

## NAMA Product Terms and Conditions

### Preamble

Whereas (A), the Customer (the “Investor”), wishes to invest its funds with the Bank in its daily investment activities as per the data set out in “NAMA Product Investment Request” e-page;

(B) the Bank has the capabilities that enable it to do so and wishes to conclude an Investment Transaction with the Investor as per the details set out in the “Bank’s Offer” e-page;

The parties have agreed, with their full capacity as required by Sharia’h and law, that the Investment Transaction to be concluded under this request shall be governed by the following terms and conditions:

1. The above preamble and the schedules attached hereto shall be deemed an integral part hereof and shall be construed accordingly.

### 2. Definitions:

**2.1 Investment Amount:** The amount paid by the Investor to the Bank by deduction from its current account to be invested in the different investment activities of the Bank as set out in “NAMA Product Investment Request” e-page;

**2.2 Modaraba Funds:** The funds of all Investors in NAMA product in the relevant pool;

**2.3 Investment Pool:** The pool in which the Bank collects the funds of all Investors (the “Modaraba Funds”) and its own funds and invests them in the various operations it manages;

**2.4 Bank’s Offer:** An investment offer communicated by the Bank to the Investor in accordance with the “Bank’s Offer” e-page;

**2.5 Investor’s Acceptance:** The Investor’s acceptance to conclude the Investment Transaction by clicking the acceptance option in this e-page;

**2.6 Investment Date:** The date on which the Bank receives the Investment Amount from the Investor, which represents the investment commencement date set out in the “Bank’s Offer” e-page;

**2.7 Maturity Date:** The date on which the proceeds of the Investment Transaction shall be paid to the Investor, which is the next business day following the subscription period end date as specified by the Bank in the “Bank’s Offer” e-page;

**2.8 Investment Period:** The number of days between the subscription period commencement date (included) to the subscription period end date (excluded) as set out in the “Bank’s Offer” e-page;

**2.9 Profit Sharing Rate:** The common share of the Investment Transaction’s profit due to each party and agreed between the Bank and the Investor as set out in paragraph 5.1 hereof;

**2.10 Anticipated Profit Amount:** The Investor’s share in the profit anticipated to be generated by the Bank from investing the investment’s amount during the investment term as set out in the “Bank’s Offer” e-page;

**2.11 Anticipated Periodic Profit Rate:** Part of the anticipated profit amount that the Investor expects to receive on the Profit Distribution Date as per the relevant profit distribution frequency;

**2.12 Profit Distribution Date/Dates:** The date/dates on which the Anticipated Periodic Profit Amount is paid or added to the investment’s amount during the investment term;

**2.13 Profit Distribution Frequency:** The number of times a profit is distributed during the investment term as per the annual calendar (i.e. monthly “each ... days”, quarterly “each ... days”, biannually “each ... days”, or annually “each ... days”);

**2.14 Anticipated Profit Rate:** The profit rate calculated annually and expected to be generated by the Bank with respect to the Investment Transaction as set out in the “Bank’s Offer” e-page;

**2.15 Investment Transaction Profit:** The profit generated from investing the Investor’s capital in the Investment Pool according to the Investment Term and as defined in paragraph 5.1.2 b;

**2.16 Maturity Proceed:** The proceed payable to the Investor after deducting the Bank’s share as a Modareb from the profit of the Investment Transaction defined in paragraph 5.2;

**2.17 Business Day:** The day on which the Bank is open for business;

**2.18 Investment Transaction:** The outcome of the contract concluded between the Bank and the Investor upon agreement between the Offer and Acceptance pursuant to the Investor’s request in accordance with these terms and conditions.

### **3. Purpose**

3.1 These terms and conditions govern the contractual relationship between the Bank and the Investor where the Bank mixes its funds with the Modaraba funds in the Investment Pool and thereby becomes (a) a partner with its funds; and (b) a Modareb with the Investor’s funds.

