institutions.

CBG maintains a clear focus on introducing new products and improving turnaround time and services by adopting the latest technology. Following the launch of Corporate Internet and Mobile banking, where the customers are able to make bulk payments and use online banking for trade finance solutions, CBG intends to automate its customer experience by utilising updated technology. In 2024, CBG invested in systems to digitalise its processes, including the Finance Origination System, Digital Customer Onboarding, and Digital Signatures, among others. Additionally, CBG has introduced the Haifin risk mitigation platform to detect duplicate and fraudulent invoices, which has improved SIB's credit risk management.

Despite volatile market conditions, CBG has shown growth in all areas and in particular, in respect of deposits which increased by 42 per cent. from AED 7.9 billion to AED 11.2 billion for the year ended 31 December 2024, which was due to SIB's timely provision of solutions such as bulk cash deposit machines at various locations so that customers could deposit funds without having to visit SIB branches.

As at 31 December 2024, CBG held a gross financing exposure of AED 33.1 billion, including AED 7.43 billion of direct Government exposure. As at 31 December 2024, CBG's customers' deposits constituted AED 11.26 billion (22 per cent. of SIB's customers' deposits), compared to AED 7.98 billion (18 per cent. of SIB's customers' deposits) as at 31 December 2023. The Government and its dependencies accounted for 15 per cent. of customers' deposits as at 31 December 2024.

Investments, Treasury and Financial Institutions

Investments, Treasury and Financial Institutions consolidates SIB's wholesale structuring, underwriting, corporate advisory, investment banking, funds, direct equity investments, treasury and financial institution relationship banking functions, to offer a comprehensive investment banking platform.

Key responsibilities of Investments, Treasury and Financial Institutions include the execution of SIB's corporate business strategy and cash management. Investments, Treasury and Financial Institutions' strategy revolves around developing relationships with local and international financial institutions in sourcing financing and investment opportunities whereby SIB's capital can be deployed in the most efficient manner. This strategy involves medium to long term opportunities and seeks to diversify SIB's portfolio across different geographic areas and sectors. Over the last few years, Investments, Treasury and Financial Institutions has developed a strong network of financial institutions and investment sources across five continents.

The breakdown of SIB's investment assets is set out in the table below as at 31 December 2024.

Instrument Type	Book value at 31 December 2024	Percentage
	<i>(AED thousand)</i>	<i>(%)</i>
Sukuk ⁽¹⁾	16,726,541	77.7
Direct Investments and Funds ⁽²⁾	1,043,884	4.8
Real Estate ⁽³⁾	3,758,149	17.5
	<u>21,528,574</u>	<u>100</u>

(1) Sukuk includes Financial assets at fair value through other comprehensive income (Sukuk portion), Investment securities measured at amortised cost and Financial assets at fair value through profit and loss (Sukuk portion).

(2) Direct Investments and Funds includes financial assets at fair value through profit or loss (equity and funds portion) and Financial assets at fair value through other comprehensive income (equity and funds portion).

(3) Real estate includes Investment properties and Properties held-for-sale.

Investments, Treasury and Financial Institutions has three business divisions:

Investment Banking Division

The **IBD** executes SIB's investment and asset diversification strategy. The IBD offers a range of services to its clients, including financial advisory, debt/equity capital markets, direct investment activities and real estate investments. SIB also originates and participates in syndicated financing transactions through the IBD for a variety of clients. SIB has also been appointed as joint lead manager and/or bookrunner in recent years with respect to a number of regional Sukuk (both public and privately placed) issuances, including 18 regional Sukuk issuances in 2024 by, amongst others, Saudi Aramco, the Public Investment Fund, Türkiye Wealth Fund, First Abu Dhabi Bank, Dubai Islamic Bank, Binghatti Holdings, Arada Developments, Sobha and others.

In addition, the IBD runs SIB's proprietary investment portfolio that includes medium to long term investments in listed and private equity, investment funds and sukuk.

Since the end of 2023, the Financial Institutions Department (**FID**) has been integrated into the Investment Banking Division of SIB. This integration allows FID to play a more strategic role in managing SIB's relationships with financial institutions while supporting the bank's operations. FID is responsible for establishing and maintaining relationships with leading financial institutions, acting as the primary point of contact for all relationship matters between SIB and its banking counterparts. In addition, the FID ensures that SIB's Nostro accounts are well-established across all geographical regions, enabling smooth operations and meeting customer needs. Currently, FID is focused on strengthening relationships with financial institutions and executing a variety of transactions, both funded and unfunded, to further support the bank's operational and strategic goals.

Treasury Division

The Treasury Division (**TD**) is responsible for handling SIB's liquidity position and cash flows, as well as managing the market risk for SIB. The prominent functions of TD are:

- liquidity management under money market operations across different currencies;
- liquidity ratios & reserve management in compliance with internal & regulatory requirements of UAE Central Bank;
- foreign exchange covering to handle the daily FX flow of customers from different business units;
- foreign exchange & money market arbitrage transactions;
- hedging transactions through Islamic derivatives for both banks and customers;
- cross border Institutional and customer deposits;
- mobilising low cost short & long-term funds through different Islamic structures including collateralised murabaha transactions; and
- offering select treasury products for customers under different asset classes, such as foreign exchange (FX), money market (deposits), fixed income (sukuks) & investment products (restricted wakala).

The TD enjoys a strong reputation in the market due to its consistent work in the development of Islamic treasury activities and being a regular market participant. This reputation benefits the TD in obtaining relatively large exposure limits from other GCC banks and financial institutions. This facilitates the availability of short term liquidity for SIB, which can be made available on demand from a number of counterparties in the GCC and at affordable profit rates and as a result, the liquidity risk is minimised and asset liability mismatches are managed within internal funding gap limits.

The TD actively trades in the following products with its counterparties:

- interbank wakala transactions for short term placements/receiving the funds;
- international murabaha (commodity based transactions) for short term placements/receiving the funds;
- short, medium and long-term fund mobilisation through collateralised repo/murabaha transactions;
- foreign exchange activities;
- Islamic Certificate of Deposits with the UAE Central Bank;
- sukuk investment as part of liquidity management and yield enhancement; and
- Islamic derivatives for hedging (profit rate swaps & FX forwards).

For the year ended 31 December 2024, the TD managed an average daily surplus liquidity of approximately AED 17 billion. During the same period, the TD's fee-based and foreign exchange business generated approximate net profits of AED 22.4 million. The TD also offers the following Islamic products to its retail, corporate and high net worth customers:

- wakala and murabaha deposits from customers;
- foreign exchange and leveraged foreign exchange investments;
- financing against customer wakala deposit;
- profit rate and FX hedging solutions for customers; and
- leveraged & unleveraged sukuk investment for high net worth clients.

The TD also works on innovative new Islamic products to meet the requirements of trade finance and retail customers.

Relationships and Strategic Alliances

SIB enjoys a close relationship with its major shareholder, the Government. The Government has indicated their long term commitment to SIB and provide various forms of essential support. The Government is SIB's single largest customer, with many of the major Sharjah governmental departments being clients of SIB. The Sharjah Social Security Fund is the second largest shareholder of SIB.

Subsidiaries of SIB

As at the date of this Prospectus, SIB has three wholly owned and active subsidiaries:

- Sharjah National Hotel Corporation (**SNHC**);
- Sharjah Islamic Finance Services (**SIFS**); and
- ASAS Real Estate (**ASAS**).

Sharjah National Hotel Corporation (SNHC)

SIB acquired SNHC for AED 520 million from the Government in June 2006. SNHC owns three four-star hotels and resorts: the Marbella Resort; the Hotel Holiday International; and the Oceanic Khorfakkan Resort and Spa (**OKRS**) (all located in the Emirate of Sharjah). SIB's investment in SNHC is in line with SIB's general objective of diversifying its investments. Additionally to this SNHC operates one small Resort on a management contract called Nozol Al Rayaheen and a catering company called Sharjah National Catering Company. SIB's investment in SNHC is in line with SIB's general objective of diversifying its investments. Recently, SNHC has recently renovated Hotel Holiday International which has modernised and improved the facilities at this hotel, work has also begun on the construction of twelve retail outlets on the site which will further boost revenue diversification and total income. The retail works are expected to be completed by September 2025. The renovation of the Marbella Resort was completed in late 2022. The Oceanic Khorfakkan Resort and Spa was renovated in 2014 and has become a popular destination for international tourists with strong year-round occupancies. SNHC also provides catering services, SNHC was awarded the catering contract for the Arab Academy of Maritime Science and Transportation located in Khorfakkan which it operates under the Sharjah National Catering Company along with many other corporate and private events which it caters for.

For the year ended 31 December 2024, SNHC generated revenues of AED 26.5 million and a profit for the year of AED 2.1 million compared to AED 24.9 million of revenues and AED 1.96 million of profit for the year ended 31 December 2023. Revenues increased mainly because of high occupancy rates. As at 31 December 2024, SNHC's total assets amounted to AED 264.7 million, compared to AED 266.3 million as at 31 December 2023. There is an increased focus on this sector from the Government and the incentivisation of the tourism industry in Sharjah is expected to increase tourist arrivals and the promotion of tourism for the Emirate of Sharjah. SIB's strategy is to diversify its revenues which is supported by the introduction of both the Retail and Catering Divisions to SNHC.

Sharjah Islamic Finance Services (SIFS)

SIFS offers customers and investors a wide range of *Shari'ah*-compliant trading tools to allocate, select and manage investments and wealth through the DFM and the ADX. SIFS is based in the Al-Ghanem Business

Centre at Al-Khan Street, Sharjah, where its offices provide a modern business environment for the benefit of its customers. Like SIB, SIFS also applies strict *Shari'ah* principles to all of its processes, practices and products.

For the year ended 31 December 2024, SIFS generated revenues of AED 38.5 million and net profit of AED 22.0 million compared to AED 13.6 million of revenues and a net profit of AED 6.3 million in 2023. The increase was in line with market expectations and sentiments prevailing in the DFM and the ADX. SIFS had total assets of AED 563.8 million as at 31 December 2024, compared to AED 377.1 million of total assets as at 31 December 2023.

ASAS Real Estate

ASAS is responsible for the management of SIB's real estate assets, together with the real estate assets of some of SIB's clients, including the Government. ASAS provides property management services, a market which SIB believes is expanding. As such, ASAS has a mandate to expand its business operations to each of the emirates in the UAE. It is expected that ASAS will provide investment opportunities to SIB's customers who seek to achieve returns from investments in UAE real estate assets.

For the year ended 31 December 2024, ASAS generated revenues of AED 412 million compared to AED 287 million for the year ended 2023. The increase is primarily due to continuous increases in rental rates across its real estate assets and increased property prices across the UAE.

SIB's Competition

SIB faces competition in all of its principal business areas. In its Retail Banking and Corporate Banking businesses, SIB's principal competitors include both banks that are locally incorporated (conventional and Islamic) as well as certain foreign banks operating in the UAE. As at 31 December 2024, there were 50 commercial banks operating in the UAE (source: Statistical Bulletin March 2024, UAE Central Bank). In the Islamic banking market, SIB's direct competitors include Abu Dhabi Islamic Bank, Al Hilal Bank, Ajman Bank, Dubai Islamic Bank and Emirates Islamic Bank, all of whom are incorporated in the UAE. Additionally, a large majority of conventional banks offer Islamic financing and deposit facilities to customers through Islamic windows, thereby increasing the competition for banks such as SIB.

Despite the relatively high level of competition in the banking sector in the UAE, SIB expects the demand for Islamic banking services will increase in the short to medium term. SIB's objective is to participate in this growth and to increase its market share, based on its selling skills, service quality standards, strong brand, personalised customer care and continuing product development.

Risk Management

SIB's Board of Directors is responsible for the overall framework of the risk governance and management. The Board of Directors is responsible for determining risk strategy, setting the Group's risk limits and ensuring that risk exposure is monitored, controlled effectively and kept within the set limits.

In order to effectively discharge this responsibility, the Board of Directors is assisted by the Board Committees and Management Committees.

The operations of SIB require continuous management of particular risks or combinations of risks. Risk management is the identification, analysis, evaluation and management of the factors that could adversely affect SIB's resources, operations and financial results. SIB's main risks include credit, operational, market, liquidity, legal, conduct, model, regulatory, *Shari'ah* and currency risks. SIB aims to manage its exposure to these risks conservatively.

SIB's Group Enterprise Risk Management (**ERM**) is made up of the following divisions, all reporting to the Group Chief Risk Officer (**GCRO**) who, in turn, reports to the Board of Directors through the Board Risk Committee:

- Risk Management Division (**RMD**) (Credit Risk, Operational, Model, Market and Liquidity Risk functions);

- Corporate Credit & Retail Credit Administration;
- Centralised Recovery & Collections;
- Information Security & Risk Assurance; and
- Corporate Governance

The ERM function at SIB is not just a process for risk governance, but also provides an opportunity for utilising risk as a viable advantage in the market place through the alignment of SIB's business strategy and risk appetite statement (approved by the Board of Directors). SIB's various levels of risk governance, in their respective oversight and functional roles, provide full support to the risk management programme to build and promote a powerful and strategically focused integrated enterprise-wide risk management architecture and culture in SIB.

Risk governance structure

Although the ultimate responsibility for SIB's risk management lies with the Board of Directors, SIB's risk governance structure has been designed to support the Board of Directors and its committees in their oversight of the risks that face SIB in the performance of its activities. A key feature of SIB's risk governance structure is the concept of "lines of defence", whereby each of SIB's business groups take responsibility for the risks to which they are exposed.

Risk Management Architecture

The ERM's basic role is to ensure that SIB's risk is mitigated effectively. SIB's risk architecture is based on a three-tier approach:

Strategic Level

Risk management functions are performed by the Executive Management and the Board of Directors through vision and strategy.

Tactical Level

Risk management functions are handled by middle management and various units across business lines through risk based decisions.

Operational Level

Risk management functions relating to operational risk are handled through performance measures, internal controls and risk awareness programs, as well as certain procedures and processes that cover all issues relating to other types of risk.

Group Enterprise Risk Management (ERM)

The ERM serves as an independent appraisal function within SIB, monitoring the broad spectrum of risks faced by SIB, including credit, market/liquidity, compliance and operational risks, and examining and evaluating the effectiveness of and compliance with SIB's policies and procedures. The ERM reports directly to the Board Risk Committee through the GCRO and indirectly to the Chief Executive Officer.

In particular, the ERM's responsibilities include:

- formulating appropriate risk management charters, control strategies, policies and procedures regarding those activities and units which incur significant risk, including business continuity plans. All risk management policies and procedures are approved by the Board of Directors as more particularly described in "*Management of Sharjah Islamic Bank PJSC*";
- providing meaningful direction regarding SIB's overall risk philosophy and appetite, including consideration and acceptability of new or unusual risk, ensuring strict adherence to risk management policies and procedures;

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- examining and evaluating the quality of the advances portfolio and the credit management process (retail, corporate, real estate financing) in individual units throughout SIB;
- identifying and dealing with special risks associated with any sort of change (including economic, industry, regulatory and operating);
- monitoring and reporting on compliance with risk appetite, policies and limits; and
- managing and monitoring the implementation of the Basel III Compliance Project.

SIB's Risk Management Policy & Governance Framework (**RMPGF**) has been in place since 2004, when it was developed and formulated by the Risk Management team. The RMPGF is reviewed annually and is subject to additional amendments based on the dynamic conditions of the market as well as the strategies and policies of SIB. All of SIB's risk policies and processes are reviewed and approved by the Board of Directors.

Reflecting SIB's conservative attitude to risk, the RMPGF is reviewed by regulatory inspectors during their annual examination of SIB. SIB's management believes that SIB's policies and procedures exceed the standards set by Basel III accord directives and UAE Central Bank regulations.

SIB's risk management function broadly covers the diverse aspects of overall risk management activities, guided by well-structured and documented risk management policies, processes, internal controls and standard operating procedures. Risk management practices are embedded in all of SIB's processes and at every level, ensuring that risk management forms an integral part of SIB's day-to-day function, so as to further promote risk management as a part of business planning and decision making.

Furthermore, the ERM reviews and modifies risk management policies and procedures, as well as systems to reflect any operational changes either internally, or, in the markets in which SIB operates. Risk and controls for all functions across SIB are developed by the ERM and used by Internal Audit for assessment of compliance during an internal audit.

In relation to the introduction of the IFRS 9 accounting standards, the risk management function at SIB, along with other stakeholders such as SIB's financial control department, plays a critical role in their implementation as well as related model development. Governance structure and policy, including expected credit loss policy, is aimed at ensuring compliance with regulatory requirements such as Basel III and IFRS 9 standards (through ongoing monitoring, and reporting of Basel III ratios and IFRS 9 expected credit loss methodology on a quarterly basis).

Regulatory Stress Testing

Besides having comprehensive procedures for assessing material risks, SIB ensures that due importance is given to stress and scenario testing, mindful of the particular stage of the business cycle in which it is operating, using relevant procedures to undertake, review and, where appropriate, react to the results of rigorous, forward-looking stress testing. This forward-looking stress testing identifies possible events or cyclical changes in market conditions that could adversely impact SIB's earnings, liquidity or asset values.

The UAE Central Bank has recently developed a common methodology framework for stress testing and requires all UAE local banks to conduct stress tests on their entire portfolio, on an annual basis, by developing their own internal models acceptable to the Financial Stability Unit (**FSU**) at the UAE Central Bank.

Stress Testing - Governance

As stress testing is a vital tool and critical element of risk management, the UAE Central Bank emphasises the involvement of the Board of Directors and senior management in the stress testing process and policy. Therefore, the governance and ownership of this critical exercise is influenced by the following factors:

- stress testing forms an integral part of the overall governance and risk management culture of SIB and therefore the RMD shall carry out regular stress tests, along with active participation by, and discussions with, the business units and other support functions;
- ultimate responsibility for the overall stress testing programme lies with the Board of Directors who shall, through the BRC, ensure that an efficient and effective stress testing process is in place;
- the stress testing report to the UAE Central Bank shall be approved and signed by the Board of Director's Chairman and the Chief Executive Officer (CEO) of SIB (in accordance with applicable regulatory requirements);
- regular maintenance and updating of the stress testing process shall be handled by the RMD, with meaningful and effective suggestions from business units and other support functions; and
- senior management involvement is critical in ensuring appropriate use of stress testing in SIB's risk governance and capital planning process, including strategic planning and development.

