

## BASE PROSPECTUS



### APICORP SUKUK LIMITED

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

#### Trust Certificate Issuance Programme

Under the certificate issuance programme described in this Base Prospectus (the "Programme"), APICORP Sukuk Limited (in its capacity as issuer, the "Issuer" and, in its capacity as trustee, the "Trustee"), subject to compliance with all applicable laws, regulations and directives, may from time-to-time issue trust certificates (the "Certificates"), each of which shall represent an undivided ownership interest in the relevant Trust Assets (as defined below), in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Each Tranche (as defined in the terms and conditions of the Certificates as set out in this Base Prospectus (the "Conditions")) of Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed (the "Master Trust Deed") dated 19 July 2023 entered into between the Trustee, Arab Petroleum Investments Corporation ("APICORP") and BNY Mellon Corporate Trustee Services Limited as delegate of the Trustee (the "Delegate", which expression shall include all persons for the time being the delegate or delegates under such Master Trust Deed); and (ii) a supplemental trust deed (the "Supplemental Trust Deed") in relation to the relevant Tranche. Certificates of each Series (as defined herein) confer on the holders thereof from time to time (the "Certificateholders") the right to receive certain payments (as more particularly described herein) arising from the relevant Trust Assets (as defined herein). The Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each Certificateholder.

The Certificates may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme" and any additional Dealer appointed under the Programme from time to time by the Trustee (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Certificates.

**The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

This Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank") as competent authority under Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Trustee, APICORP or the quality of the Certificates that are the subject of this Base Prospectus. 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 Certificates issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "Official List") and trading on the regulated market of Euronext Dublin. The regulated market of Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU (as amended, "MiFID II")). This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA"). The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. For the avoidance of doubt, the Trustee shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

The Certificates will be delisted from the Official List and/or any other of further stock exchanges following the occurrence of a Tangibility Event, see Condition 8.5 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*).

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "DFSA") under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012. Application has also been made to the DFSA for certain Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "DFSA Official List") maintained by the DFSA and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Certificates being listed (and all related references) shall mean that: (a) such Certificates have been admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List; and/or (b) such Certificates have been admitted to trading on Euronext Dublin's regulated market and have been admitted to the Official List.

The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, APICORP and the relevant Dealer. The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

Notice of the aggregate face amount of the Certificates, periodic distribution amounts (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the "applicable Final Terms") which: (i) with respect to Certificates to be listed on Euronext Dublin, will be delivered to the Central Bank and Euronext Dublin; and (ii) with respect to Certificates to be listed on Nasdaq Dubai, will be delivered to the DFSA and Nasdaq Dubai.

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, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined below), unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable security laws of any state of the United States. For a description of certain restrictions on offers and sales of Certificates and on the distribution of this Base Prospectus, see "Subscription and Sale".

The Trustee and APICORP may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Conditions of the Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Executive *Shari'a* Committee of HSBC Saudi Arabia, the Global *Shari'a* Supervisory Committee of Standard Chartered Bank and the Emirates NBD Islamic Internal *Shariah* Supervision Committee (together, the "Shari'a advisers"). as, in their view, complying with Shari'a principles as applicable to, and interpreted by, them. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in the approvals referred to above, including the 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) (see "Risk Factors – Risks Factors relating to the Certificates – Investors must make their own determination as to Shari'a compliance"). None of the Trustee, APICORP, the Arrangers (or their affiliates), the Dealers (or their affiliates), the Delegate or any of the Agents makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof (including, without limitation, any future trading of the Certificates on the secondary market) and none of the Trustee, APICORP, the Arrangers (or their affiliates), the Dealers (or their affiliates), the Delegate or the Agents shall be liable to any Certificateholder or any other person in respect thereof. Prospective investors 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.