3.2 The funds shall be invested in the daily investment activities of the Bank related to the relevant pool and approved by the Sharia'h Committee.

3.3 The profit generated shall be distributed as follows: the Bank shall get the profit of its fund and the Modaraba profit shall be distributed to the Bank and the Investor as per the provisions of Article (5) below.

3.4 The objective of the investment pool is to effectively manage the Investor's funds and generate returns from Sharia'h-compliant investments.

#### **4. Conclusion of the Investment Transactions**

4.1 By accepting these terms and conditions, the Investor shall be deemed to have authorized the Bank to deduct the Investment Amount from its account set out in the "NAMA Product Investment Request" e-page and invest the same in its daily investment activities approved by the Sharia'h Committee according to the details set out in the "Bank's Offer" e-page. The Bank has accepted the foregoing.

4.2 If the Customer opts for automatic renewal of the Investment Transaction, such renewal shall be in accordance with the Anticipated Profit Rate displayed on the e-channels of the Bank one (1) business day before the renewal date. If the Customer opts for non-renewal, the Customer may cancel renewal one (1) business day before the renewal date via the e-channels of the Bank or request the same from the concerned officer in the branch.

4.3 The Investor's funds shall be invested in a dedicated pool consisting of revenue generating investment with a high-level of stability in terms of fair value and cash flows.

#### **5. Method of Profit Calculation and Distribution**

5.1 The Bank (in its capacity as Modareb) and the Investor agreed that the Investor's share of the profit of the Investment Transaction shall be 99%, while the Bank's share shall be 1%. The proceed payable to each party shall be calculated as follows:

5.1.1 The profit of the Investment Pool shall be calculated daily based on the total profit minus any financial provisions deducted by the Finance Department with respect to the Investment Pool.

5.1.2 The Pool's daily collected profit shall be distributed to the Bank and the Investor based on capital contribution:

- a. The Bank shall get the profit rate commensurate with its share in the Investment Pool.
- b. The profit generated from investing the Investment Amount represents the profit of the Investment Transaction and shall be dealt with as provided for in paragraph 5.2.

5.2 The profit of the Investment Transaction shall be distributed as follows:

a. The Bank, in its capacity as a Modareb, shall get its share in the profit sharing rate, which shall be deducted from the profit of the Investment Account.

b. The remaining balance of the Investment Transaction, after deducting the Modareb's share, shall be the Maturity Proceed.

5.3 If the Maturity Proceed is greater than the Anticipated Profit Amount or the Anticipated Periodic Profit Amount as set out in the "Bank's Offer" e-page, the Bank shall get the extra amount as a performance bonus and the Investor shall only get the anticipated profit.

5.4 If the Maturity Proceed is less than the Anticipated Profit Amount or the Anticipated Periodical Profit Amount, the Investor shall not be entitled to receive more than the Maturity Proceed. The Bank may, at its discretion and without obligation, cover the difference between the Maturity Proceed and the Anticipated Profit Amount.

5.5 The Bank offer three options for profit distribution as set out in the preamble:

5.5.1 Depositing the investment amount and the accrued return into the Investor's account set out in the preamble on the maturity date;

5.5.2 Depositing the accrued return into the Investor's account set out in the preamble on each profit distribution date according to the profit distribution frequency. On the maturity date, the investment amount and the accrued return for the remaining period shall be deposited into the Investor's account set out in the preamble;

5.5.3 Using the accrued return, on each profit distribution date according to profit distribution frequency, to increase the investment amount in the investment pool. On the maturity date, the investment amount and the accrued return for the remaining period shall be deposited into the Investor's account set out in the preamble.

5.6 The Bank shall deposit the Investment Amount and the accrued return on the Maturity Date into the Investor's account set out in "NAMA Product Investment Request" e-page.

5.7 If the payable amount is paid on a non-business day, the payment shall be credited on the next business day without any addition to such payable amount.

## **6. Obligations of the Parties**

6.1 The Bank shall invest the funds of the Investment Pool in Sharia'h-compliant transactions as determined by the Sharia'h Committee.