Risk Management Framework

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and causes SIB to incur a financial loss. SIB is exposed to credit risk through its financing receivables, leased assets, wakalah arrangements with financial institutions and investments in sukuk. SIB's primary exposure to credit risk arises through its financing facilities to customers. In addition, SIB is also exposed to off-balance sheet credit risk through contingent liabilities it has assumed.

SIB manages its credit risk exposure through diversification of its financing activities and investments to avoid concentration of risk with individuals or groups of customers in a specific location or business. In addition, SIB manages credit exposure by evaluating the creditworthiness of each counterparty, establishing the appropriate credit limits, obtaining security where appropriate and limiting the duration of exposure. In certain cases, SIB may also close out transactions or assign them to other counterparties to mitigate credit risk. SIB has a risk rating system to provide a consistent framework for risk management. The system assigns ratings as per regulatory guidelines to a wide range of credit recipients from all corporate clients. The credit rating system and individual facility assessments are managed in a consistent manner to measure the level of each client's credit risk appropriately (see "*Risk Factors – Risks relating to SIB and its business – Credit risk*").

Furthermore, in order to manage credit risk, SIB sets credit policies, procedures and limits. SIB's Credit Committee provides the strategic framework for the credit limits, policies and procedures, the approval of specific exposures and work out situations, constant revaluation of the financing portfolio and the sufficiency of provisions. The credit exposure and credit policies are regularly reviewed by the Executive Committee and SIB's Board of Directors. In addition, regular audits of business units and SIB's credit processes are undertaken by the Internal Audit Division (**IAD**) (see further "*Internal Audit*").

Market Risk

Market risk is the risk that SIB's income and/or value of a financial instrument will fluctuate because of changes in market prices such as profit rates, foreign exchange rates and market prices of equity. SIB is exposed to market risk through its diverse financial instruments including sukuk, equities, investment funds and foreign currencies. Market risk is managed through market risk limits set out by SIB's Asset and Liability Committee (**ALCO**), which are approved by the Board of Directors.

The market risk limits are monitored independently through the back office function by the RMD on a regular basis, and exceptions, if any, are reported to the senior management and ALCO. The back office is also responsible for highlighting areas in which SIB's policies are not being complied with, as well as ensuring that the conditions and covenants for each of the investment accounts are monitored.

In addition to its internal procedure and systems, SIB is required to comply with the guidelines and regulations of the UAE Central Bank, as well as *Shari'ah* principles.

Settlement Risk

SIB's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions SIB mitigates this risk by ensuring that a trade date is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit limits monitoring process. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the ALCO.

All treasury related transactions are undertaken with counterparty banks or institutions where settlement limits are in place.

Foreign Exchange Rate Risk

The foreign exchange rate risk is managed on the basis of limits determined by the ALCO and a continuous assessment of SIB's open position by Treasury with respect to current and expected exchange rate movements. SIB does not engage in foreign exchange proprietary trading and where necessary matches currency exposures inherent in certain assets with liabilities in the same or correlated currency.

The ALCO has set limits on positions by currency. Positions are closely monitored on a daily basis by the ERM to ensure that the positions are maintained within established limits. In case of any limit exceptions that may arise during the course of regular transactions, the ERM will seek clarification from the TD and will also take action to mitigate the exchange rate risks.

The exchange rate of AED against U.S. dollars has been pegged since November 1980 and SIB's exposure to foreign exchange rate risk is limited to that extent.

As at 31 December 2024, SIB had the following significant net exposures denominated in foreign currencies:

Currency	Net Position (equivalent AED thousands)	
	2024	2023
United States Dollar.....	4,860,632	5,302,648
United Kingdom Sterling Pound.....	129,261	131,461
Euro.....	662	2,237
Bahrani Dinar.....	4,157	5,789
Qatari Riyal.....	1,794	862
Saudi Riyals.....	5,889	3,494
Kuwaiti Dinar.....	1,719	1,371
Other currencies.....	23,178	20,905

Profit Rate Risk

Profit rate or pricing risk, comprising market and valuation risks, are managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value. Overall pricing or profit rate risk positions are managed by the ALCO.

SIB is not significantly exposed to the profit rate risk in terms of the re-pricing of its liabilities since primarily, in accordance with Islamic *Shari'ah*, SIB does not provide a contractual rate of return to its depositors, other than with respect to certain special fixed deposits.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with assets or liabilities. It includes the risk of the inability to fund assets at appropriate maturities and rates and the inability to liquidate assets at reasonable prices and in an appropriate timeframe and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

The Group's approach for managing liquidity risk is to ensure that management has diversified funding sources and closely monitors liquidity to ensure adequate funding.

Risk & Governance

The Board provides overall oversight of liquidity risk management, including ensuring the adequacy of systems to identify, measure, and manage liquidity risk. It also approves liquidity risk policies, limits, risk statements and stress testing results. The Board delegates the responsibility of managing liquidity risk to ALCO, which establishes the liquidity risk framework, monitors and manages the Bank's liquidity and funding. ALCO also recommends changes or updates to the Board regarding policies related to liquidity adequacy, funding, maturity mismatches, and foreign exchange limits. Additionally, ALCO informs the Board of any new or emerging liquidity concerns. The Group Risk Management is responsible for implementing and maintaining procedures to ensure risks stay within the acceptable range approved by the Board, while the Treasury function handles the day-to-day management of liquidity and report to ALCO.

Contingency Funding Planning (CFP)

The CFP provides a framework for the Bank to assess liquidity crises and ensure it can meet financial obligations. It accounts for potential events like deposit run-offs or additional funding requirements. The plan is tested annually to ensure access to credit lines, asset monetisation and the effectiveness of operational controls. Key objectives include confirming the availability of funding sources, operational readiness and ensuring clear roles and responsibilities.

Liquidity Stress Testing

The Group conducts stress tests to evaluate the Bank's resilience under liquidity shocks. The methodology assesses the Bank's liquidity position during a stress period, covering both idiosyncratic and market-wide scenarios. The objective of the testing is to measure the impact on the liquidity buffer (excess liquidity during short stress periods) and the counterbalancing capacity, which helps determine how long the Group can operate without generating additional funds while meeting payment commitments under stress scenarios. Based on the results, plans are developed to outline appropriate actions in case of liquidity stress.

Liquidity & Funding Management

The Group maintains a diversified funding base, including core retail and corporate deposits and institutional balances. It closely monitors the composition of funding to avoid concentration risks. Liquidity is managed by diversifying funding sources from both retail and wholesale deposits, using behavioral analysis. Regular monitoring of future cash flows, eligible liquid assets and funding sources is also conducted.

Exposure to Liquidity Risk

The Group's contractual maturities of financial instruments are summarised in the table below based on the contractual Repayment arrangements and does not take account of the effective maturities as indicated by the Group's deposit retention history. The contractual maturities of financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is to be maintained.

	Less than 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
<i>AED thousands</i>					
31 December 2024					
Assets					
Cash and balances with banks and financial institutions.....	3,002,556	-	-	-	3,002,556
Murabaha and wakalah with financial institutions.....	9,678,959	3,178,498	1,248,820	-	14,106,277
Investment securities measured at fair value.....	593,117	630,676	2,876,209	497,739	4,597,741
Investment securities measured at amortised cost.....	53,586	996,556	9,073,107	3,049,435	13,172,684
Investment in Islamic financing.....	6,022,602	8,218,546	16,129,967	7,315,911	37,687,026

	Less than 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
	<i>AED thousands</i>				
Acceptances	180,733	58,765	-	-	239,498
Other assets	1,155,201	63,836	267	-	1,219,304
	20,686,754	13,146,877	29,328,370	10,863,085	74,025,086
Liabilities					
Customers' deposits.....	40,151,873	10,922,870	683,701	-	51,758,444
Due to banks.....	9,030,909	3,173,683	725,221	-	12,929,813
Sukuk payable.....	-	1,837,112	1,871,672	-	3,708,784
Acceptances	181,605	58,765	-	-	240,370
Other liabilities.....	1,904,604	351,142	23,922	-	2,279,668
	51,268,991	16,343,572	3,304,516	-	70,917,079
Contingent Liabilities	4,482,381	-	-	-	4,482,381
31 December 2023					
Assets (original amounts)					
Cash and balances with banks and financial institutions.....	3,436,612	-	-	-	3,436,612
Murabaha and wakalah with financial institutions	5,544,688	4,192,775	503,201	-	10,240,664
Investment securities measured at fair value	340,275	-	2,922,079	699,385	3,961,739
Investment securities measured at amortised cost	27,386	775,003	7,007,137	1,772,766	9,582,292
Investment in Islamic financing.....	4,504,962	4,719,940	16,268,143	7,537,389	33,030,434
Acceptances	141,433	67,702	-	-	209,135
Other assets	990,881	32,685	436	-	1,024,002
	14,986,237	9,788,105	26,700,996	10,009,540	61,484,878
Liabilities					
Customers' deposits.....	35,057,492	8,745,491	1,403,591	-	45,206,574
Due to banks.....	7,271,470	1,435,275	582,962	-	9,289,707
Sukuk payable.....	-	52,340	1,861,039	-	1,913,379
Acceptances	141,901	67,702	-	-	209,603
Other liabilities.....	1,099,349	135,820	39,892	-	1,275,061
	43,570,212	10,436,628	3,887,484	-	57,894,324
Contingent Liabilities	265,983	538,581	2,272,663	-	3,077,227
31 December 2023 (amended and restated)					
Assets					
Cash and balances with banks and financial institutions.....	3,436,612	-	-	-	3,436,612
Murabaha and wakalah with financial institutions	5,544,688	4,192,775	503,201	-	10,240,664
Investment securities measured at fair value	340,275	-	2,922,079	699,385	3,961,739
Investment securities measured at amortised cost	27,386	775,003	7,007,137	1,772,766	9,582,292
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Acceptances	141,901	67,702	-	-	209,603
Other liabilities.....	1,099,349	135,820	39,892	-	1,275,061
	43,570,212	10,436,628	3,877,484	-	57,894,324
Contingent Liabilities	3,077,227	-	-	-	3,077,227

The increase in total assets from 31 December 2023 to 31 December 2024 was due to the overall expansion of the business of SIB, which is reflected in the growth in financing, investment in sukuk and liquid assets.

Equity Price Risk

Equity price risk arises from the change in fair value of equity instruments. SIB manages this risk through diversification of investment in terms of geographical distribution and industry concentration.

Operational Risk

Operational risk is the risk of a direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group has established a framework of policies and procedures to identify, assess, control, manage and report operational risks. This framework promotes a strong operational risk culture, robust control environment, effective disaster recovery and business continuity and clear ethical expectations. Operational risk is managed through internal controls, segregation of duties, independent transaction authorisations, and regular monitoring and reconciliation. Tools used for managing risks include Risk & Control Self-Assessments, Key Risk Indicators, and Loss Data Collection & Analysis.

The Operational Risk Governance Framework is reviewed annually by the Group Risk Management in line with the Bank's strategy. The Board Risk Committee also approves an annual risk appetite statement for operational risk, outlining acceptable risk levels and limits. The Board Risk Committee oversees the identification and management operational risk to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance. In all cases, the Group's operational risk policies require compliance with all applicable legal and regulatory requirements.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Internal Audit Division.

Operational Resilience

The Bank's recovery plan identifies potential risks and outlines strategies to address them, focusing on liquidity management, capital restoration, and operational adjustments. Its goal is to ensure the Bank can withstand financial stress, protect stakeholders and support financial system stability.

The Business Continuity Management process identifies threats to the Group and strengthens resilience to protect stakeholders, reputation, and key activities. Senior Management sets the strategy, while business units maintain and test business continuity plans, with the Risk Management team independently monitoring their effectiveness.

Legal risk

Legal risk is the risk that a customer or counterparty will commence proceedings against SIB. SIB has an internal Legal Division which is headed by the VP Legal Counsel.

The primary function of the Legal Division is to advise on all legal and litigation matters affecting SIB. In addition to the initiation of legal proceedings, the Legal Division also negotiates settlements (where appropriate) in order to increase SIB's recoveries. The Legal Division also ensures that all internal and external legal reporting requirements are complied with.

Basel III – Capital Adequacy

In line with the implementation of Basel III, SIB is required to maintain a total regulatory capital, comprising of Tier 1 and Tier 2 capital and capital buffers, at 13.0 per cent. of risk weighted assets. SIB has complied and intends to comply with any and all externally imposed capital requirements applicable to it.

SIB's capital adequacy figures for the years ended 31 December 2024 and 31 December 2023 are set out in the table below (based on Basel III computation):

	BASEL III	
	2024	2023
Tier 1 capital		
	<i>(AED thousands)</i>	
Share capital	3,235,678	3,235,678
Tier 1 sukuk	1,836,500	1,836,500
Retained earnings	1,872,118	1,356,876 ¹
Fair value reserve	(109,003)	(183,849)
Total tier 1 capital base	8,129,388	7,992,813
Tier 2 capital		
Total tier 2 capital base	519,174	522,824
Total capital base	<u>8,648,562</u>	<u>8,515,637</u>
Risk weighted assets:		
Credit risk	46,850,732	41,825,910
Market risk	166,661	166,119
Operational risk	<u>3,603,303</u>	<u>3,132,244</u>
Risk weighted assets	50,620,696	45,124,273
Tier 1 capital ratio	<u>16.06%</u>	<u>17.71%</u>
Capital adequacy ratio	<u>17.09%</u>	<u>18.87%</u>

Under Federal Law No. (2) of 2015 concerning the UAE Central Bank, the Monetary System and Organization of Banking, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reserve makes up 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends have to be authorised by the UAE Central Bank. In addition, under the 2018 Federal Law, the UAE Central Bank may not approve proposed dividends by a UAE bank, if such bank has failed to maintain its capital adequacy ratio requirements at such time.

Basel III - Liquidity Risk Ratios

SIB applies a prudent approach to liquidity risk management. SIB's Asset & Liability Management Committee oversees liquidity risk regularly. A robust funding structure supports sound liquidity risk management. SIB's approach is to ensure that it will always have sufficient liquidity to meet all liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to SIB's reputation.

As such SIB ensures ongoing compliance with the regulatory defined liquidity ratios which are implemented in line with UAE Central Bank set time lines. SIB meets and intends to continue to meet any applicable liquidity ratios or funding ratios as further described herein and in the Financial Statements.

Distributions of Profit

Depending on the profitability of SIB and capital requirements, SIB's Board of Directors may propose a dividend after announcing SIB's year-end financial results. In accordance with UAE Central Bank guidelines, the proposed dividend is to be authorised by the UAE Central Bank before it is declared to the general public. Any dividend proposed by the Board of Directors must be approved at SIB's annual general meeting.

Corporate Credit & Retail Credit Administration

The Corporate Credit & Retail Credit Administration Division covers all of the administrative activities relating to approved credit proposals. The division ensures that security and collateral documentation is perfected and executed as well as ensuring the safe custody of securities in compliance with internal policies, approved terms and conditions and *Shari'ah* principles.

Centralised Recovery & Collections

The Centralised Recovery & Collections Division within the ERM is primarily responsible for managing SIB's receivables and reducing bad and doubtful debts by minimising potential losses arising from problem facilities. The division effectively and efficiently manages the collection and recovery functions of SIB in order to reduce portfolio losses.

¹ This figure is the amended and restated figure from the 2024 Financial Statements. The original figure was AED 1,366,876 thousand.

Information Security & Risk Assurance

The Information Security & Risk Assurance Division within the ERM is primarily responsible for development, delivery and maintenance of the information security program that safeguards SIB's information assets and supports infrastructure against unauthorised use, disclosure, modification, damage or loss. The division supports a comprehensive bank-wide program that encompasses such functions as information security implementation, monitoring, threat and vulnerability management, incident management and similar.

The Information Security & Risk Assurance Division works with various other divisions to comply with information security policies, industry best security practices (including ISO/IEC 27001: 2013 Payment Card Industry Data Security Standard), and other regulatory requirements. Working with federal and local governments and banks customers, the Information Security & Risk Assurance Division provides support through management of information security risks and ensures SIB can provide secure and sustainable banking services meeting its own and its clients' objectives.

In line with SIB's strategy to protect its customer information and implement best security practices in the banking sector, SIB has implemented the Information Security Management System based on the ISO 27001 Standard. Subsequently SIB was awarded the ISO 27001 Certification by the accredited ISO Certification body, who assessed the implementation of SIB's Information Security Management System in accordance with its standards.

Corporate Governance

SIB applies the basic principles of good corporate governance across each of its functions. In 2007, SIB established a corporate governance policy framework as well as two critical Board Committees, the AC and the BRC. The governance structure has since been enhanced to align with the regulatory requirements (UAE Central Bank Circular No 83/2019). In order to effectively discharge its duties the Board of Directors has formed various Board and Management Committees. The various committees include the following:

Board Committees

- Executive Committee
- Board Risk Committee
- Audit Committee
- Board Nomination, Compensation and Governance Committee
- Profit Distribution Committee

Management Committees

- Credit Committee
- Management Committee
- Investment Committee
- ALCO
- IT Steering Committee
- Information Security Committee
- Disciplinary Committee
- Model Oversight Committee

Furthermore, the activities of SIB are overseen by the ISSC (Internal *Shari'ah* Supervisory Committee), thereby guaranteeing strict conformity with Islamic principles.

SIB's corporate governance structure is supported by SIB's committees and the Board of Directors, which has ultimate responsibility for representing and reporting to the shareholders. Through its own practices, the Board of Directors ensures that clear lines of responsibility and authority exist, with well-defined roles, responsibilities and appropriate internal checks and balances.

SIB ensures that it complies with all regulatory and legal requirements by implementing effective controls, procedures and policies. Strategic and business plans are in place for three year periods and are reviewed regularly with necessary updates suggested to the management and the Board of Directors.

As part of SIB's application of good corporate governance, any potential conflicts of interest that arise are dealt with proactively. The list below sets out certain principles that are applied by SIB:

- the positions of CEO and the Chairman of the Board of Directors are held by different persons, with a clear segregation of duties and responsibilities;
- directors refrain from passing any resolutions on matters that relate to their own interests;
- there is a clear distinction and segregation of functions and duties relating to the Board of Directors and Senior Management. The different functions are documented in SIB's corporate governance framework;
- the CEO attends AC meetings as a permanent invitee only; and
- the Group Internal Audit, Group Enterprise Risk Management and *Shari'ah* Control divisions are independent and have clear reporting lines.