APICORP has been assigned long term ratings of Aa2 (stable) by Moody's Deutschland GmbH ("Moody's") and AA (positive) by Fitch Ratings Ltd. ("Fitch"). Moody's is established in the European Union ("EU") and is registered under Regulation (EC) No. 1060/2009 (as amended, the "EU CRA Regulation"). The rating assigned by Moody's has been endorsed by Moody's Investors Service Limited and has not been withdrawn. Moody's Investors Service Limited is established in the United Kingdom ("UK") and registered under Regulation (EC) No 1060/2009 (as amended) as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK CRA Regulation"). Fitch Ratings Ltd. is established in the UK and registered under the UK CRA Regulation. Fitch is not established in the EU and has not applied for registration under the EU CRA Regulation. The rating assigned by Fitch has been endorsed by Fitch Ratings Ireland Limited and has not been withdrawn. Fitch Ratings Ireland Limited is established in the EU and is registered under the EU CRA Regulation. Moody's and Fitch Ratings Ireland Limited appear on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("ESMA") website at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation> in accordance with the EU CRA Regulation. Fitch and Moody's Investors Service Limited appears on the latest update of the list of registered credit rating agencies on the UK Financial Conduct Authority's (the "FCA") Financial Services Register. The rating of certain Series of Certificates to be issued under the Programme and the credit rating agency issuing such rating may be specified in the relevant Final Terms.

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

Amounts payable under the Certificates may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation") are set out in the section entitled "Benchmark Regulation".

<b>Arrangers</b>	
Crédit Agricole CIB	HSBC
J.P. Morgan	Standard Chartered Bank
<b>Dealers</b>	
Bank ABC	Crédit Agricole CIB
Emirates NBD Capital	First Abu Dhabi Bank PJSC
Gulf International Bank	HSBC
J.P. Morgan	SNB Capital
	Standard Chartered Bank

The date of this Base Prospectus is 19 July 2023

## IMPORTANT NOTICES

This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with each of the Trustee and APICORP and other persons, such as experts, whose opinions are included in this Base Prospectus with their consent. The DFSA has also not assessed the suitability of the Certificates issued under this Programme to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates issued under this Programme to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Each of the Trustee and APICORP accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Certificates issued under the Programme. To the best of the knowledge of the Trustee and APICORP, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import. The information on the websites to which this Base Prospectus refers do not form part of this Base Prospectus and have not been scrutinised or approved by the Central Bank.

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

Each Tranche of Certificates will be issued on the terms set out herein under "*Terms and Conditions of the Certificates*" as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto, and, in relation to any Tranche of Certificates, the applicable Final Terms. Copies of the applicable Final Terms will be available from the registered office of each of the Trustee and APICORP and the specified office set out below of the Principal Paying Agent (as defined herein).

Certain information contained in "*Risk Factors*" and "*Description of the Group*" (as indicated therein) has been extracted from independent, third party sources. Each of the Trustee and APICORP confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

None of the Dealers or the Delegate has independently verified the information contained or incorporated by reference 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 or incorporated by reference in this Base Prospectus or any other information provided by the Trustee or APICORP in connection with the Programme. None of the Dealers or the Delegate accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Trustee or APICORP in connection with the Programme, nor is any responsibility or liability accepted by them for any acts or omissions of the Trustee, APICORP or any other person (other than the relevant Dealer) in connection with the Base Prospectus or the issue and offering of Certificates under the Programme. To the fullest extent permitted by law, none of the Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with APICORP, or the issue and offering of the Certificates. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Trustee, APICORP, the Dealers or the Delegate to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Certificates and, if given or made,

such information or representation must not be relied upon as having been authorised by the Trustee, APICORP, the Dealers or the Delegate.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates: (a) is intended to provide the basis of any credit or other evaluation save for making an investment decision on the Certificates; or (b) should be considered as a recommendation by the Trustee, APICORP, the Dealers or the Delegate that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or the issue of any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and APICORP. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, APICORP, any of the Dealers or the Delegate to any person to subscribe for or to purchase any Certificates.

Neither the delivery of this Base Prospectus nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein concerning the Trustee and/or APICORP is correct as of any time subsequent to the date hereof or that any other ZZinformation supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate and the Dealers expressly do not undertake to review the financial condZition or affairs of the Trustee or APICORP during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, APICORP, the Dealers or the Delegate represents that this Base Prospectus may be lawfully distributed, or that any 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, APICORP, the Dealers or the Delegate which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base 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 Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area, the United Kingdom, the Kingdom of Bahrain, the Cayman Islands, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Japan, Singapore, Hong Kong, Malaysia, the Kingdom of Saudi Arabia, the State of Qatar, the Sultanate of Oman and the PRC, see "*Subscription and Sale*".

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

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

- (a) has 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 Base Prospectus or any applicable supplement;
- (b) has 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;

- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with principal or profit (howsoever described) payable in one or more currencies, or where the currency for principal or profit (howsoever described) is different from the potential Investor's Currency (as defined herein);
- (d) understands thoroughly the terms of the Certificates and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone 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 potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with 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 potential investor's overall investment portfolio.