6.2 The Bank commits that each Investment Transaction shall be payable on the maturity date.

6.3 The Bank shall study the early exit request that may be submitted by the Investor before the Maturity Date.

6.4 The Bank shall periodically provide the Investor with a statement specifying the Customer's share and Bank's share in the investment pool, the Investor's share in the profit, the Investor's accrued income and any other information as specified in paragraph 11.2 of the "Rules of Sharing the Profit of Investment Accounts" issued by SAMA in September 2022. Furthermore, the Bank shall have the right to amend or modify the sharing rate at any time it deems appropriate and any such amendment or modification shall be binding on the Customer after being communicated through any communication method, unless the Customer raises an objection to the same within 30 days from the notice date. The Customer's continuity in investing with the Bank or failing to request an exit or liquidation following the validity date of the amendment (as specified in the Bank's notice) shall be deemed an acceptance of such amendment.

6.5 The Customer's funds shall be invested in a dedicated pool consisting of revenue generating investments with a high-level of stability in terms of fair value and cash flows in accordance with the policies posted on the Bank's website.

## **7. General Terms**

7.1 In managing the Pool's funds on behalf of the Investors, the Bank may execute transactions in its name or the name of other persons appointed by it at its own discretion.

7.2 The Investor shall incur all risks associated with the Bank's investment of the funds of the Investment's Pool; except for losses resulting from the Bank's negligence or infringement.

7.3 Under these terms and conditions, the Bank shall be deemed to have been authorized to execute the Investment Transaction as well as paying funds required by such transaction or collecting the same on behalf of the Investor.

7.4 Electronic orders related to the Investment Transaction concluded under this request shall be saved.

7.5 Either party may submit the electronic orders as evidence in any legal proceedings related to this request.

7.6 (*for individual Customers only*) The Zakat of the Investment Account is obligatory (on the accountholder) if the balance of such account reaches the value of *Nisab* (minimum threshold) and one Hijri year has passed since meeting such *Nisab*. The Zakat shall be imposed on the percentage that corresponds to the Zakat assets of the Bank's total investments and financing representing the investment pool of that Modaraba-based account.

*\* This percentage is variable according to the change in the Bank's investments and financing for each product. To find out the percentage for calculating the Zakat when falls due, please, contact any approved channel.*

## **8. Representations and Warranties**

8.1 Each Party represents and warrants for the benefit of the other Party as of the date of concluding an Investment Transaction that:

8.1.1 It has the legal capacity required to conclude the Investment Transaction under these terms and conditions;

8.1.2 It is duly authorized to conclude the Investment Transaction;

8.1.3 The Investment Transaction contemplated under this request shall be binding and enforceable and shall not violate the terms of any other agreement to which it is a party;

8.1.4 Its execution of this request and each document related thereto and submitted to the other party shall be deemed approved;

8.1.5 Each party to the Investment Transaction shall always maintain the validity of all authorizations, approvals, licenses, and consents required to enable it to lawfully perform its obligations with respect thereto.

## **9. Law and Jurisdiction**

9.1 This contract shall be governed by and construed in accordance with, Sharia'h and Sharia'h-compliant rules and regulations applicable in Saudi Arabia.

9.2 Each dispute arises between the parties shall be settled by the competent judicial authority in Saudi Arabia if no amicable solution is reached.

## **10. Confidentiality**

Both parties commit to maintain the confidentiality of the Investment Transaction to be concluded under this request throughout its validity and thereafter, save to the extent that any such information shall become of public knowledge other than through the fault or violation of either party of these terms and conditions as well as to the extent that the disclosure is required by an order of a court of competent jurisdiction or a competent administrative authority in a relevant jurisdiction.

## **11. Force Majeure**

Neither party shall be under any liability for failure to fulfill any obligation hereunder, so long as the delay or failure in fulfilling such obligation is due to a force majeure event, provided that the party affected by such event has exercised due diligence at all times to minimize to the greatest extent possible the effect of the force majeure on its obligations hereunder.