Shari'ah compliance (Shari'ah)

Every transaction that SIB undertakes and all products that it offers must be in strict compliance with the principles of *Shari'ah*, as interpreted by the relevant HSA Resolutions, AAOIFI *Shari'ah* Standards and SIB's ISSC Guidelines. See further, "*Internal Shari'ah Supervisory Committee*". Such compliance is monitored by SIB's ISCD, which is entrusted with the day-to-day responsibilities of *Shari'ah compliance* and is also over-seen by the ISA.

With the consent of the ISSC, SIB's Management nominates an employee as the secretary to coordinate with the Internal *Shari'ah* Supervisory Committee. To improve the turnaround time for the ISSC's approval and facilitate communication between the ISSC and the ISCD, the Head of the ISCD typically serves as the secretary. Any matters requiring ISSC approval or guidance must first be submitted to the ISCD, either in a formal meeting or by circulation. To expedite product offerings and certain transactions, the ISCD reviews drafted standard contracts and products before presenting them to the ISSC for approval. Once these contracts are approved, further approval from the ISSC is generally not needed unless amendments are made.

Credit Division

SIB has a dedicated Credit Division which is responsible for the assessment and evaluation of all matters relating to credit risk. The Credit Division supports and challenges business proposals in accordance with SIB's cautious risk strategy and in line with the Board of Director's approved credit risk appetite levels, supported by a culture of prudent and responsible financing, a strong Financing Policy and a control framework in line with the regulations of the UAE Central Bank.

The basic functions and responsibilities of the Credit Division are:

- maintaining high quality assets through effective control and management of credit risk, minimising credit losses whilst enhancing returns, and thereby contributing to the overall success of SIB;

- monitoring credit risk through the proper evaluation of credit proposals and facilities by identifying and analysing all potential risk factors associated with requested credit facilities;
- monitoring credit exposure by limiting transactions with specific entities and continually assessing the creditworthiness of SIB's counterparties; and
- managing credit risk exposure through the diversification, measurement, monitoring, and reporting of financing activities to ensure mitigation against all elements of concentration risk.

Credit Approval Procedures

Credit exposure

The financing policy of SIB is guided by its Islamic Financing Policy Framework, which is reviewed from time to time in light of market conditions. At all times, SIB strictly adheres to and observes the individual and aggregate percentage limits regulating large exposures stipulated by the UAE Central Bank.

Retail Banking credit approval procedures

SIB's retail products are supported by the application of stringent credit criteria. These credit criteria are dynamic and subject to regular review. As a conservative banking institution that applies *Shari'ah* rules and principles, SIB is only prepared to extend finance to those customers that can afford it with a special emphasis on debt service ratios, which are currently capped at 50 per cent. Unlike other banks in the GCC, SIB predominantly accepts applications for credit cards and finance from those customers that credit their salary to SIB. All Retail Banking credit is in line with Central Bank guidelines circular No. 29/2011. Any exceptions to this rule require the express permission of SIB's Credit Committee. As such, the management of SIB believes that delinquency rates have been comparatively low in retail product categories.

SIB has regular reviews and amends its real estate financing criteria in line with the regulatory requirements of the UAE Central Bank. Furthermore, individual cases are assessed for credit worthiness, and stringent credit criteria is applied in line with regulatory limits and caps imposed by the UAE Central Bank, where applicable, with the aim of protecting the financial stability of SIB.

Corporate banking credit approval procedures

Credit Approval Process

SIB has a centralised credit approval philosophy with ultimate authority resting with the Credit Committee, Executive Committee and Board of Directors. SIB's credit philosophy is supported by well-defined and formulated Islamic Financing Policies, guidelines and processes for credit risk management which include credit appraisal, approval and administration. In addition to Islamic Financing Policies, credit guidelines have been formulated by SIB's Board of Directors that restrict financing in certain areas. In particular, SIB maintains a dynamic 'watch list' of countries from which no investment or financing can take place. In addition, SIB maintains sector limits in order to mitigate the effects of concentration risk and exposure to certain industries.

SIB's credit approval process consists of the following stages:

- relevant business area solicits clients, prepares the necessary documentation and submits a proposal to the Credit Division;
- the Credit Division independently reviews, evaluates and assesses the documentation and prepares a due diligence report;
- the Credit Division will then make recommendations to the Credit Committee;
- the Credit Committee makes a decision within the guidelines of the Credit Committee approval authority that have been formulated by the Board of Directors. Subsequently, proposals requiring Executive Committee or Board of Director approval (in line with the relevant credit approval authority matrix) are approved or ratified in line with the limits set out in the credit approval authority matrix;

- proposals are forwarded to the Credit Administration department for the completion of final documentation; and
- the transaction or deal is carried out by the finance operations division.

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information credit assessment and including forward-looking information. The Group considers a financial asset to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

For corporate financing, if the customer experiences a significant increase in the probability of default, which can be triggered by the following factors:

- financing facilities restructured in the last 12 months;
- financing facilities that are past due for 30 days and above but less than 90 days; or
- Actual or expected change in external ratings and / or internal ratings.

For retail portfolios, if the customer meets one or more of the following criteria:

- adverse findings for an account/customer as per Credit Bureau data;
- financing rescheduling before 30 Days Past Due (DPD); or
- accounts overdue between 30 and 90 days.

For Treasury, these are based on:

- a significant increase in probability of default of the underlying treasury instrument; or
- a significant change in the investment's expected performance and behavior of the customer, for example: collateral value, payment holiday and payment to income ratio.

Qualitative criteria

This is based on feedback from the early warning signal framework of the Group (along with factors such as adverse changes in business, financial or economic conditions).

Backstop

A backstop is applied and the financial asset is considered to have experienced a SICR if the customer is more than 30 days past due on its contractual payments. The Group has not used the low credit exemption for any financial instruments in the year ended 31 December 2024 and 2023.

Credit Grades

The Group uses internal credit risk grading that reflects its assessment of the probability of default of an individual customer.

The Group's rating method comprises 19 ratings levels for instruments not in default (1 to 7-) and three default classes (8 to 10). Investment grade is considered to be financial assets falling within credit grades 1 to 5-. Non-investment grade is considered to be financial assets falling within credit grades 6 to 7, whereas, financial assets credit graded 7- are considered to be watch-list. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating method

is subject to annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of customer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the customer. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

The table below provides an indicative mapping of how SIB's internal credit risk grades relate to the probability of default, and for the corporate customer portfolio, to external credit ratings.

SIB Grade Scale & Classification		CB UAE Classification	Moody's Rating Benchmark	ERR Grade Scale	Grade Description
1	Excellent	Normal	Aaa	1	Exceptional business credit, judged to be of the highest quality, with minimal credit risk. Superior asset quality and financial capacity; which includes strong liquidity and cash generation, excellent and proven management; market leader.
2	Strong	Normal	Aa 1	2+	Very good business along with very good asset quality, consistently strong liquidity and financing capacity; highly regarded in the industry with strong market share.
			Aa 2	2	
			Aa 3	2-	
3	Good	Normal	A1	3+	Good business credit considered upper-Medium grade, subject to low credit risk; good asset quality, strong liquidity and financing capacity. Company is above average size and holds a good position in the industry.
			A2	3	
			A3	3-	
4	Satisfactory	Normal	Baa 1	4+	Acceptable business credit subject to moderate credit risk, considered medium grade and as such may possess certain higher than average risk characteristics. Customer has demonstrated adequate to good performance.
			Baa 2	4	
			Baa 3	4-	
5	Adequate	Normal	Ba 1	5+	Average to below average business credit subject to moderate credit risk, considered medium grade and as

SIB Grade Scale & Classification		CB UAE Classification	Moody's Rating Benchmark	ERR Grade Scale	Grade Description
			Ba 2	5	such may possess certain higher risk characteristics. Customer has demonstrated adequate performance.
			Ba 3	5-	
6	Marginal	Normal	B 1	6+	Below average business credit and subject to high credit risk. Customer is likely a lower-tier competitor in its industry. Acceptable but requiring close monitoring and support of strong risk mitigants.
			B 2	6	
			B 3	6-	
			Caa 1	7+	
			Caa 2	7	
7	Vulnerable	Watchlist	Caa3	7-	Weak business credit: judged to be poor standing and subject to very high credit risk. Constitutes undue and unwarranted credit risk. Currently in performing status and not to the point of justifying a Substandard classification
Non-Performing Asset					
8	Category Ad	Substandard	Ca	8	In Default (Substandard): unacceptable business credit with normal settlement in jeopardy.
9	Category Bul	Doubtful	C	9	In Default (Doubtful): full settlement questionable. Serious problems to the point where partial loss of principal is likely.
10	Category C	Loss	-	10	In Default (Loss): expected loss. Such an asset may have recovery but not to the point of avoiding loss classification.

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the customer, and the geographical region. What is considered significant differs for various types of financing, in particular between corporate and retail portfolios. The increase in PD is dependent upon multiple factors including customer industry, customer initial rating, maturity of financing, payment frequency and product type.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

The Group considers a financial asset to be in default when:

- a non-payment has occurred, or the likelihood of non-payment has been evaluated;
- the customer has overdue credit obligations for more than 90 days;
- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising collateral (if any is held); and
- it is becoming probable that the customer will restructure the asset as a result of bankruptcy due to the customer's inability to pay its credit obligations.

In assessing whether a customer is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Measurement of Expected Credit Losses (ECL)

The key inputs into the measurement of ECL are the term structure of the following variables:

- PD;
- loss given default (**LGD**); and
- exposure at default (**EAD**).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For financings secured by retail and commercial property, UAE Central Bank haircuts are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate financing, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective price rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For financing commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by computing credit conversion factors through modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require payment of a finance or terminate a finance commitment or guarantee.

However, for retail and credit card facilities that include both a financing and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand payment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or payment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. Reconciliations from the opening to the closing balance of the loss allowance by class of financial asset is provided in respective notes.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key macroeconomic drivers for credit risk for the corporate portfolio are oil price and equity price index, whereas, for the retail portfolio are non-oil UAE GDP, oil price and UAE CPI index.

Security & Collateral Management

SIB has Credit Administration Departments, which handle the completion of documentation, securities and collateral management relating to approved facilities. Prior to the granting of a new facility, SIB ensures that necessary contracts are entered into, and appropriate securities are obtained.

SIB holds collateral and securities against financing and ijara receivables in the form of cash margins, personal guarantees, and mortgages over properties or other securities over assets. Estimates of credit risk mitigation relating to financing and ijara receivables are based on the value of collateral assessed at the time of financing, and are subsequently monitored on a periodic basis.

Non-performing financing receivable

The IFRS set forth strict principles for the recognition and provisioning of impaired financing receivables. SIB has therefore established and maintained regular procedures for the recognition of actual and potential defaulted payments, identification of non-serviced, unearned or overdue profit payments and for methodical assessment of potential financing receivables losses. The credit division has responsibility for monitoring non-performing financing.

When assessing the expected credit loss on an asset, the IFRS 9 model considers the probability of default of an asset, the expected loss given default and the exposure at default. Furthermore, IFRS 9 requires an unbiased and probability weighted estimate of credit losses by also evaluating a range of possible outcomes that incorporate forecasts of future economic conditions, including macroeconomic factors and changes in asset credit risk profile since origination, effectively bringing together information regarding past events and past performance, current conditions and forecasts of future economic conditions.

In line with UAE Central Bank requirements, relevant IFRS and SIB's internal policies and procedures, SIB classifies those accounts which are impaired and ensures provisions are made accordingly.

SIB continues to pro-actively manage credit quality and delinquencies and non-performing financing receivables across its corporate and retail portfolios. The non-performing gross financing receivables ratio decreased to 4.8 per cent. by 31 December 2024 from 5.5 per cent. reported as at 31 December 2023. The impairment allowance on non-performing financing receivables in respect of 2024 increased to AED 1.2459 billion compared to AED 1.2047 billion in 2023.

For further information regarding SIB's adoption of IFRS 9, see note 30 (*Governance around IFRS 9 ECL models and calculations*) to the 2024 Financial Statements (incorporated by reference into this Prospectus).

The following table provides a breakdown of impaired financing receivables by sector for the years ended 31 December 2024 and 2023:

Impaired financing receivables by sector

	2024	2023
	<i>(AED in thousands)</i>	
Trading	282,729	343,362
Real Estate and Construction and Contracting	773,827	652,784
Services and Others.....	289,314	292,073
Manufacturing.....	181,827	189,346

Financial Institutions and High Net Worth Individuals	162,202	216,609
Total Corporate Financing	1,689,899	1,694,174
Individuals and Consumer Home Financing	215,389	197,496
Total Retail Financing	215,389	197,496
Total impaired financing receivables.....	1,905,288	1,891,670

The following table summarises the movements in allowances for impairment for financing receivables for SIB for the years ended 31 December 2024 and 2023.

Movement in allowances for impairment (financing receivables and leased assets)

	<u>2024</u>	<u>2023</u>
	<i>(AED thousands)</i>	
Balance at 1 st January	1,204,651	1,102,742
Written off during the year	(123,535)	(111,181)
Additional provision for the year.....	280,478	234,356
Recoveries and write-backs during the year.....	(115,721)	(21,266)
Balance of allowances for impairment as at 31 December	1,245,873	1,204,651

Industry Regulations and Compliance

Industry regulation and supervision

The principal source of banking regulation in the UAE is the UAE Central Bank. The UAE Central Bank provides prudential supervision of each bank's capital adequacy, liquidity and anti-money laundering controls and its general banking activities. Monitoring by the UAE Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission of data including, but not limited to, deposited funds, loans and mortgage business, liquidity status and anti-money laundering measures.

SIB submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. SIB's Memorandum and Articles of Association, audited financial statements, the distribution of dividends and other documents are all required to be approved by the UAE Central Bank. As a UAE company, SIB is also subject to supervision and regulation at a corporate level by both the UAE Ministry of Economy and Planning and by the local regulatory authorities within each of the emirates of the UAE in relation to branches located in those emirates. For further information, see "*The United Arab Emirates Banking System and Prudential Regulation*" below.

Regulation of Islamic banks

SIB operates under a commercial banking licence granted to it by the UAE Central Bank to undertake Islamic banking activities. The licensing of Islamic banks requires the appointment of an Internal *Shari'ah* Supervisory Committee which ensures the adherence to *Shari'ah* principles in SIB's businesses (including with all of its operations and contracts).

Internal Shari'ah Supervisory Committee (ISSC)

The ISSC oversees the application of all *Shari'ah* provisions in respect of all businesses activities carried out by SIB and ensures that all transactions are in strict compliance with *Shari'ah* principles with a specific reference to AAOIFI *Shari'ah* Standards as well as relevant Higher *Shari'ah* Authority (HSA) resolutions and ISSC fatwas (*Shari'ah* opinions) and guidelines. The Board of Directors is obliged to abide by the fatwas, guidelines and resolutions of the HSA and ISSC regardless of whether a unanimous or majority vote secured the decision. ISSC meetings are held periodically or whenever the need arises.

The ISSC reviews and approves finance products structures, procedures and documentation and templates and treasury and investments transactions (including sukuk and syndications) which enable SIB to follow market trends while maintaining the highest levels of *Shari'ah* compliance. It also analyses and reviews

unprecedented or one-off cases which have not been covered by an existing fatwa or resolution in order to ensure *Shari'ah* compliance before any new transactions are executed or any new procedures are applied.

As at the date of this Prospectus, the members of SIB's ISSC are:

Dr. Ibrahim Ali Abdullah Al Mansoori (Chairman and Executive Member), heads the ISSC and was appointed as the ISSC Chairman in January 2025. He holds a Ph.D. in Islamic Banking & Economy. He is an associate professor in Sharjah University and Ajman University. He is the author of various studies and papers on contemporary matters relating to Islamic banking and various *Shari'ah* issues. He joined ISSC (previously SIB's Fatwa & *Shari'ah* Supervisory Board) in March 2013.

Dr. Ali Al Junaidi (ISSC Member and Deputy ISSC Chairman) is a holder of a Ph.D. in Fiqh and its Asool from Al Yarmouk University, Jordan. He has authored many publications and scientific researches as well as various contributions in academic and scientific courses. Currently he is an associate professor in the Law Faculty in the University of UAE. He is also a member of various *Shari'ah* committees in banks and Islamic financing firms.

Dr. Mohammed Obadeh Adi (ISSC Member), as a Ph.D. holder in Islamic Studies from Wales University, currently holds the position of Head of Internal Shariah Control Division at Al Hilal Bank, with 25 years of experience as Lecturer in *Shari'ah* and Islamic Banking. He is tasked with the control and supervision of banking activities, as well as structuring and developing *Shari'ah* compliant finance and investment products. He also works as a member of various *Shari'ah* committees.

Dr. Abdurahman Al Saadi (ISSC Member), holds a Ph.D. in Comparative Jurisprudence from the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University in Riyadh. He is an assistant professor in the Department of Islamic Banking at the University of Bahrain and a *Shari'ah* and Legal Advisor at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He has published many scientific publications on Islamic banking and finance and is a member of many *Shari'ah* committees at Islamic financial institutions.

Internal Shari'ah Control Division

The ISCD and ISA monitor the level of compliance of SIB's activities and products with *Shari'ah* principles with a specific reference to HSA Resolutions, AAOIFI Standards and ISSC Guidelines. ISCD acts as a conduit, bridging the gap between the various divisions of SIB and the ISSC. It also solves any daily queries relating to *Shari'ah* compliance under the supervision of or by referring the issues to the ISSC if necessary. In addition, it reviews, refines and improves the underlying contracts and processes of current SIB's products and services and acts together with the ISSC in developing new products.

Real estate property

As at 31 December 2024, SIB owned land and buildings classified as Investment Properties and Properties Held for Sale in the 2024 Financial Statements at a carrying value of AED 2,964,711 thousand and AED 793,438 thousand, respectively.

Capital expenditure

SIB does not expect to incur capital expenditure outside its ordinary course of business. For the year ended 31 December 2024, SIB incurred AED 64,801 thousand of capital expenditure, compared to AED 34,809 thousand for the year ended 31 December 2023.