Copies of Final Terms will be available from the specified office of the Principal Paying Agent (as defined below) save that, if the relevant Certificates are either (A) not listed on the Official List and neither admitted to trading on the regulated market of Euronext Dublin or any other regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation or (B) not listed on the DFSA Official List and admitted to trading on Nasdaq Dubai, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Certificates and such Certificateholder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of such Certificates and identity.

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

In making an investment decision, investors must rely on their own independent examination of the Trustee and APICORP and the terms of the Certificates being offered, including the merits and risks involved. The Certificates have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Trustee, APICORP or the Delegate 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.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (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 the Certificates under any applicable risk-based capital or similar rules.

## STABILISATION

**In connection with the issue of any Tranche, one or more relevant Dealers (the "Stabilisation Manager(s)") (or any person acting on behalf of any Stabilisation Manager(s)) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date of the relevant Tranche and, if begun, may cease at any**

**time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action must be conducted by the relevant Stabilisation Manager(s) (or persons on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## PRESENTATION OF GROUP FINANCIAL INFORMATION

### HISTORICAL FINANCIAL STATEMENTS

The financial statements relating to the Group and incorporated by reference in this Base Prospectus are:

- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2022, together with the notes thereto and the audit report in respect thereof (the "**2022 Financial Statements**"); and
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021, together with the notes thereto and the audit report in respect thereof (the "**2021 Financial Statements**" and, together with the 2022 Financial Statements, the "**Financial Statements**").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the "**IASB**") and interpretations issued by the International Financial Reporting Standards Interpretations Committee of the IASB (together, "**IFRS**").

APICORP's financial year ends on 31 December and references in this Base Prospectus to "**2022**", "**2021**" and "**2020**" are to the 12-month period ending on 31 December in each such year.

### INDEPENDENT AUDITORS

The consolidated financial statements of the APICORP and its subsidiaries as at 31 December 2022 and 2021 and for the years then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG Fakhro, independent auditors, as stated in its audit reports appearing therein. Such audits have been performed in accordance with the International Standards on Auditing as stated in such audit reports.

The business address of KPMG Fakhro is Fakhro Tower, 12th Floor, P.O. Box 710, Manama, Kingdom of Bahrain. KPMG Fakhro is registered with the Ministry of Industry, Commerce and Tourism in Bahrain. Some of the professionals of KPMG Fakhro are members in the Bahrain Accountants Association and/or international other professional bodies.

Certain financial information in this Base Prospectus is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements.

### CERTAIN NON-IFRS FINANCIAL INFORMATION

This Base Prospectus includes certain financial information which has not been prepared in accordance with IFRS and which also constitutes alternative performance measures ("**APMs**") as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. None of this financial information is subject to any audit or review by independent auditors.

#### Capital ratios

This Base Prospectus includes references to capital ratios, such as total and tier 1 capital ratios. Although these ratios are not IFRS measures, APICORP believes that they are important to understanding its capital position. APICORP's interpretation of any future planned ratios and the basis of its calculation of these ratios may be different from those of other financial institutions. See "*Selected financial information – Selected financial ratios (APMs)*".

Although the Group is not subject to any regulatory-imposed capital regime, APICORP calculates its capital ratios at Group level in accordance with Basel II methodology.

### CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning APICORP's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base

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 – Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents"* and *"Description of the Group"* and other sections of this Base Prospectus. APICORP has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although APICORP believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which APICORP has otherwise identified in this Base Prospectus, or if APICORP's underlying assumptions prove to be incomplete or inaccurate, APICORP's actual results of operations may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections *"Risk factors – Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents"* and *"Description of the Group"*, which include a more detailed description of the factors that might have an impact on the Group's business development and on the industry sectors in which the Group operates. This section does not describe the risk factors required by Article 16 of the Prospectus Regulation, and prospective investors in the Certificates should read the factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme at the section *"Risk Factors"* of this Base Prospectus.