## **12. Indemnity**

The Bank shall perform its obligations hereunder on behalf of the Investor. Accordingly, the Investor shall indemnify the Bank, its directors, officers, and employees against any and all losses, damages, costs, expenses, or the like which result from actions, claims, or proceedings incurred by the Bank or become subject to by way of the Bank's performance of its powers and obligations on behalf of the Investor hereunder, including taxes, fees, and commissions, except in case of the Bank's negligence, infringement, fraudulence, willful misconduct or violation to these terms and conditions.

### **13. Limitation of Liability**

The Bank and/or any of its employees shall not be liable for any losses, costs, fees, or any damages incurred by the Investor as a result of the Bank's performance of its obligations hereunder or any related agreement unless such losses, costs, fees or damages have resulted from the Bank's negligence, infringement, fraudulence, willful misconduct or violation to these terms and conditions.

### **14. Early Termination**

14.1 The Customer may terminate and exit the Investment Transaction before the Maturity Date.

14.2 The Bank shall consider the Early Exit Request and, if accepted, the Bank shall inform the Customer of the acceptance and the amended conditions of the Investment Transaction as per the "Early Termination in NAMA Product" form. The termination shall not come into full force and effect unless the Customer signs/agrees to accept such amended conditions, provided that early termination prior to the expiry of the contract shall not require disclosure by the Bank of the performance of the Investment Pool to the Customer.

### **15. Language**

These terms and conditions have been prepared and executed in Arabic and English. In the event of any discrepancy between the Arabic and English versions, or if any dispute arises over the interpretation of These terms and conditions, the ..... version shall prevail.

**Agree**

**Accept**

**Reject**

## Annex (1)

### Summary of the Policies for Valuing the PSIA's Pool of Assets

#### **Financing Assets:**

Financing assets are recognized upon actual disbursements. Financing assets are derecognized upon repayment, or when sold or written off, or upon transfer of substantially all risk and rewards of ownership.

All financing assets are initially **measured at fair value** including any incremental associated acquisition charges. **Subsequently, these are measured at amortized cost less allowance for impairment.** All of the Bank's financing products are approved by the Sharia'a Board.

Financing primarily includes Murabaha, Ijarah, Musharaka and Bei Ajel products. A brief description of these products is as follows:

***Murabaha:*** is an agreement whereby the Bank sells to a customer certain commodity or an asset, which the Bank has initially purchased. The selling price comprises of cost plus an agreed profit margin.

***Ijarah:*** is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset according to the customer (lessee) request, based on his promise to lease the asset for an agreed rent over a specific period.

Ijarah could conclude either by transferring the ownership of the leased asset to the lessee at an agreed amount or by termination of lease and re-possession of underlying asset.

***Musharaka:*** is an agreement between the Bank and the customer to contribute to a project, investment enterprise or property and concludes by transferring the full ownership of the underlying investment to the customer. The profit or loss is shared as per the terms of the agreement.

***Bei Ajel:*** is an agreement whereby the Bank sells on a deferred payment basis, to a customer certain commodity or an asset on a negotiated price.

#### **Investment Held at FVOCI:**

***Sukuk and like instruments:*** are measured at **FVOCI** only if they meet both of the following conditions and are not designated at FVSI:

- The asset is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and return on the principal amount outstanding.

Financial assets at FVOCI are **subsequently measured at fair value with gains and losses arising due to changes in fair values are recognized in OCI**. Commission income and foreign exchange gains and losses are recognized in profit or loss.

**Investments held at Amortized Cost:**

Investments are measured at **amortized cost** once they meet both of the following conditions and are not designated as at FVSI:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to a cash flow that are solely payments of principal and return on the principal amount outstanding.

Such investments are **initially measured at fair value** including any incremental associated acquisition charges. **Subsequently, are measured at amortized cost less allowance for impairment.**