Compliance risk and anti-money laundering policies

SIB has implemented detailed AML and KYC policies and procedures. The responsibility for SIB's compliance function rests with the Head of Compliance. The Head of Compliance is also SIB's nominated money laundering reporting officer (MLRO). As part of its AML policy, SIB conducts a KYC check, which is mandatory for all new accounts. A customer profile is created at the time of account opening and is updated on an ongoing basis, as customer circumstances change and develop during the period of relationship with SIB.

The MLRO acts as the main coordinator and point of contact between SIB and the Anti-Money Laundering and Suspicious Cases Unit of the UAE Central Bank (AMLSCU). All financial transactions are closely monitored and suspicious transactions are reported to the AMLSCU. The MLRO ensures that all blacklisted names circulated by regulatory bodies are checked against SIB's customer database. If a suspicious case arises, the MLRO will investigate and undertake appropriate action including reporting the case to AMLSCU if necessary.

SIB's compliance department ensures that SIB meets each of its regulatory obligations and also ensures that it is up to date with all regulatory developments. SIB complies with each of the regulatory obligations imposed by the UAE Central Bank, UN and majority of all international sanctions.

SIB has a full-time Compliance Officer, whose role is to establish standards of ethics, confidentiality, privacy, KYC policies and other hallmarks of good governance, such as avoidance of conflicts of interest.

All staff are required to be aware of SIB's AML policy and procedures. In addition to this, the Compliance Officer provides training to new and existing staff in respect of AML, KYC, Sanctions and related matters.

Group Internal Audit

SIB's Group Internal Audit (GIA) led by the Group Chief Internal Auditor (GCIA) and reports functionally to the Board of Directors through the Group Audit Committee and administratively (i.e. in respect of day-to-day operations) to the Chief Executive Officer, under a charter approved by Group Audit Committee.

The GIA's mission is to enhance and protect organisational values by providing risk-based, objective assurance, advice, insight, and to help the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, compliance, and control processes.

GIA is independent of the audited activities and governs itself by adhering to the mandatory elements of The Institute of Internal Auditors' (the IIA) Global Internal Audit Standards. GIA comprises of associates with educational and professional expertise in the fields of Banking, Investment, Information Technology, Information Security, AML, Financial Accounting, Internal and External Audit.

GIA may also perform advisory and related client service activities. The development, implementation and maintenance of an adequate and effective internal control remains the responsibility of Senior Management (as defined below). Opportunities for improving efficiency of Governance, Risk Management and Control processes may be identified during the engagements and are communicated to the appropriate level of management.

GIA has received "Full Conformance" in the External Quality Assessments review (EQAs) of 52 Attribute and Performance Standards, IIA's International Standards for the Professional Practice of Internal Auditing. External Quality Assessments (EQAs) carried out by the Institute of Internal Auditors, USA (2014) and KPMG (2022). In addition, GIA received the Best Practices Award from the Institute of Internal Auditors (UAE) for demonstrating leading practices in the domain of Governance, Risk and Control in 2015 and 2016.

Funding

The TD of Investments, Treasury and Financial Institutions manages the overall short-term and long-term liquidity of SIB, guided by the overriding principle of prudent liquidity management. The division operates under the directions and guidance of SIB's ALCO and within the ambit of *Shari'ah* principles. Most of SIB's long term funding requirements are met through customer deposits, collateralised repo transactions and sukuk based facilities, while short term requirements are mostly met through inter-bank financing and cross border deposits. SIB considers itself to have a good reputation among peer banks and Islamic financial institutions in the GCC region, which leads to inter-bank limits from these entities above required levels. As a contingency, the TD is also exploring new regions, such as South East Asia, for inter-bank and institutional relationships. Liquidity risks are mitigated by placing surplus funds across short-term tenors ranging from the overnight market to up to 3 month inter-bank placements, as well as placements in the UAE Central Bank's Islamic certificate of deposits (which can be converted into cash within a couple of days).

Through its IBD, SIB also raises money through the international capital markets. As at the date of this Prospectus, SIB has a U.S.\$500 million sukuk due to mature in June 2025. In addition, in July 2024, SIB (via Sharjah Sukuk Company III Limited) issued U.S.\$500 million sukuk due to mature in July 2029. Moreover, in July 2019, SIB (via SIB Tier 1 Sukuk Company) issued U.S.\$500 million Additional Tier 1 Capital Certificates with a first call date in July 2025.

Information Technology

The IT division seeks to ensure that SIB's product and channel offerings are market leading and all banking systems are functioning properly and plays an important role in driving business value by delivering key projects and initiatives, which help to bring SIB to the forefront of technology adoption and competitive differentiation. SIB considers its technology to be of a high standard, and agile in delivering business, customer facing and regulatory initiatives. SIB also has the IT capabilities to deliver automation and efficiency improvements for corporate and government customers and the ability to integrate directly with corporate enterprise resource planning systems for positive cheque pay validation, online pension and vendor payments.

SIB has embarked on a digital transformation initiative since 2020 and launched an internet and mobile banking platform for retail which includes market-leading features such as customer digital onboarding (without customers being required to visit a branch), instant remittances, bill payments and account balance and statement enquiries. SIB also launched new corporate and mobile banking offerings with market-leading features such as mobile authorisations, bulk uploads and trade finance.

SIB has integrated the Digital Banking solution with the UAEPASS, allowing a greater layer of security and convenience for online banking users. SIB has also integrated the digital banking solution with UAE Payment Gateway service from the UAE Central Bank, for retail and corporate customers enabling them a new convenient channel for payments in a secured manner. SIB has also integrated with UAE instant payment platform (**Aani**) introduced by Al Etihad Payments (a subsidiary of the UAE Central Bank), which allows payments to be executed instantly to any UAE bank account via the UAE Central Bank, Aani App or IBAN number.

In recent years, SIB has upgraded its ATM network, introducing new services to cater to customer needs. These services include the implementation of MFKs at key strategic locations, providing additional access points to customers. These MFKs offer a variety of banking services, helping to ease branch congestion and improving service quality. SIB also allows customers to withdraw cash from ATMs using Apple Pay and Samsung Pay with prepaid SIB debit and credit cards. This feature offers greater flexibility and convenience for customers who prefer digital wallets over traditional physical cards. SIB's ATMs also allow foreign cardholders visiting the UAE to withdraw cash in AED while being charged in their home country's currency. This is beneficial as it allows customers to view the exchange rate upfront and choose whether to proceed with the currency conversion or not, offering greater transparency and flexibility to customers.

SIB has also enhanced the process of customer's experience for Cheque Deposit over Cash and Cheque Deposit Machines (CCDMs). This new enhancement enables customers to deposit the cheques from any SIB CCDM electronically and send the cheque images for clearing.

As part of the remittances program, SIB has launched new a delivery channel, which is the MasterCard Money Send platform for its customers. This platform provides cash pickup and mobile wallet credit in addition to Bank transfers, for selected countries. As part of the Instant Remittances Program, SIB is in the process of implementing EGP Corridor to Egypt through the SIB Online and Mobile Banking. This is SIB's fourth instant remittance corridor after similar facilities were enabled for India, Pakistan and Jordan. SIB has also developed and launched a new website catering to all of its business segments. Further, the introduction of chatbot services offers assistance with financial transactions and general banking inquiries, providing customers with quick and convenient access to support at any time.

In addition to the above customer facing digital initiatives, SIB has looked to implement modern technologies internally such as robotic process automation (RPA) and business process automation (BPA) to automate its internal processes which are labour intensive and prone to manual error, thereby increasing operational efficiency and reducing turnaround time.

SIB has implemented interfacing with Dubai Department of Economic and Tourism (**DET**) for corporate onboarding. This integration with DET facilitates access to verified customer documents, enabling accurate updates and ensuring compliance. This streamlined process reduces onboarding timelines, enhances operational efficiency, improves customer experience and accelerates corporate account activation.

SIB launched an origination system to automate the sourcing, processing, credit decision and booking of Personal Finance, Credit Card and Vehicle Finance products. This system provides users a single system that handles end-to-end process of booking and disbursal for the customers' finance applications.

In line with SIB's strategy of keeping the IT systems up to date with the latest technologies, SIB has upgraded various internal platforms as well as upgrading ATM Switch, Debit & Prepaid Card Management System to the latest version PowerCARD v3.5. This upgrade provides Single Customer View with 360 degree exposure to cardholders' products, optimised risk management and ability to initiate multiple operations from a single point of navigation.

SIB has implemented a new AML and KYC system. The system is designed to address AML, KYC and Anti-Terrorist Financing regulations. It aims to monitor and identify suspicious financial activities. The system conducts risk assessments during customer onboarding to evaluate potential risks associated with new clients, helping the bank ensure compliance with regulatory standards. By consolidating AML and KYC detection tools into a single web-based platform, the system is intended to assist SIB in maintaining compliance with relevant regulatory authorities.

SIB's strategic partnership with the Sharjah Finance Department (**SFD**) continues to grow in addition to the already launched online vendor payments, pension and salary payments initiatives, which provide the SFD with the ability to initiate such transactions from their enterprise resource planning system with Straight Through processing and real-time interface with SIB's core banking platform. SIB is among very few banks globally who currently possess such technological capability to integrate with external entities in a real time in a fully automated manner.

SIB has implemented fully integrated end-to-end solution for Operational Risk Management (ORM) to comply with UAE Central Bank mandate. The ORM system provides real time view of Operational Risks that the Bank faces through integrated dashboards, proactive management of ORM across the Group & faster risk-based decision-making.

IT Steering Committee

The objective of the Information Technology Steering Committee (**ITSC**) is to ensure that IT initiatives at SIB are aligned to its overall business strategy and to assess and evaluate new technologies which can bring competitive advantage to SIB in terms of revenue generation, efficiency improvement and cost savings. The ITSC is headed by the CEO and comprises of other senior members of the management including DCEO, GCRO, COO and Head of IT and CIA as observer, the ITSC also invites other division heads or staff to attend the meeting as required.

Insurance

SIB has various insurance policies in place, including property, motor fleet and public liability. SIB believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which SIB may be exposed.

Litigation

SIB is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of SIB. Therefore no material provision has been made as at 31 December 2024 regarding any outstanding legal proceedings against SIB.

Fiscal Year

The fiscal year of SIB is the calendar year ending on 31 December.

Recent Developments

S&P & Fitch affirmed SIB's ratings & outlook

On 26 March 2025, S&P affirmed SIB's rating at A- with Negative Outlook and on 28 March 2025, Fitch affirmed SIB's rating at BBB+ with Stable Outlook.

Financial performance for the three months ended 31 March 2025

The following information has been extracted from the Q1 2025 Financial Statements:

	For the three months ended March 2025	For the three months ended March 2024*
		<i>(AED'000)</i>
Income from investments in Islamic financing and sukus	914,261	862,485
Distribution to depositors and sukuk holders	(546,897)	(489,980)
Net income from financing and investment products	367,364	372,505
Net fee and commission income	107,608	77,826
Investment income	1,587	7,961
Foreign exchange income	25,689	17,355
Other income	29,478	29,100
Total operating income	531,726	504,747
General and administrative expenses	(198,310)	(178,095)
Net operating income before impairment	333,416	326,652
Reversal of impairment /(Impairment) on financial assets – net of recoveries	17,207	(44,996)
Profit before tax	350,623	281,656
Taxation	(31,693)	(25,750)
Profit for the period	318,930	255,906

* The comparative figures for the three-month period ended 31 March 2024 are extracted or derived from the unaudited comparative column of the Q1 2025 Financial Statements.

For the three months ended 31 March 2025, the Group's profit for the period increased by 24.6 per cent. to AED 318.9 million, as compared to AED 255.9 million for the three months ended 31 March 2024, primarily due to improved non-profit income and the recognition of a reversal of impairment on settled deals in respect of financial assets.

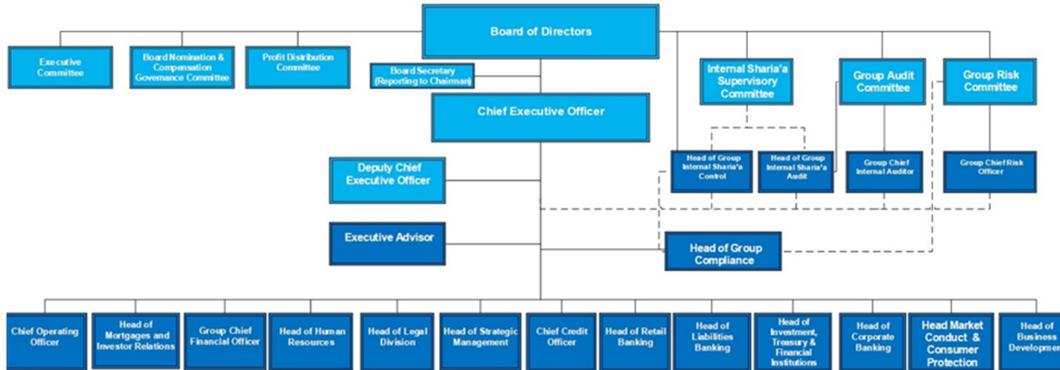
For the three months ended 31 March 2025, net operating income before impairment provision increased by 2.1 per cent. to AED 333.4 million, as compared to AED 326.7 million for the three months ended 31 March 2024. Income from investment in Islamic financing and sukus increased by 6.0 per cent. from AED 862.5 million for the three months ended 31 March 2024 to AED 914.3 million for the three months ended 31 March 2025. The Group recognised a reversal of impairment on financial assets - net of recoveries amounting to AED 17.2 million for the three month period ended 31 March 2025, compared to a provision charge of AED 45.0 million for the same period of year 2024, a change of AED 62.2 million or 138.2 per cent.

Total assets increased from AED 79.2 billion as at 31 December 2024 to AED 82.8 billion as at 31 March 2025. Customer deposits increased by 0.7 per cent. to reach AED 52.1 billion as compared to AED 51.8 billion as of 31 December 2024.

SIB had a capital adequacy ratio of 15.76 per cent. as at 31 March 2025 calculated in accordance with Basel III and SIB also benefits from relatively low levels of gross non-performing financing, with AED 1,907 million (or 4.54 per cent. of all gross investments in Islamic financing) classified as non-performing (Stage 3) as at 31 March 2025. Comparatively, SIB maintained a capital adequacy ratio of 16.18 per cent., with AED 1,905 million (or 4.84 per cent. of all gross investments in Islamic financing) classified as non-performing (Stage 3) as at 31 December 2024.

MANAGEMENT OF SHARJAH ISLAMIC BANK PJSC

SIB's management structure is summarised in the organisation chart set out below:



Board of Directors

SIB operates under the direction of a board of directors (the **Board of Directors**), which is comprised of nine members vested with the power to manage SIB and conduct its business in accordance with its objects and with applicable law, SIB's Articles of Association and resolutions of the shareholders. The Board of Directors is elected as a body by the shareholders for a term of three years. The Board of Directors is fully responsible for SIB's performance and for reporting to the shareholders.

As at the date of this Prospectus, the Board of Directors is comprised of the seven directors listed below:

Name	Position
H.E. Abdul Rahman Mohammed Nassir Al Owais.....	Chairman
H.E. Othman Mohammed Sharif Abdalla Zaman	Vice Chairman
H.E. Dr.Mr Salah Butti Obaid Bin Butti Al Mheiri.....	Board Member
H.E. Mr Ali Salim Al Mazrou	Board Member
H.E. Jasim Mohamed Al Khayyal	Board Member
H.E. Ms Dr Khawla Abdelrahman Hassan Al Mulla AlSaabri	Board Member
H.E. Dr Abdalla Mohamed Obaid Belhaif Al Nuaimi	Board Member
Dr. Eisa Saif Ahmed Handhal Altamimi.....	Board Member
Ms. Noura Mohamed Ibrahim Almayyahi Alnuaimi	Board Member

H.E. Abdul Rahman Mohammed Nassir Al Owais is the Chairman of SIB's board, having been so appointed in March 2013. He has been a Board Member of SIB since 1995 and served as Vice Chairman of the Board prior to his appointment as Chairman. He is the Minister of Health & Prevention of the UAE and also a board member of Sharjah Cement and Industrial Development Company.

H.E. Othman Mohammed Sharif Abdalla Zaman has been a Board Member of SIB since 1995. He is also Chairman of the Board of Sharjah Cement and Industrial Development Company. He was appointed Vice Chairman of the Board in March 2021.

H.E. Dr. Salah Butti Obaid Bin Butti AlMheiri was elected to the Board of SIB in February 2019. He is the advisor to the Department of Planning and Survey – Government of Sharjah and a board member of both the Etihad Rail Company and the Trustees of Sharjah Academy for Maritime Transport

H.E. Ali Salim Al Mazrou has been a Board Member of SIB since 1995. He is also a board member of SIB's Executive committee and he is the Chairman of the Board of Al Mazroua Trading and Industrial Company and Al Bayan Real Estate.

H.E. Jasim Mohamed Al Khayyal joined SIB's Board of Directors in 2021. He graduated with a degree in Political Science from the UAE University and he is also a member of SIB's Executive Committee. He

is currently also a board member of Sharjah Charity House and the chairman of the board of directors of the Amiri Guard Club.

H.E. Khawla Abdelrahman Hassan Al Mulla AlSaabri has been a Board Member of SIB since 2022. She is the Chairperson of the Family Affairs Authority in Sharjah, the Secretary General of the Supreme Council for Family Affairs, and Board Member of Trustees of Sharjah Education Academy, University of Sharjah and Al Qasimia University. She is also the Chairperson of SIB's Audit Committee and a member of SIB's Risk Committee.

H.E. Dr Abdalla Mohamed Obaid Belhaif Al Nuaimi has been elected as a member of SIB's board since 2022. He is a distinguished individual with a doctorate in engineering. He has held several prestigious positions in the past, including Minister of Climate Change and Environment, President of the Sheikh Zayed Housing Program, and Chairman of the Public Transportation Authority. He is currently serving as the Chairman of SIB's Risk Committee.

Dr. Eisa Saif Ahmed Handhal Altamimi was elected to the Board of SIB in 2025. He is also a member of the Audit Committee in SIB, and has been the Legal Advisor / Director of Sharjah Government Legal Department – Sharjah, since 2020. Dr. Altamimi is the Vice Chairman of the Legislative and Legal Affairs Committee of the Emirate of Sharjah, UAE and provides his expertise on a number of important government functions.

Ms. Noura Mohamed Ibrahim Almayyahi Alnuaimi was elected to the Board of SIB in 2025, and is a member of the Risk Committee in SIB. She is the Payroll Department Director in the Human Resources Directorate, Government of Sharjah and serves in a number of high functioning committees of various government departments.

Business Address and Interests

The business address of SIB's Board of Directors is P.O. Box 4, Sharjah, United Arab Emirates.

No member of the Board of Directors has any actual or potential conflict of interest between his duties to SIB and his private interests or other duties.

Senior Management

The day-to-day management of SIB is conducted by the senior management (the **Senior Management**). The Senior Management meets regularly to discuss the business strategy, business plans and performance, strategy and operation of SIB and submits its recommendation to the Board of Directors.

As at the date of this Prospectus, the Senior Management is comprised of the following managers:

Name	Position
Mohamed A Abdalla.....	Chief Executive Officer
Ahmed Saad Ibrahim	Deputy Chief Executive Officer
Mohammed Rizwan.....	Group Chief Risk Officer
Hakam Abu Zuror.....	Chief Operating Officer
Sriram Venkita Subramanyam.....	Group Chief Financial Officer
Saeed M Al Amiri	Head of Investments, Treasury and Financial Institutions
Sumit Malik.....	Chief Credit Officer
Anisur R Khan.....	Head of Group Compliance
Rahma Mohd. Al Shamsi.....	Head of Corporate Banking Group
Fadheela Al Marzouqi	Head of Human Resource Group

Nabil Abou Alwan	Head of Retail Banking Group
Mohamed El-Bahi	Head of Finance
Khalaf Abdullah	Group Chief of Internal Audit Division
Naresh Kumar	Head of Information Technology
Ibraheem Al Awartni	Head of Credit Division
Mammad Kuniyil	Head of Risk Management
Bobby Shankeshwar	Head of Treasury
Ali Wahab	Head of Investment Banking

Mohamed A Abdalla, Chief Executive Officer

Mr Abdalla has served as Chief Executive Officer of SIB since 2006 having joined SIB in 1984. He has over 40 years' diversified experience in the banking industry. He continues to contribute towards the overall growth of SIB and its subsidiaries, ASAS and SNHC, as Deputy Chairman, ensuring the overall growth by implementing the board strategy and adding value to the organisation. He currently also holds key positions in various Government of Sharjah entities such as: Member of the Board of Trustees and Chairman of the Finance Committee - University of Sharjah; Vice Chairman of Pioneering Project - RUWAD Establishment which is a foundation to support entrepreneurs and their projects; and Member of the Board of the Sharjah Equestrian Club.

Ahmed Saad Ibrahim, Deputy Chief Executive Officer

Mr Ibrahim has served as Deputy Chief Executive Officer since early 2011 having been at SIB since 1998. He holds a Bachelors degree in commerce from Cairo University. He is also a Certified Public Accountant, Delaware, USA. Prior to joining SIB, he has worked with Qatar National Bank and Commercial International Bank, Egypt (formerly Chase National Bank). He has over 39 years' experience in the banking industry. He also serves as a Board of Directors member of SIB's subsidiaries, ASAS and SHNC, representing SIB.

Mohammed Rizwan, Group Chief Risk Officer

Mr Rizwan joined SIB in 1999 and presently serves as Group Chief Risk Officer. He holds a Masters of Arts degree from India. Prior to joining SIB, he worked with ABN Amro and The Hong Kong Metropolitan Bank. He has over 42 years of experience in the banking industry.

Hakam Abu Zarour, Chief Operating Officer

Mr Abu Zarour joined SIB in 2023 and has more than 35 years of diverse experience in leading and delivering changes (digital and conventional) across banking and financial service industry: Retail, Corporate, Treasury, Wealth/Asset Management, Private Equity, Investment Banking, Islamic Finance. Previously, Mr Abu Zarour held the role of Chief Operating Officer in Emirates Development Bank, also holding C-level roles in various financial institutions throughout the GCC. During his assignments, Mr Abu Zarour led and implemented strategic enterprise transformation initiatives such as core banking replacements/upgrades, digital delivery channels, back-office process reengineering and automation and cost optimisation. Mr Abu Zarour holds a Masters' degree from the University of Western Sydney and a Bachelor's degree in Computer Sciences from the University of Jordan.

Sriram Venkita Subramanyam, Group Chief Financial Officer

Mr. Venkita has served as the Group Chief Financial Officer since June 2024. He holds a bachelor's degree in commerce from Mahatma Gandhi University, India. He is also a Chartered Accountant qualified from

the Institute of Chartered Accountants of India (ICAI). Prior to joining SIB, he has worked with National Bank of Kuwait and Al Ahli Bank of Kuwait. He has over 20 years' experience in the banking industry.

Saeed M Al Amiri, Head of Investments, Treasury and Financial Institutions

Mr Amiri joined SIB in 2002 and has served as the Head of Investments, Treasury and Financial Institutions since 2007. He holds a Masters of business administration degree from the University of Sharjah and a Bachelors degree from the University of Miami. Prior to joining SIB, he worked with Sharjah Department of Economic Development. He has 22 years' of experience in the banking industry.

Sumit Malik, Chief Credit Officer

Mr Malik is the Chief Credit Officer since February 2025. He is a Chartered Accountant and has a background in multinational and multicultural institutions of over 33 years, having worked at National Bank of Fujairah and the HSBC Group. His experience covers banking operations, trade finance, corporate banking and over 15 years in risk functions.

Mr. Anisur R Khan, Head of Group Compliance

Mr. Khan is the Head of Group Compliance since March 2025. He brings 34 years of experience in banking and finance across the Middle East and Asia, including 24 years of banking supervision experience with the Central Bank of the UAE (CBUAE). His expertise focuses on implementing and examining CBUAE regulations, including corporate governance, credit risk management, AML/CFT and Sanctions compliance, consumer protection, and market conduct. Mr. Khan holds a Master of Science in International Banking from Loughborough University in the UK and an MBA from the Institute of Business Administration at Dhaka University in Bangladesh.

Rahma Mohd. Al Shamsi, Head of Corporate Banking Group

Mr Shamsi has served as Head of Corporate Banking Group of SIB since 2010 having been with SIB since 2004. He holds a graduate degree, majoring in finance, from University of Colorado, Denver. Prior to joining SIB, he has worked with KPMG and Abu Dhabi National Oil Company.

Fadheela Al Marzouqi, Head of Human Resource Group

Ms Al Marzouqi joined SIB's Human Resource Group in 2005 heading Recruitment and Emiritisation. She stepped into the role of Head of Human Resource Group in 2022. Under her leadership, HR strategies are being implemented with overall business objectives in mind with strong consideration towards advancing employee expectations and well being.

Nabil Abou Alwan, Head of Retail Banking Group

Mr Alwan joined Sharjah Islamic Bank in 2015. He has over 32 years of marketing experience in the banking, financial institutions, and telecommunications industries marketing activities in the UAE and Saudi Arabia. He holds a Bachelors Degree in Business Administration from the American University in Beirut, Lebanon.

Mohamed El-Bahi, Head of Finance

Mr El-Bahi has served as Head of Finance of SIB since 2005. He holds a Bachelors degree in commerce and business administration from Cairo University. Prior to joining SIB, he worked with Qatar National Bank. He has over 30 years of experience in the banking industry.

Khalaf Abdullah, Group Chief of Internal Audit Division

Mr Abdullah joined SIB in 2001 and has 15 years of audit experience in SIB. He graduated from Al Ain University, majoring in accountancy. During his career, Mr Abdullah has been invited to lecture on audit related subjects at various universities, governmental institutions and conferences.

Naresh Kumar, Head of Information Technology

Mr Kumar has over 33 years of experience in Information Technology and banking domain, having previously worked with Bank Dhofar in Oman and ICICI Bank and Canara Bank in India. He is currently

responsible for all aspects of Information Technology across SIB and its group businesses having joined the bank in 2014.

Ibraheem Al Awartni, Head of Credit Division

Mr Awartni joined SIB in 2017 and presently serves as Head of Credit. He holds a Bachelors degree in Economics from Yarmouk University, Jordan, and has over 34 years banking experience. Prior to joining SIB, he has worked with Masraf Alrayan, CBI and Jordan Ahli Bank.

Mammad Kuniyil, Head of Risk Management

Mr Kuniyil joined SIB in 2006 and presently serves as the Head of Risk Management. He is a Certified Chartered Accountant from the Institute of Chartered Accountants, India. He has over 21 years of banking experience accompanied by 9 years of Audit Experience in the areas of Statutory Audit, Internal Audits and Certification matters. Prior to joining SIB, he worked with the Saudi British Bank (HSBC affiliate), and Ernst and Young.

Bobby Shankeshwar, Head of Treasury

Mr Shankeshwar is a seasoned professional with experience spanning over a period of 27 years in the areas of Finance and Treasury across corporate and bank Treasuries. He joined SIB in 2008 and has been managing the Islamic Treasury Division. His work expertise lies in forex, fixed income and derivatives markets having worked in various organisations in different geographical locations handling Investments and Treasury products, and also managing the market risk through available hedging tools and products. He holds a Bachelor's degree in Engineering (BE) and a Master's degree in Business Administration (Finance) from Department of Management studies (DOMS), University of Madras, India.

Ali Wahab, Head of Investment Banking

Mr Wahab has more than 21 years of capital markets and investment banking experience in the UAE and Pakistan and is responsible for SIB's Investment Banking Division. He joined SIB in 2008 and focused on the investment portfolio. Over the course of his time at SIB, he has been involved in various issuances of sukuk by SIB and other transactions where SIB acts as a joint lead manager. Prior to joining SIB, Mr Wahab worked at Tabarak Partners and before that at Pakistan Kuwait Investment Company. He holds a Master's in Business Administration from the Institute of Business Administration, Karachi, Pakistan and a Post Graduate Diploma from Wharton Business School, University of Pennsylvania.

Business Address and Interests

The business address for each member of the Senior Management is P.O. Box 4, Sharjah, United Arab Emirates.

No member of the Senior Management has any actual or potential conflict of interest between his duties to SIB and his private interests or other duties.

Board Remuneration

The members of the Board of Directors of SIB received AED 15 million in aggregate by way of board remuneration during the year ended 31 December 2024.

Committees of the Board

Executive Committee

The Executive Committee consists of three members and is headed by the Chairman of the Board of Directors. The Executive Committee acts as the Board of Directors' senior executive management ensuring that the Board of Directors meets its strategic and operational objectives. The Executive Committee collectively monitors the performance of SIB and makes decisions within the authority limits delegated to it by the Board of Directors.

The Executive Committee meets at least once a quarter.

Group Audit Committee

The Group Audit Committee consists of four members and is headed by the Chairman or the Vice Chairman of the Board of Directors, with the Group Chief of Internal Audit Division acting as the secretary to the committee. The main purpose of the Group Audit Committee is to assist the Board in fulfilling its oversight responsibility by overseeing SIB's financial reporting processes, maintaining accounting policies and reviewing and approving financial information. The Group Audit Committee is also responsible for reviewing reports on SIB's internal controls, managing the relationship with SIB's external auditors and monitoring control issues which are of a major significance to SIB.

The Group Audit Committee meets once a quarter.

Board Risk Committee ("BRC")

The BRC consists of four members and is headed by a director of SIB. The committee has the CEO as a permanent invitee and the GCRO as secretary. The main purpose of the BRC is to assist the Board in fulfilling its oversight responsibility by overseeing the risks inherent in the businesses of SIB and the control processes with respect to such risks, reviewing the risk profile of SIB and managing the risk management compliance and control activities of SIB. In addition, the BRC provides a critical assessment of SIB's business strategies and plans from an enterprise risk perspective. The BRC is also responsible for ensuring that appropriate policies and procedures are in place for managing risks to which SIB is exposed.

The BRC meets once every quarter.

Board Nomination, Compensation and Governance Committee ("BNCGC")

The primary purpose of the BNCGC is to lead the process for appointing Board members and senior management, determining compensation and assessing the effectiveness of the Board and its Committees. Additionally, the BNCGC oversees the performance of subsidiaries and recommends the appointment of Internal *Shari'ah* Supervisory Committee members to the Board for approval.

Profit Distribution Committee ("PDC")

The primary purpose of the PDC is to assist the Board in overseeing the Profit Distribution mechanism for managing Displaced Commercial Risk through the establishment of a Profit Equalization Reserve. This involves setting aside amounts from profits before allocation between the Investment Account Holders and SIB. The PDC also provides robust oversight to ensure that profit equalisation, including the utilisation of reserves, is effectively monitored. Additionally, the committee regularly reviews investment policies and the performance of the asset portfolio in which Islamic account holders' funds are invested. The PDC further ensures the implementation of the governance policy framework, aiming to protect stakeholder interests in accordance with the HSA and ISSC resolutions.

Management Committees

Management Committee

The Management Committee (MC) consists of thirteen members and is headed by the CEO. The scope of the MC includes all cross functional issues that are not covered in the scope of other committees. Typically, the MC covers areas including strategy, policies, human resources, marketing and administrative processes. In addition, the MC is responsible for liaising with each of the other divisions in SIB.

The members of the MC comprise the heads of SIB's functional divisions, together with representatives of its three subsidiaries. The MC meets once a month.

Investment Committee

The Investment Committee (IC) consists of five members and is headed by the CEO. The IC is responsible for reviewing SIB's investment portfolio and transactions emanating from the investment division on behalf of the Board of Directors.

The members of the IC comprise the CEO, the Deputy CEO, the GCRO (as member / observer), the Group Chief Financial Officer and the Head of Investments, Treasury and Financial Institutions. The IC meets at regularly.

IT Steering Committee

The IT Steering Committee (ITSC) consists of four members and is headed by the CEO. The ITSC provides strategic and tactical guidance for managing SIB's overall technology systems over the long and short term to ensure that IT initiatives are consistent with the strategic business goals of SIB. The ITSC is responsible for providing guidance for the prioritisation and implementation of technology initiatives, reviewing IT operations, security plans and policies and reviewing SIB's overall IT development, strategic opportunities and plans.

Asset and Liability Committee

The ALCO consists of ten members and is headed by the CEO. The objective of ALCO is to derive the most appropriate strategy for SIB in terms of the balance of assets and liabilities given its expectations of the future and the potential consequences of profit rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. ALCO is responsible for ensuring that all strategies conform to the appropriate risk level and exposure, as determined by the Board of Directors.

The members of the ALCO comprise:

- Chief Executive Officer;
- Deputy Chief Executive Officer;
- Credit Risk Officer;
- Head of Investments, Treasury and Financial Institutions;
- Head of Retail Banking Group;
- Head of Corporate Banking Group;
- Head of Credit Division;
- Head of Strategic Development;
- Head of Treasury Division; and
- Chief Operating Officer.

The ALCO meets frequently to discuss and develop policy matters.

Information Security Committee (ISC)

The Information Security Committee (ISC) consists of 15 members and is headed by the GCRO. The purpose of the ISC is to ensure that there is clear direction and visible management support for information security initiatives. The committee is responsible for the following:

- To provide oversight of information security policies, procedures, plans, and execution intended to provide confidentiality, availability, and integrity of the information;
- To formulate the tasks related to Information Security Management System (ISMS) rollout like Risk Management, Policy and Procedure Deployment, Information Security Awareness, Information Security Incident Monitoring, Measurement of control effectiveness, etc;
- To oversee the effectiveness of the information security controls with respect to the information systems, including network security and data security;

- To monitor the significant development in information security related projects, incidents handling and risk mitigation; and
- To review the changes to significant threats and exposures of information assets against cyberattacks, insider activity, error or control failure.

Credit Committee

The Credit Committee (CC) consists of six members and is headed by the CEO. The CC is responsible for managing the credit risk of SIB by reviewing credit limits, policies and procedures. The CC also approves certain positions of SIB and evaluates work out situations, as well as monitoring SIB's financing portfolio and the sufficiency of provisions.

The members of the CC comprise:

- Chief Executive Officer;
- Deputy Chief Executive Officer;
- Head of Corporate Banking Group;
- Head of Investments, Treasury and Financial Institutions;
- Head of Liabilities Banking Group; and
- Group Chief Risk Officer (observer).

The CC meets twice every week.

Human Resource Committee

The Human Resource Committee (HRC) is responsible for making and overseeing decisions relating to employee compensation and benefits, workforce planning performance management and Emiratisation strategies, including ensuring the retention of UAE nationals while maintaining overall quality of human capital employed at SIB.

The members of the HRC comprise the CEO, Deputy CEO, the Head of Investments, Treasury and Financial Institutions and Head of the Human Resources Group. The HRC members meets once a month to design, implement and review human resources strategies to be applied at SIB.

Model Oversight Committee

The primary purpose of the Model Oversight Committee (MOC) is to ensure that the Bank makes well-informed, data-driven decisions by optimising the effectiveness of models in supporting decision-making. This will enhance the accuracy and reliability of decisions across various functions within the Bank, including risk management, pricing, forecasting, and strategy development.

Human Resources

The Human Resource function of SIB is a key strategic partner of the Management as it facilitates the achievement of SIB's "Vision, Mission and Values", by ensuring that SIB attracts, develops, engages and retains employees who meet and surpass expectations and are assets to SIB's business. SIB's HR philosophy is to be the 'Employer of Choice', by providing a culture of respect, knowledge sharing, teamwork and digitalisation.

To achieve its mission, SIB regularly benchmarks its HR policies and practices with its peers within the industry to gain the best practices for its employees. SIB continuously refines its scope of work and deliverables by actively listening to employees, and learning from best-in-class competitors, by adopting world-class technology and international trends. (e.g. using technology in automating its processes for operational efficiency and effectiveness).

Employees

As of 31 December 2024, SIB employed 1,372 full time employees. Correspondingly, the employee turnover registered a notable decrease from 6.57 per cent. in 2023 to 6.32 per cent. in 2024.

Following an initiative on employee engagement, HR conducted “Business Partnering Objective 2023”, where the HR Team conducted face-to-face meetings with a large number of departments and branches to build a closer rapport and connect with SIB's employees. The aim was to collect information with the intention of supporting the introduction, integration and improvement of SIB's policies, processes and strategies. Key changes incorporated in light of the feedback that was received were:

- the introduction of 15 flexible minutes at work start time, to support the balance of productivity, operational and individual needs; and
- a change to SIB's current Medical Insurance coverage in order to provide its employees and their family members with better health and wellbeing.

SIB continues its endeavours towards improvements through benchmarking and updating its policies and processes in alignment with the UAE Labor Law and UAE Central Bank regulations. These initiatives include:

- updating the current Conflict of Interest Policy;
- the Fit and Proper Policy for Senior Management;
- Succession Planning for Senior Management;
- Introducing the Fair Dealing Policy;
- revising the current Disciplinary Policy; and
- updating the Employee Code of Conduct.

In terms of transforming SIB's processes through digitalisation, SIB has:

- launched a HR Service Desk platform, accessible through the local intranet – Bawabati. All employees can forward their enquiries and service requests to a centralised point of contact within HR;
- in respect of monitoring service quality, conducted an online HR Service Desk Survey across SIB to collect valuable employee feedback for services received from the HR Team and direct the collected feedback towards enhancements to its service offerings;
- in respect of employee wellbeing and productivity, ensured that strategic deliverables and work objectives were not compromised by providing the necessary tools to facilitate work access for employees who required to work from home due to health issues;
- enhanced its employee performance management system to reduce the steps involved in completing the appraisal process; and
- increased Code of Conduct awareness via e-learning and face to face training.

SIB's Code of Conduct has been integrated with cultural standards mandated by internal policies, external guidelines from UAE Central Bank and UAE Labor Law. This is specifically to ensure fair dealing and compliance between the organisation, customer and its employees. To ensure that the Code of Conduct is understood by every employee across the bank and its subsidiaries, an online awareness assessment has been initiated to maintain the highest level of integrity and ethical standards.

Protecting the business and interests of SIB's customers are at the forefront of SIB's banking operations. Consumer Protection regulations have been included in SIB's HR policies and Code Of Conduct, through e-Learning modules for employee awareness.

As at 31 December 2023				
	Key management personnel	Major shareholders	Other related parties	Total
	<i>(AED thousands)</i>			
Investment in Islamic financing.....	441,672	4,239,638	5,778,496	10,459,806
Investment securities measured at fair value.....	-	602,574	-	602,574
Investment securities measured at amortised cost.....	-	963,979	-	963,979
Customers' deposits.....	(224,179)	(3,890,069)	(3,521,260)	(7,635,508)
Contingent liabilities – off balance sheet	-	3,142	164,123	167,265
Statement of profit or loss				
For the year ended 31 December 2023				
Income from investments in Islamic financing and sukuk..	15,254	261,669	395,034	671,957
	(3,630)	(202,846)	(92,951)	(299,427)
Depositors' share of profit.....	-	-	1,359	1,359
Fee and commission income.....	-	-	1,359	1,359

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision Department while its Examination Division conducts reviews of banks periodically based on the risk profile of each bank (i.e., risk-based supervision examination). It also reviews all of the returns submitted by the banks to the UAE Central Bank. This regulatory oversight also includes a granular scrutiny of all financial and non-financial returns filed with the UAE Central Bank.

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each emirate. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (**IMLF**) enabled non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. Additionally, the UAE Central Bank's extension of the spectrum of "Eligible Collateral" under the Collateralised Murabaha Facility in March 2015 enabled Islamic banks to access central bank liquidity against collateral as is the case for conventional banks under the IMLF.

Characteristics of the Banking System

Lack of Consolidation

The UAE could be viewed as an over-banked market, even by regional standards, with 61 banks (comprising 23 locally incorporated banks and 38 foreign banks (including 11 foreign wholesale banks)) licensed to operate inside the UAE as at 30 September 2024 (source: the UAE Central Bank, September 2024), serving a population estimated to be in the region of 11.1 million people in 2024 (source: World Population Review).

There has traditionally been little impetus for consolidation. The federal structure of the UAE has, to some extent, encouraged the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also hampered the process of consolidation. The relatively small size of most UAE banks has occasionally hindered them from competing for large financing transactions in the region. It also means that they have comparatively small franchises with which to absorb capital costs, such as IT system development. However, in October 2007, the UAE's then second and fourth largest banks at the time, EBI and National Bank of Dubai PJSC merged to become Emirates NBD PJSC. In October 2010, Dubai Islamic Bank PJSC took a controlling stake of 58.25 per cent. in Tamweel. The merger between National Bank of Abu Dhabi and First Gulf Bank which was consummated on 30 March 2017, the merger between Abu Dhabi Commercial Bank, Union National Bank and Al Hilal Bank which was consummated on 1 May 2019, and the acquisition of Noor Bank by Dubai Islamic Bank which was consummated in January 2020, are anticipated to stimulate further moves towards greater consolidation amongst UAE banks.

While such continued consolidation would reduce the level of concentration in the domestic banking sector, it would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources to absorb capital costs.

Moreover, the UAE's membership of the World Trade Organisation will likely require greater economic liberalisation but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

Domestic Focus

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector.

With a large number of banks, competing for a limited number of wholesale lending opportunities, most banks have turned to retail banking, a previously untapped market. However, increasing competition in this area is gradually eroding margins and encouraging a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and internet and mobile application banking services. As a consequence, information technology costs have been a prominent feature of many UAE banks' expenses in addition to employee costs.

Limited Foreign Ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

During 2002, the Government of Dubai issued a decree establishing the Dubai International Financial Centre (**DIFC**). The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

In 2013, the Government sought to replicate the success of the DIFC by announcing its intention to establish the Abu Dhabi Global Market (**ADGM**) in Abu Dhabi, as an international financial free zone with its own legal framework (closely based on English common law). The ADGM became operational in mid-2015 and, as at 31 December 2020 had 2,932 registered entities.

Federal Law No. 14 of 2018 (which entered into force with effect from 23 September 2018) (**2018 Federal Law**) amended the minimum permissible shareholding by UAE nationals in UAE banks to 60 per cent., thereby introducing opportunities for non-UAE nationals to hold interests of up to 40 per cent. in UAE banks.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see "*Risk Factors – Risk Factors relating to SIB and its Business - The UAE's economy is highly dependent upon its oil revenues*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. In particular, Sharjah is not a large oil producer, being a net consumer of oil products (with the mining and quarrying sector accounting for 2.5 per cent. of Sharjah's GDP in 2022, according to the UAE Federal Competitiveness and Statistics Authority (formerly the National Bureau of Statistics)) and it enjoys a relatively diverse economy.

Islamic Banking

Shari'ah (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are

structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Al Hilal Bank P.J.S.C., Ajman Bank, SIB and Amlak Finance. In addition, conventional financial institutions often offer *Shari'ah* compliant products and the majority of local and international conventional financial institutions that operate in the UAE also offer *Shari'ah* compliant products through their Islamic windows. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks.

The 2018 Federal Law requires financial institutions licenced by the UAE Central Bank to operate their business activities in compliance with the rules, standards and general principles established by the HSA and, in certain circumstances, requires such financial institutions to obtain the consent of the HSA before undertaking certain licenced financial activities. The fatwas and opinions issued by the HSA are binding on internal *Shari'ah* supervisory committees of Islamic banks in the UAE.

In May 2018, the UAE Securities and Commodities Authority issued Chairman Decision No. 20/R.M. of 2018 on the Offering or Issuance of Islamic Securities (the **ISRs**), in order to add an additional layer of disclosure and transparency to the UAE's sukuk market and strengthen investor protection. The ISRs apply to: (i) domestic issuers of *Shari'ah*-compliant securities seeking to offer those securities either within or outside the UAE; and (ii) foreign issuers of certain *Shari'ah*-compliant securities seeking to offer those securities into the UAE. The ISRs outline a number of key disclosure requirements that must be included in the offering document, a number of specific requirements in respect of the fatwa as well as the continuing obligations that apply to *Shari'ah*-compliant securities, including the provision of an annual *Shari'ah* report.

Legal Environment

There are three primary sources of law in the UAE: federal laws and decrees; local laws; and *Shari'ah* (Islamic) law. In addition, Emiri decrees can be issued by the rulers of each of the emirates which, when issued, have full legal effect and operation in such emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

Supervision of Banks

8 The main legislation applicable to the banking system is the 2018 Federal Law which repeals Federal Law No. 10 of 1980 concerning the status of the UAE Central Bank. The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the Government would ultimately stand as de facto defender of the currency and the "lender of last resort".

The 2018 Federal Law grants the UAE Central Bank powers to:

- draw up and implement monetary policy;
- exercise currency issuance;
- organise licensed financial activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of the 2018 Federal Law and international standards;
- set up appropriate regulations and standards for protection of customers of licensed financial institutions;

- monitor the credit condition in the UAE, in order to contribute to the achievement of balanced growth in the national economy;
- manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base as per the provisions of the 2018 Federal Law; and
- regulate, develop, oversee and maintain soundness of the financial infrastructure systems in the UAE, including electronic payment systems, digital currency and stored value facilities.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue government debt. However, the UAE Central Bank does issue certificates of deposit (**CDs**) to UAE banks, denominated in both U.S. dollars and UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. There is presently no active secondary market in these securities, but they can be redeemed at face value at the UAE Central Bank at any time. In 2007, the UAE Central Bank introduced an auction system which allows U.S. dollar drawings against UAE dirham CD holdings.

The UAE dirham is linked to the IMF's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices.

- 9 The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing UAE Central Bank Notice No. 74/2019 concerning Procedures for Anti-Money Laundering, UAE Central Bank Notice No. 79/2019 concerning standards on Anti-Money Laundering and Federal Decree Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations. The UAE Central Bank has established a Financial Intelligence Unit and has launched an online filing system which provides an enhanced AML reporting mechanism. In addition, the UAE Central Bank has issued a number of detailed regulatory instructions in respect of AML and procedures.
- 10 The UAE further strengthened its legal authority to combat terrorism and terrorist financing by passing Federal Law No. 20 of 2018 on Combating Terrorism Offences, which provided for the establishment of a National Anti-Money Laundering and Counter Financing Terrorism Committee. The UAE Central Bank has also updated its National Risk Assessment for 2019 on Money Laundering and Terrorist Financing (with the updated assessment being posted on the UAE Central Bank's reporting portal). This update explains the methodology applied to assess inherent money laundering and terrorist financing risks in the UAE, the process for such assessment and the results. Financial institutions must ensure full awareness in respect of the updated assessment and must designate employees for ensuring compliance with AML and CTF requirements in the UAE as well as to take necessary steps to include the results of internal AML and CTF risks assessments within relevant reports to the UAE Central Bank.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the DFM and the ADX (both of which were established in 2000), have grown over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index in 2014, they continue to experience bouts of volatility.

The Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In May 2011, the DFM acquired two thirds of the shares in Nasdaq Dubai, in accordance with the plans announced in December 2009 to consolidate markets. The two markets linked their platforms in July 2010, through the outsourcing by Nasdaq Dubai of its trading, clearing, settlement and custody functions for equities to DFM's systems. Responsibility for maintaining Nasdaq Dubai's Official List was transferred to the Dubai Financial Services Authority with effect from 1 October 2011. The DFM and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which presents an opportunity for an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

Most of the larger banks in the UAE have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 83.3 per cent. of the workforce for the year ended 31 December 2019 (compared to the national labour force participation rate of 47.6 per cent.) (source: FCSA Labour Force Survey). The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, to ensure increased representation of Emiratis in the UAE financial sector (overall as well as in critical roles) and to support their professional development, the UAE Central Bank has introduced a point based scoring system in 2017 as part of its Emiratisation policy, which takes into account the employment and progression of Emirati employees in the organisation in order to encourage the development and deployment of UAE nationals in critical roles at a variety of levels.

Accounting Standards

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards). Although this has led to a substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector.

Recent Trends in Banking

Profitability

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008 allowed UAE banks to expand significantly. However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system.

With the improvement in global and regional economic growth, better liquidity conditions and higher foreign direct investment, the banking sector in the UAE had recovered well by the end of 2019 and continued to generate profits, albeit at a more moderate and sustainable pace. Regulatory developments and increased compliance requirements also moderated growth in the profitability of the UAE banking sector. In 2020, the macro-economic environment (both globally and within the UAE) was materially affected by the COVID-19 pandemic (see further "*The United Arab Emirates Banking Sector and Prudential Regulations – Recent Trends in Banking – COVID-19*") with global GDP contracting by 3.1 per cent and UAE GDP contracting by 4.8 per cent. (source: UAE Central Bank, Annual Report 2021). However, global GDP grew by 5.9 per cent. and real GDP in the UAE grew by 3.8 per cent. in 2021 (source: UAE Central Bank, Annual Report 2021). In 2022 global GDP growth dropped to 2.9 per cent. whereas real GDP growth in the UAE reached 5.1 per cent. in 2022 (source: International Monetary Fund). In 2023, global GDP growth is expected to drop to 2.7 per cent. whereas real GDP growth in the UAE is expected to drop to 4.2 per cent. (source: International Monetary Fund).

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan / financing to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, financing comprises financing and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time-based customer deposits made by private individuals or private sector companies. According to preliminary data made available by the UAE Central Bank, resident deposits constituted approximately 90.4 per cent. of total deposits of the UAE banking sector (excluding inter-bank deposits and bank drafts but including commercial prepayments and financings under repurchase agreements) as at 31 December 2024. Of these, government and government related-entity (**GRE**) deposits constituted approximately 30.5 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and financings under repurchase agreements) as at 31 December 2024. As at 30 June 2023, government and GRE deposits constituted approximately 29.5 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and financings under repurchase agreements).

In addition to these measures, the UAE federal government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

The UAE Central Bank has tightened regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management. In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the **Liquidity Notice**) and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

- The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:
- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with its liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which were intended to apply until the Basel III LCR and NSFR (each as defined below) come into effect. These include the following:

	<u>Ratio</u>	<u>Applicability Period</u>
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	1 January 2019 onwards
	Net Stable Funding Ratio (NSFR < 100%)	1 January 2018 onwards

The liquidity coverage ratio (the **LCR**) represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose.

As part of the UAE Central Bank's gradual implementation of the Basel III reforms in the UAE, the UAE Central Bank introduced LCR in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. as of 1 January 2019. This graduated approach was designed to ensure that the LCR could be introduced without disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity in the UAE.

The advances to stable resources ratio (the "**ASRR**") is an interim ratio which applies to UAE banks until they become subject to the NSFR (as described below). The ASRR identifies key uses of funds as well as the different types of funding sources used by banks. It assigns stability factors to the sources of funds and required stable funding (usage) factors to asset classes. After applying the relevant factors, the net uses of funds is divided by the net sources of funds and the result should be less than 100 per cent.

The net stable funding ratio (the "NSFR") is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("ASF") factors to the sources of funds and required stable funding ("RSF") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors follow the Basel III NSFR standards. The minimum NSFR is 100 per cent.

Interim Marginal Lending Facility

On 15 April 2014, the UAE Central Bank introduced the IMLF which allows non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF will let lenders use certain assets as collateral to obtain one-day overnight loans from the UAE Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE base rate.

Collateralised Murabaha Facility

On 22 June 2011, the UAE Central Bank announced that it would be offering a Collateralised Murabaha Facility to banks in the UAE to provide a source of liquidity to banks. On 22 March 2015, the UAE Central Bank extended the spectrum of "Eligible Collateral" for the existing Collateralised Murabaha Facility to include *Shari'ah* compliant securities, effective from 1 April 2015. Islamic banks operating in the UAE, such as SIB, can now access funds from the UAE Central Bank on an overnight basis by posting eligible securities as collateral.

Contingent Liquidity Insurance Facility

On 1 March 2022, the UAE Central Bank introduced the Contingent Liquidity Insurance Facility ("CLIF") which allows UAE banks, in the event of stress, to use certain rated securities to access UAE Central Bank liquidity on an overnight or term basis to help their liquidity management during times of market stress.

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE and a draft law guaranteeing federal deposits was approved by the UAE's National Federal Council in May 2009. In addition, the 2018 Federal Law provides that the board of directors of the UAE Central Bank may issue regulations for the protection of deposits and the rights of depositors. However, until such time as any such law or regulations are passed, there is no guaranteed government support.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the relevant bank, but inspections are carried out in all banks in accordance with the UAE Central Bank's enforcement policy. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent.; claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent.; and GCC sovereign debt is risk-weighted at zero per cent.

In May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the **Consultation Document**), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlined the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (together, **Regulatory Capital**). It also outlined, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital. On 23 February 2017, UAE Central Bank published the "Regulations re Capital Adequacy" (the **February 2017 Regulations**) in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by the accompanying standards entitled "Standards for Capital Adequacy of Banks in the UAE" which were published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CB UAE/BSD/N/2020/4980 (the **Accompanying Standards**). The Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements.

In November 2020, the UAE Central Bank issued the "Regulations re Capital Adequacy" standards (the **November 2020 Regulations**). The following standards of the November 2020 Regulations are effective as of August 2021: Tier Capital Supply, Tier Capital Instruments, Pillar 2 - ICAAP, Credit Risk, Market Risk and Operational Risk.

The standards on credit risk, market risk, operational risk and other remaining capital standards were initially issued on 7 January 2020 and were supposed to become effective on 30 June 2020 but were postponed due to COVID-19. The UAE Central Bank decided to implement the remaining capital standards in a phased-in approach instead, starting with the standards on credit, market and operational risk, which became effective in the second quarter of 2021 (phase 1). The standards on counterparty credit risk, equity investment in funds, securitisations, leverage ratio and Pillar 3 (except for credit value adjustment (CVA)) became effective in the fourth quarter of 2021 (phase 2). The remaining standard on CVA and Pillar 3 for CVA became effective in 2022 (phase 3) and completed the Basel III implementation in the UAE.

In response to COVID-19, UAE Central Bank allowed banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

See further "Description of Sharjah Islamic Bank PJSC – Risk Management – Basel III – Capital Adequacy".

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements set a mandatory cash reserve of 7 per cent. of all current, call and savings deposits and 1 per cent. of all time deposits, respectively, based on average balances calculated on a fortnightly basis.

Credit Controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual clients, economic sectors and foreign countries.

The UAE Central Bank's circular dated 23 February 2011 on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013), as amended by Notice No. CBUAE/BSN/2020/1799 dated 8 April 2020 and Resolution No. 31/2/2020 Amending Circular No. 31/2013 (the **Mortgage Regulations**), introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the consumer with the repayment period not exceeding 48 months. Additionally, the Mortgage Regulations specify that the amount of mortgage loans for non-UAE nationals should not exceed 80 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 70 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 85 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 75 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Large Exposures

The UAE Central **Bank** defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single person/entity or group of related persons/entities exceeding prescribed limits.

The UAE Central Bank published the Large Exposure Notice in the Official Gazette on 30 December 2013 and it entered into force on 30 January 2014. The Large Exposure Notice introduced limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	Individual	Aggregate
UAE federal government.....	Not applicable	Not applicable
UAE local government and their non-commercial entities.....	No cap for UAE local government; 25% for each non-commercial entity	100%
Commercial entities of UAE federal government and UAE local government.....	25%	100%
A single person/entity or a group of related persons/entities.....	25%	Not applicable
Shareholders who own 5% or more of the bank's capital and related entities.....	20%	50%
Domestic interbank exposures (over one year)	30%	Not applicable
Overseas interbank exposure (over one year)	30%	Not applicable
Exposure to bank's subsidiaries and affiliates	10%	25%
Board members.....	5%	25%
Bank's employees.....	Maximum 20 months' salary	3%

Provisions for Loan Losses

For UAE banks, IFRS 9 was introduced for financial reporting periods commencing on 1 January 2018, replacing IAS 39 and introducing an ECL model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. IFRS 9 provision uses a three stage approach in recognising increased credit risk at each stage of risk (i.e., Stage 1 for current facilities, Stage 2 for significant increase in credit risk and Stage 3 for impaired loans).

As part of the UAE Central Bank's stimulus package in response to COVID-19, banks are able to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau (the **AECB**) is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations.

The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

COVID-19

In response to the COVID-19 outbreak, effective from 15 March 2020, the UAE Central Bank implemented a Targeted Economic Support Scheme (the **TESS**) including a range of measures aimed at mitigating the effects of COVID-19 on the UAE economy. The measures introduced by the TESS expired on 30 June 2022. The TESS was accompanied by other stimulus measures, including the reduction of interest/profit rates and the following measures:

- decreasing the UAE Central Bank's minimum reserve requirement for all current, call and savings deposits from 14 per cent. to 7 per cent.;
- postponing the planned implementation of certain Basel III capital requirements from 30 June 2021 to 30 June 2022; and
- allowing banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This allowed IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

As at the date of this Prospectus, SIB has accessed support available to it through the TESS. In addition, SIB has also availed of the opportunity to apply a prudential filter to its IFRS 9 expected loss provisions. In 2021, SIB fully repaid the AED 825 million it received as part of the UAE Central Bank's AED 50 billion TESS assistance package which was designed to support local banks during the COVID-19 pandemic. The funds were provided as a short-term facility to address liquidity needs and no balance remains outstanding.

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 by Certificateholders at the specified office of the Principal Paying Agent (as defined in the Conditions).

DECLARATION OF TRUST

The Declaration of Trust will be entered into on 4 June 2025 between SIB, the Trustee and the Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets will comprise (i) the cash proceeds of the issuance of the Certificates pending application thereof in accordance with the terms of the Transaction Documents; (ii) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets; (iii) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given by SIB (acting in any capacity) pursuant to any of the Transaction Documents and the covenant given to the Trustee pursuant to clause 12.1 of the Declaration of Trust); and (iv) all amounts standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

The Declaration of Trust shall provide that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available therefor from the Trust Assets, subject to the priority of payments set out in Condition 5.3. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) or any other person to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; and
- (b) 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 Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee shall irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including but not limited to the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the relevant provisions of the Declaration of Trust 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, exercise all of the rights of the Trustee under the Mudaraba Agreement and any of the other Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the provisions of the Declaration of Trust and the Conditions. The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject to certain provisions of the Declaration of Trust, shall not affect the Trustee's continuing role and obligations as trustee.

Pursuant to the Declaration of Trust:

- (a) if a SIB Event occurs and a Dissolution Notice is delivered by the Delegate to the Trustee, the Delegate may at its discretion, or shall, if so requested in writing by Certificateholders holding at least 20 per cent. of the aggregate face amount of the Certificates then outstanding, in each case subject to Condition 12.3(e)(i) take one or more of the following steps: (i) institute any steps,

actions or proceedings for the winding-up of SIB and/or (ii) prove in the winding-up of SIB and/or (iii) institute steps, actions or proceedings for the bankruptcy of SIB; and/or (iv) claim in the liquidation of SIB and/or (v) take such other steps, actions or proceedings which, under the laws of the UAE, have an analogous effect to the actions referred to (i) to (iv) above, in each case for (subject to the provisos contained in Condition 12.3(a), all amounts of Mudaraba Capital, Rab-al-Maal Mudaraba Profit, Rab- al-Maal Final Mudaraba Profit and/or other amounts due to the Trustee on termination of the Mudaraba Agreement in accordance with its terms and the terms of the other Transaction Documents); and

- (b) without prejudice to Conditions 12.1, 12.3 and the provisions of clause 17 of the Declaration of Trust, the Trustee (or the Delegate) may at its discretion or the Delegate shall if so requested in writing by Certificateholders holding at least 20 per cent. of the aggregate face amount of the Certificates then outstanding and without further notice (subject in each case to Condition 12.3(e)(i)) institute such steps, actions or proceedings against SIB, and the Delegate may at its discretion and without further notice institute such steps, actions or proceedings against the Trustee, as it may think fit to enforce any term or condition binding on SIB or the Trustee (as the case may be) under the Transaction Documents (other than any payment obligation of SIB under or arising from the Transaction Documents, including, without limitation, payment of any principal or satisfaction of any payments in respect of the Transaction Documents, including any damages awarded for breach of any obligations) including, without limitation, any failure by SIB to procure the substitution of the Trustee in the circumstances described in Condition 12.2, and in no event shall SIB, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it in accordance with the Transaction Documents.

A Transaction Account will be established in London in the name of the Trustee. Monies received in the Transaction Account will, *inter alia*, comprise payments of amounts due to the Trustee under the Mudaraba Agreement immediately prior to each Periodic Distribution Date (see "*Summary of the Principal Transaction Documents – Mudaraba Agreement*" below). The Declaration of Trust shall provide that all monies credited to the Transaction Account from time to time will be applied in the order of priority set out in Condition 5.3.

MUDARABA AGREEMENT

The Mudaraba Agreement will be entered into on 4 June 2025 between the Trustee (as Rab-al-Maal) and SIB (as Mudareb) and will be governed by English law.

The Mudaraba will commence on the date of payment of the Mudaraba Capital to the Mudareb and will end (i) on the date on which all, but not some only, of the Certificates are redeemed in accordance with the Conditions following the final constructive liquidation of the Mudaraba in accordance with the terms of the Mudaraba Agreement (the "**Mudaraba End Date**") or (ii) (if earlier) (A) in the case of a Write-down resulting in the reduction of the Prevailing Face Amount of each Certificate then outstanding to nil, on the Non-Viability Event Write-down Date or (B) on the date on which any Relevant Obligation is due and on such payment date any of the Solvency Conditions are not satisfied or a bankruptcy order in respect of the Mudareb has been issued by a court in the UAE.

Pursuant to the Mudaraba Agreement the proceeds of the issue of the Certificates will be contributed by the Trustee to the Mudareb and shall form the Mudaraba Capital. The Mudaraba Capital shall be invested by the Mudareb on an unrestricted co-mingling basis in its general business activities carried out through the general mudaraba pool of SIB comprising: (i) SIB's shareholders' equity; (ii) proceeds of all current savings and investment deposit accounts with SIB; (iii) any other source of funds (howsoever generated or structured) included in the General Mudaraba Pool by SIB from time to time; and (iv) following contribution of the Mudaraba Capital on the commencement date of the Mudaraba, the Mudaraba Capital (the "**General Mudaraba Pool**") in accordance with the investment plan prepared by the Mudareb and scheduled to the Mudaraba Agreement (the "**Investment Plan**"). The Mudareb will acknowledge and agree in the Mudaraba Agreement that the Investment Plan was prepared by it with due skill, care and attention, and acknowledge that the Trustee has entered into the Mudaraba and the Mudaraba Agreement in reliance on the Investment Plan.

The Mudareb is expressly authorised to co-mingle the Mudaraba Assets with any of the other assets of the General Mudaraba Pool from time to time during the Mudaraba Term, **provided that** prior to the calculation

of any Mudaraba Profit or Final Mudaraba Profit the Mudareb shall deduct a proportion of any profit earned from the co-mingled assets (excluding the Mudaraba Assets).

The Mudaraba Agreement provides that the profit (if any) generated by the Mudaraba will be distributed by the Mudareb on each Mudaraba Profit Distribution Date on the basis of a constructive liquidation of the Mudaraba by the Mudareb in accordance with the following profit sharing ratio:

- (a) the Trustee (as Rab-al-Maal) 90 per cent; and
- (b) the Mudareb 10 per cent.

If the Mudareb elects to make a payment of Mudaraba Profit or Final Mudaraba Profit is otherwise payable pursuant to the Mudaraba Agreement, and the Trustee's share of the Mudaraba Profit (the "**Rab-al-Maal Mudaraba Profit**") or the Trustee's share of the Final Mudaraba Profit (the "**Rab-al-Maal Final Mudaraba Profit**") (as applicable) payable to the Trustee is (i) greater than the then applicable Periodic Distribution Amount, the amount of any excess shall be credited to a reserve account (the "**Mudaraba Reserve**") for and on behalf of the Rab-al-Maal and the Rab-al-Maal Mudaraba Profit or the Rab-al-Maal Final Mudaraba Profit (as applicable) payable to the Trustee shall be reduced accordingly; or (ii) less than the then applicable Periodic Distribution Amount, the Mudareb shall first utilise any amounts standing to the credit of the Mudaraba Reserve (after re-crediting amounts to the Mudaraba Reserve pursuant to the Mudaraba Agreement) and, if a shortfall still exists, it may (at its sole discretion) elect (but shall not be obliged) to make one or more payments from its own cash resources in order to cover such shortfall. If the Mudareb elects to make payments from its own cash resources in order to cover such shortfall, it shall be entitled to recover such amounts at a later date from (i) the monies (if any) standing to the credit of the Mudaraba Reserve and (ii) if, following such recovery, any amount remains outstanding for recovery (the "**outstanding recovery amount**"), the proceeds of the liquidation of the Mudaraba on the Mudaraba End Date.

The Mudareb shall be entitled (at its sole discretion) to deduct amounts standing to the credit of the Mudaraba Reserve at any time prior to the Mudaraba End Date and to use such amounts for its own purposes **provided that** such amounts shall be re-credited by it to the Mudaraba Reserve if so required to fund a shortfall pursuant to the circumstance referred to above.

The Mudaraba Agreement does not require the Mudareb to make payments to the Trustee of amounts equal to, or sufficient to enable the Trustee to pay, any amounts due under the Certificates irrespective of the amount of Mudaraba Profit generated by the Mudaraba Assets at the relevant time or (as the case may be) irrespective of the amount of Dissolution Mudaraba Capital generated by any liquidation of the Mudaraba, and the Trustee acknowledges in the Mudaraba Agreement that there is no guarantee of any return from the Mudaraba Assets.

If the Mudareb makes a Non-Payment Election or a Non-Payment Event occurs, then the Mudareb shall give notice to the Trustee, the Principal Paying Agent, the Delegate and the Certificateholders, in each case providing details of such Non-Payment Election or Non-Payment Event in accordance with the notice periods set out in the Mudaraba Agreement. In the absence of notice of such Non-Payment Election or a Non-Payment Event, as the case may be, having been given in accordance with the Mudaraba Agreement, the fact of non-payment of the relevant Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit on the relevant Mudaraba Profit Distribution Date or Mudaraba End Date, respectively, shall be evidence of the occurrence of a Non-Payment Election or Non-Payment Event, as the case may be. The Trustee shall have no claim in respect of any Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit due but not paid as a result of either (in the case of Rab-al-Maal Mudaraba Profit only) a Non-Payment Election or (in the case of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit) a Non-Payment Event (in each case irrespective of whether notice of such Non-Payment Election or Non-Payment Event, as the case may be, has been given) and such non-payment in such circumstance will not constitute a Dissolution Event. Any such Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit which is not paid to the Trustee in such circumstances shall be credited by the Mudareb to the Mudaraba Reserve, and the Mudareb shall be entitled to (at its sole discretion) to deduct amounts standing to the credit of the Mudaraba Reserve at any time prior to the Mudaraba End Date and to use such amounts for its own purposes **provided that** such amounts shall be re-credited by it to the Mudaraba Reserve if so required to fund a shortfall pursuant to the circumstance referred to above.

If any amount of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit is not paid as a consequence of a Non-Payment Election or Non-Payment Event (the "**Dividend Stopper Date**"), the Mudareb shall be prohibited from declaring or paying certain distributions or dividends, declaring or paying profit or other distributions on certain of its securities, or redeeming, purchasing, cancelling, reducing or otherwise acquiring certain of its share capital and securities, in each case unless or until the next following payment of Rab-al-Maal Mudaraba Profit or, as the case may be, Rab-al-Maal Final Mudaraba Profit following a Dividend Stopper Date, is made in full to the Trustee following such Non-Payment Election or Non-Payment Event (or an amount equal to that amount has been duly set aside or provided for in full for the benefit of the Trustee).

Subject to certain conditions as set out in the Mudaraba Agreement, the Mudareb may (in its sole discretion) liquidate the Mudaraba in whole, but not in part, on the basis of a final constructive liquidation of the Mudaraba for the purposes of (i) firstly, returning capital (the "**Dissolution Mudaraba Capital**") to the Trustee; and (ii) secondly, paying the Rab-al-Maal Final Mudaraba Profit to the Trustee (the aggregate of (i) and (ii) being the "**Liquidation Proceeds**") on the Mudaraba End Date, in the following circumstances:

- (a) on any Call Date by giving not less than 15 nor more than 20 days' prior notice to the Trustee and the Delegate; or
- (b) on any date, on or after the Issue Date (whether or not a Periodic Distribution Date), by giving not less than 15 nor more than 20 days' prior notice to the Trustee and the Delegate:
 - (i) upon the occurrence of a Tax Event; or
 - (ii) upon the occurrence of a Capital Event.

If the Mudareb exercises its option to liquidate in accordance with paragraph (a) or (b) above and the Liquidation Proceeds are less than the aggregate of (i) the Mudaraba Capital, (ii) subject to a Non-Payment Event not having occurred and be continuing and **provided that** a Non-Payment Event will not occur as a result of such payment, the Rab-al-Maal Final Mudaraba Profit (being an amount equal to the Periodic Distribution Amount payable on the redemption of the Certificates in full), and (iii) any outstanding recovery amount pursuant to the paragraph above, the Mudareb shall either continue investing the Dissolution Mudaraba Capital in the Mudaraba, and accordingly no distribution of the Liquidation Proceeds shall occur, or shall proceed with the final constructive liquidation of the Mudaraba and, without duplication with any Rab-al-Maal Final Mudaraba Profit payable pursuant to the Mudaraba Agreement, indemnify the Trustee in respect of such shortfall and transfer the Liquidation Proceeds into the Transaction Account provided that that Mudareb is not otherwise in breach of the Mudaraba Agreement in which case there shall be a final constructive liquidation of the Mudaraba.

Under the terms of the Mudaraba Agreement, the Mudaraba will be liquidated in whole but not in part if at any time an order is made, or an effective resolution is passed, for the winding-up, bankruptcy, dissolution or liquidation (or other analogous event) of the Mudareb and/or if a SIB Event occurs and a Dissolution Notice is delivered pursuant to Condition 12.1. The Mudareb acknowledges under the Mudaraba Agreement that the Trustee shall in such case be entitled to claim for all amounts due in accordance with the terms of the Mudaraba Agreement in such winding-up, bankruptcy, dissolution or liquidation (or analogous event) subject to certain conditions being satisfied.

The Mudaraba Agreement also provides that if a Non-Viability Event occurs at any time on or after the Effective Date, a Write-down will take place. In the case of a Write-down resulting in:

- (a) the partial reduction of the Prevailing Face Amount (corresponding to the *pro rata* share of the Mudaraba Capital) of each Certificate then outstanding, the Mudaraba Capital shall be reduced by the relevant Write-down Amount with effect from the Non-Viability Event Write-down Date; and
- (b) the reduction of the Prevailing Face Amount (corresponding to the *pro rata* share of the Mudaraba Capital) of each Certificate then outstanding to nil, the Mudaraba Agreement will be automatically terminated with effect from the Non-Viability Event Write-down Date and the Trustee shall not be entitled to any claim for any amounts in connection with the Mudaraba Assets.

The Mudareb and the Trustee undertake in the Mudaraba Agreement, in circumstances where the Certificates are required by SIB to be varied upon the occurrence of a Tax Event or a Capital Event pursuant

to the Conditions, to take such steps and make such variations to the Mudaraba Agreement as are necessary to ensure that the Certificates become or, as appropriate, remain Qualifying Tier 1 Instruments.

The Mudareb shall not be responsible for any losses to the Mudaraba Capital suffered by the Trustee unless such losses are caused by (i) the Mudareb's breach of the Mudaraba Agreement or (ii) the Mudareb's gross negligence, wilful misconduct or fraud.

The Mudareb shall exercise its rights, powers and discretions under the Mudaraba Agreement and take such action as it deems appropriate in accordance with material applicable laws, with the degree of skill and care that it would exercise in respect of its own assets, in accordance with the Sharia'a Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), from time to time, as interpreted by the Internal Sharia Supervision Committee of SIB and, to the extent applicable, the resolutions of the Higher Sharia Authority of the Central Bank and in a manner that is not repugnant to Shari'a.

Under the Mudaraba Agreement, the Trustee and the Mudareb agree that, on the Mudaraba End Date, the Mudareb will calculate and distribute the Final Mudaraba Profit (if any) in accordance with the Mudaraba Agreement and in doing so: (i) the Rab-al-Maal Final Mudaraba Profit payable to the Trustee will (if generated) be an amount equal to the final Periodic Distribution Amount, provided however that payment of the same shall be prohibited in circumstances where a Non-Payment Event has occurred or where a Non-Payment Event will occur as a result of such payment; and (ii) subject to the Mudaraba Agreement, the balance of amounts standing to the credit of the Mudaraba Reserve, after paying all amounts due to the Trustee pursuant to the Mudaraba Agreement, shall be paid to the Mudareb as an incentive for its performance under the Mudaraba Agreement.

Other than its share of profit from the Mudaraba and any incentive payable in accordance with the Mudaraba Agreement, the Mudareb shall not be entitled to receive any remuneration from the Mudaraba.

The Mudareb will agree in the Mudaraba Agreement that all payments by it under the Mudaraba Agreement will be made free and clear of and without any withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed or levied by or on behalf of any Relevant Jurisdiction unless required by law. In the event there is any such withholding or deduction in relation to any Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as the case may be, the Mudareb shall pay Additional Amounts as shall result in the receipt by the Trustee of such net amounts of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as the case may be, as would have been receivable by it if no such withholding or deduction had been required. To the extent that any such Additional Amounts are paid by the Mudareb, the Mudareb shall be entitled to recover amounts equal to such Additional Amounts from the amounts (if any) standing to the credit of the Mudaraba Reserve and if, following such recovery a shortfall remains between the amounts standing to the credit of the Mudaraba Reserve and such Additional Amounts paid by the Mudareb (such shortfall, the "**Additional Amounts Shortfall**"), the Mudareb shall be entitled to recover amounts equal to such Additional Amounts Shortfall from any Liquidation Proceeds (after taking into account amounts equal to the then applicable Dissolution Distribution Amount payable to the Trustee on the Mudaraba End Date pursuant to the Mudaraba Agreement). Any taxes incurred in connection with the operation of the Mudaraba (including in connection with any transfer, sale or disposal of any Mudaraba Asset during the Mudaraba Term) will be borne by the Mudaraba itself.

AGENCY AGREEMENT

The Agency Agreement will be entered into on 4 June 2025 between the Trustee, SIB, the Delegate, the Principal Paying Agent, the Calculation Agent, the Registrar and the Transfer Agent.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate (or procure the authentication of) and deliver the Global Certificate and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificate; the Calculation Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to calculate the Profit Rate in respect of each Reset Period commencing on the relevant Reset Date, subject to and in accordance with the Conditions; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificate and issue Definitive Certificates in accordance with each request.

On the Issue Date, the Registrar will (i) authenticate (or procure the authentication of) the Global Certificate and, if any, each Definitive Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificate to the Common Depositary.

SIB shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying Agent in London, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the liquidation of the Mudaraba, apply the monies standing to the credit of the Transaction Account in accordance with the order of priority set out in Condition 5.3.

SHARI'A-COMPLIANCE

Each Transaction Document provides that each of SIB Tier 1 Sukuk IIND Ltd and Sharjah Islamic Bank PJSC agrees that it has accepted the Shari'a-compliant nature of the Transaction Documents and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents (or any provision thereof) is *ultra vires* or not compliant with the principles of Shari'a;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a-compliance of the Transaction Documents; and
- (c) none of its obligations under the Transaction Documents shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents are not compliant with the principles of Shari'a.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates and does not constitute legal or tax advice. Prospective purchasers of the Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of Certificates and receiving payments under the Certificates. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

CAYMAN ISLANDS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments by the Trustee on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of principal or profit 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 has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

The Trustee has obtained an undertaking from the Governor in Cabinet of the Cayman Islands pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands that, for a period of 30 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee, or (ii) by way of the withholding in whole or part, of any relevant payment (as defined in the Tax Concessions Act (As Revised)). 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.\$1,128.05.

UAE

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates and pursuant to the Mudaraba Agreement is based on the taxation law and practice in force at the date of this Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Sharjah taxation in respect of payments on debt securities (including in relation to the Certificates). In the event of the imposition of any withholding in the future, the Trustee has undertaken to gross-up any payments subject to certain limited exceptions, as described in Condition 13.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**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. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to 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 participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Certificates are advised to seek their own professional advice in relation to the FTT.

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**" 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 published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 3 June 2025 between the Trustee, SIB and the Joint Lead Managers, the Trustee has agreed to issue and sell to the Joint Lead Managers U.S.\$500,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers (other than SIB in its capacity as such) have jointly and severally agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to the approval of certain legal matters by their counsel and certain other conditions. The Joint Lead Managers (other than SIB in its capacity as such) will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Lead Managers (other than SIB in its capacity as such) will also be reimbursed in respect of certain of their expenses, and each of the Trustee and SIB has agreed to indemnify the Joint Lead Managers against certain liabilities (as such term is defined in the Subscription Agreement) incurred in connection with the issue and offering of the Certificates in accordance with the terms of the Subscription Agreement.

Certain of the Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to SIB and/or their affiliates in the ordinary course of business.

SELLING RESTRICTIONS

UNITED STATES

The Certificates have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the 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 the Certificates and the Issue Date, 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 the Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

The Certificates are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Certificates, an offer or sale of Certificates within the United States by a dealer (whether or not participating in the offering of the Certificates) may violate the registration requirements of the Securities Act.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

UNITED KINGDOM

PROHIBITION OF SALES TO UK RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of FSMA and any rules and regulations made under FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

OTHER REGULATORY RESTRICTIONS

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or SIB; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

CAYMAN ISLANDS

Each Joint Lead Manager has represented and agreed that it has not made and will not make, whether directly or indirectly, any offer or invitation to the public in the Cayman Islands to subscribe for the Certificates.

UAE (EXCLUDING THE ABU DHABI GLOBAL MARKET AND THE DUBAI INTERNATIONAL FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that the Certificates 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.

ABU DHABI GLOBAL MARKET

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the Abu Dhabi Global Market unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Market Rules Module of the Financial Services Regulatory Authority (the "**FSRA**") Rules; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Module of the FSRA Rules.

DUBAI INTERNATIONAL FINANCIAL CENTRE

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority ("**DFSA**") rulebook; and

- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

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 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017 as amended by the Capital Market Authority resolution number 3-114-2024 dated 7 October 2024 (the "**KSA Regulations**"), made through a capital market institution licensed by the Capital Market Authority, in each case, in accordance with 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 institutional and qualified clients under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of, or as otherwise required or permitted by, the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Certificates to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

The 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 the KSA Regulations.

STATE OF KUWAIT

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold, promoted or advertised by it in the State of 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 the State of Kuwait.

KINGDOM OF BAHRAIN

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual who has a minimum net worth (either singly or jointly with their spouse) of U.S.\$1,000,000 excluding that person's principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or
- (d) any other entity which is an "accredited investor" as defined in the Central Bank of Bahrain Rulebook.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong by means of any document, any Certificates other than: (a) to "professional investors" as defined in the Securities and Futures

Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made 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(WUMPO)") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, 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.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

MALAYSIA

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (the "SC") under the Capital Markets and Services Act 2007 (the "CMSA").

Accordingly, each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or delivered and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 (or Section 229(1)(b)), Part I of Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(3)) of the CMSA, 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 SC 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 Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

SWITZERLAND

Each Joint Lead Manager has acknowledged, that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Certificates and has represented and agreed that the Certificates may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made by it to admit the Certificates to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Certificates constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Certificates may be publicly distributed or otherwise made publicly available in Switzerland.

GENERAL

None of the Trustee, SIB nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Trustee or SIB that would permit a public offering of the Certificates, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers any Certificates or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other offering or publicity material relating to the Certificates, in all cases at its own expense.

GENERAL INFORMATION

LISTING

Application has been made to Euronext Dublin for the Certificates to be admitted to listing on the Official List and to trading on the Euronext Dublin Regulated Market. The Euronext Dublin Regulated Market is a regulated market for the purposes of MiFID II. It is expected that the listing of the Certificates on the Official List and admission of the Certificates to trading on the Euronext Dublin Regulated Market will be granted on or around 4 June 2025.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on the Euronext Dublin Regulated Market for the purposes of the Prospectus Regulation.

The expenses in relation to the admission of the Certificates to trading on the Euronext Dublin Regulated Market will be approximately €10,740.

Application has also been made to the DFSA for the Certificates to be admitted to the DFSA Official List and to Nasdaq Dubai for the Certificates to be admitted to trading on Nasdaq Dubai. It is expected that the listing of the Certificates on the DFSA Official List and admission of the Certificates to trading on Nasdaq Dubai will be granted on or around 4 June 2025. The total expenses relating to the admission to trading of the Certificates on Nasdaq Dubai are estimated to be U.S.\$7,000.

AUTHORISATION

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 13 May 2025. SIB Tier 1 Sukuk IIND Ltd, in its capacity as issuer and trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents. The entry by SIB into the Transaction Documents was authorised by the shareholders of SIB on 23 February 2025 by a resolution of the Board of Directors of SIB on 13 May 2025.

CLEARING SYSTEMS

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN is XS3039166791 and the common code is 303916679. The Financial Instrument Short Name (FISN) is SIB TIER 1 SUKU/ASST BKD PERP RESTN and the Classification of Financial Instruments (CFI) Code is DBFXPR, each as may be updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, LI 855 Luxembourg.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial performance or financial position or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial performance or financial position or trading position of SIB and its subsidiaries since 31 March 2025 and there has been no material adverse change in the prospects of SIB and its subsidiaries, in each case, since 31 December 2024.

LITIGATION

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Neither SIB nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the SIB is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of SIB or any of its subsidiaries.

AUDITORS

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 or appoint any auditors.

The current independent auditor of SIB is KPMG Lower Gulf Limited (Dubai Branch) (**KPMG**), of Level 4, The Offices-5 at One Central, Sheikh Zayed Road, P.O. Box 3800 Dubai, United Arab Emirates. KPMG audited the Q1 2025 Financial Statements and the 2024 Financial Statements in accordance with International Standards on Auditing and issued unqualified audit opinions as stated in their independent auditor's report thereon. KPMG were first appointed as auditors of SIB in the annual general meeting held on 18 February 2024 for the financial periods commencing 1 January 2024.

The 2023 Financial Statements were audited by PricewaterhouseCoopers Limited Partnership Dubai Branch (PwC), in its capacity as the independent auditor of SIB for the financial periods prior to 1 January 2024.

DOCUMENTS AVAILABLE

For as long as any Certificates remain outstanding, copies of the following documents will, when published, be available for inspection from <https://www.sib.ae>:

- (a) the Memorandum and Articles of Association of the Trustee and the constitutional documents (with an English translation thereof) of SIB; and
- (b) the Declaration of Trust, the Mudaraba Agreement and the Agency Agreement.

This Prospectus will be available for viewing on (i) the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) and (ii) the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

Joint Lead Managers transacting with SIB

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, SIB (and its affiliates) in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade 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 SIB or SIB's affiliates (including the Certificates). Certain of the Joint Lead Managers or their affiliates that have a financing relationship with SIB routinely hedge their credit exposure to SIB consistent with their customary risk management policies. Typically, such Joint Lead Managers 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 trading positions in securities, including potentially the Certificates. Any such trading positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers 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, in the case of Joint Lead Managers other than SIB, hold, or recommend to clients that they acquire, trading positions in such securities and instruments. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Cayman Islands Data Protection

The Trustee has certain duties under the Data Protection Act (as Revised) of the Cayman Islands (the "DPA") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

SHARI'A APPROVALS

Internal *Shari'a* Supervisory Committee (ISSC)

The ISSC oversees the application of all Shari'a provisions in respect of all businesses activities carried out by SIB and ensures that all transactions are in strict compliance with Shari'a principles with a specific mention to AAIOFI Shari'a Standards as well as relevant Higher Shari'a Authority (HSA) and ISSC fatwas (Shari'a opinions) and resolutions. The Board of Directors of SIB is obliged to abide by the fatwas and resolutions of the HSA and ISSC regardless of whether a unanimous or majority vote secured the decision. ISSC meetings are held periodically or whenever the need arises.

The ISSC reviews and approves finance products structures, procedures and documentation and templates and treasury and investments transactions (including sukuk and syndications) which enable SIB to follow market trends while maintaining the highest levels of Shari'a compliance. It also analyses and reviews unprecedented or one-off cases which have not been covered by an existing fatwa in order to ensure Shari'a compliance before any new transactions are executed or any new procedures are applied.

As at the date of this Prospectus, the members of SIB's ISSC are:

Dr. Jassem Ali Salem Al Shamsi (Chairman), who heads the ISSC (formerly Fatwa & Shari'a Supervisory Board) of Sharjah Islamic Bank, having been appointed in March 2013. He was previously the Dean of the Faculty of Shari'a & Law at UAE University, Al Ain. He holds a Ph.D in Civil Law from Ain Shams University. He has authored numerous books and research papers with a special focus on comparative studies of laws with Islamic jurisprudence.

Dr. Ibrahim Ali Abdullah Al Mansoori (ISSC Member and Managing Director), who holds a Ph.D. in Islamic Banking & Economy. He is an associate professor in Sharjah University and Ajman University. He is the author of various studies and papers on contemporary matters relating to Islamic banking and various Shari'a issues. He joined ISSC (previously SIB's Fatwa & Shari'a Supervisory Board) in March 2013.

Dr. Ali Al Junaidi (ISSC Member) is a holder of a PhD in Fiqh and its Asool from Al Yarmouk University, Jordan. He has authored many publications and scientific researches as well as various contributions in academic and scientific courses. Currently he is an associate professor in the Law Faculty in the University of UAE. He is also a member of various Shari'ah advisory committees in banks and Islamic financing firms.

Dr. Mohammed Obadeh Adi (ISSC Member), as a PhD holder in Islamic Studies from Wales University, currently holds the position of Head of Internal Sharia Control Division, Al Hilal Bank, with of 25 years of experience as Lecturer in Sharia and Islamic Banking. He is tasked with the control and supervision of banking activities, as well as structuring and developing Shariah compliant finance and investment products. He also works as a member of various Shariah committees.

Dr. Yasir Ali Shihab Al Hosani (ISSC Trainee Member) is a PhD holder in Fiqh and its Asools from the Sharjah University, CSAA from Accounting Auditing Organization for Islamic Financial Institutions.

Dr. Yasir is the author of various scientific researchs and ex-faculty member of the Sharjah University and Jummiera University, Dubai.

Standard Chartered Bank Global Shariah Supervisory Committee

Dr. Aznan Hasan

Dr. Aznan Hasan is an Associate Professor in Islamic Law at Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia and has taught Islamic law there since 2003. He is also the President of the Association of Shariah Advisors in Islamic Finance and has been the Deputy Chairman of the Shariah Advisory Council, Securities Commission of Malaysia since July 2010. He was a member of the Shariah Advisory Council, Bank Negara Malaysia (from November 2006 to August 2008 and from November 2010 to October 2013). He is also Shari'ah adviser to Maybank Islamic in Malaysia and has been advising ABSA Islamic Banking, South Africa since July 2010.

Dr. Nizam Yaquby

Dr. Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in Economics and Comparative Religions and MSc in Finance from McGill University, Canada, and also holds a PhD in Islamic Law from the University of Wales. In addition to advising Islamic finance institutions and funds, Dr. Nizam Yaquby is a member of the Islamic Fiqh Academy and AAOIFI. Since 1976, Dr. Nizam Yaquby has taught Tafsir, Hadith and Fiqh in Bahrain and is a Shariah adviser to several international and local financial institutions worldwide. He has also published several articles and books on various Islamic subjects including on banking and finance.

Dr. Mohamed Ali Elgari

Dr. Elgari holds a PhD in Economics from the University of California. He is a professor of Islamic Economics at King Abdul Aziz University and an expert at the Islamic Jurisprudence Academies of the Organisation of Islamic Countries, having published several articles and books on Islamic finance. Dr. Elgari is a member of the Shari'ah boards of several Islamic banks and Takaful companies, including the Shari'ah board of Dow Jones International Islamic Fund Market. He also sits on the Shari'ah boards of AAOIFI and is a member of the advisory board of Harvard Series on Islamic Law.

TRUSTEE AND RAB-AL-MAAL

SIB Tier 1 Sukuk IIND Ltd
c/o MaplesFS Limited
P.O. Box 1093, Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

MUDAREB

Sharjah Islamic Bank PJSC
P.O. Box 4
Sharjah
United Arab Emirates

DELEGATE

Citibank, N.A. London Branch
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PRINCIPAL PAYING AGENT, CALCULATION AGENT, AND TRANSFER AGENT

Citibank N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

JOINT LEAD MANAGERS

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Level 27
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P.O. Box 506687
Dubai
United Arab Emirates

Dubai Islamic Bank PJSC
P.O Box 1080
Dubai
United Arab Emirates

Emirates NBD Bank PJSC
c/o Emirates NBD Capital
Baniyas Road
Deira, PO Box 777
Dubai
United Arab Emirates

First Abu Dhabi Bank PJSC
FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Kamco Investment Company K.S.C.P.
Al-Shaheed Tower
Khalid Ibn Al-Waleed Street
P.O. Box 28873, Safat 13149, Sharq
State of Kuwait

**Mashreqbank psc (acting through its Islamic
Banking Division)**
Mashreqbank
Global Headquarters
Al Umniyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai, United Arab Emirates

Standard Chartered Bank
7th Floor Building One, Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

AUDITORS TO SIB

*For the financial periods prior
to 1 January 2024*

*For the financial periods
commencing 1 January 2024*

**PricewaterhouseCoopers Limited Partnership
Dubai Branch**
Emaar Square
Building 5
Level 8
P.O. Box 11987
Dubai
United Arab Emirates

KPMG Lower Gulf Limited (Dubai Branch)
Level 4, The Offices-5 at One Central
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P.O. Box 3800
Dubai,
United Arab Emirates

LEGAL ADVISERS

*To the Trustee
as to Cayman Islands law*

Maples and Calder (Dubai) LLP
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United Arab Emirates

*To SIB
as to English law and UAE law*

Clifford Chance LLP
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*To the Joint Lead Managers
as to English law and UAE law*

Dentons UK and Middle East LLP
One Fleet Place
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EC4M 7WS
United Kingdom

*To the Delegate
as to English law*

Dentons UK and Middle East LLP

One Fleet Place
London
EC4M 7WS
United Kingdom

IRISH LISTING AGENT

Arthur Cox Listing Services Limited

Ten Earlsfort Terrace
Dublin 2
Ireland