The risks and uncertainties referred to above include:

- the level of international oil and gas prices which are subject to significant fluctuations for reasons that are beyond APICORP's control;
- APICORP's ability to realise the benefits it expects from existing and future investments it is undertaking or plans to undertake;
- APICORP's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and capital expenditures;
- actions taken by APICORP's joint venture partners or associates that may not be in accordance with its policies and objectives;
- the economic conditions in the markets in which APICORP and its investees operate;
- the impact which any future variants of the COVID-19 pandemic, or any other pandemic disease, may have on the Group; and
- changes in political, social or legal conditions in the markets in which APICORP and its investees operate.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, APICORP expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

### **Certain definitions**

In this Base Prospectus, unless otherwise specified:

- **"APICORP"** means Arab Petroleum Investments Corporation, a multilateral development bank;
- **"Establishing Agreement"** means the establishing agreement and statute for APICORP dated 23 November 1975 to which the governments of the 10 OAPEC Member States are signatories;
- **"GCC"** means the Gulf Co-Operation Council;
- **"Group"** means APICORP and its consolidated subsidiaries and associates;

- a "Member State" means a Member State of the European Economic Area;
- "MENA" means the Middle East and North Africa region;
- "OAPEC" means Organization of Arab Petroleum Exporting Countries;
- "OAPEC Member State" means each of the 10 member states of OAPEC, being the Democratic and Popular Republic of Algeria ("Algeria"), the Kingdom of Bahrain ("Bahrain"), the Arab Republic of Egypt ("Egypt"), the Republic of Iraq ("Iraq"), the State of Kuwait ("Kuwait"), the State of Libya ("Libya"), the State of Qatar ("Qatar"), the Kingdom of Saudi Arabia ("Saudi Arabia"), the Syrian Arab Republic ("Syria") and the United Arab Emirates (the "UAE");
- "PRC" means the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China; the Macao Special Administrative Region of the People's Republic of China and Taiwan);
- "Relevant Jurisdictions" means each of Saudi Arabia, Kuwait, the UAE, Libya, Iraq, Qatar, Algeria, Bahrain, Egypt and Syria; and
- "Shareholders" means the member states which are shareholders of APICORP, as named in *"Description of the Group – Overview"*.

In addition, references in this Base Prospectus to "**billion**" are to a thousand million, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**ID**" are to the lawful currency of Iraq; references to "**LD**" are to the lawful currency of Libya; references to "**LE**" are to the lawful currency of Egypt; references to "**SR**" or "**SAR**" are to the lawful currency of Saudi Arabia; references to "**TD**" are to the lawful currency of Tunisia; and references to "**Renminbi**", "**CNH**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC.

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in U.S. dollars. The Group's functional currency is the U.S. dollar and the Group prepares its financial statements in U.S. dollars.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for 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. Additionally, the figure "**0**" is used to indicate that a specific figure has been rounded to zero, whereas a dash indicates that there is no value for that column or row.

APICORP's website is [www.apicorp.org](http://www.apicorp.org). Unless specifically incorporated by reference into this Base Prospectus, the information contained on this website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

## VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker

Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, APICORP, the Arrangers, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

#### **NOTICE TO UK RESIDENTS**

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("AFIBs") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) 2001 (SI 2001/544) as amended, will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "FSMA")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any applicable Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (high net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be promoted. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any applicable Final Terms or any other marketing materials in relation to any Certificates.

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

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

#### **NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS**

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

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN**

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

This Base 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 Base 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 Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

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

#### **NOTICE TO RESIDENTS OF MALAYSIA**

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part 1 of Schedule 6 or Section 229(1)(b), Part 1 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 APICORP and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

#### **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

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

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

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

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

#### **NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE**

The applicable Final Terms in respect of any Series of Certificates may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Certificates pursuant to section 309B(1) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as amended or modified from time to time (the "**SFA**"). The Trustee will make a determination

in relation to each issue about the classification of the Certificates being offered for the purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

#### **EU MiFID II PRODUCT GOVERNANCE / TARGET MARKET**

The applicable Final Terms in respect of any Series of Certificates will include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

#### **UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

The applicable Final Terms in respect of any Series of Certificates will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the UK MiFIR Product Governance Rules, any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Certificates should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Certificates, is completed by the relevant Final Terms.*

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.*

*Words and expressions defined in the "Terms and Conditions of the Certificates" or elsewhere in this Base Prospectus have the same meanings in this overview.*

Issuer, Trustee and Purchaser:	APICORP Sukuk Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands. APICORP Sukuk Limited has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party.
Trustee's Legal Entity Identifier:	549300ULCH8IWYBS5X93
Obligor, Seller, Buyer and Service Agent:	Arab Petroleum Investments Corporation.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares with a nominal value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the " <b>Trustee Administrator</b> "), who provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to an amended and restated Corporate Services Agreement dated 12 July 2021 between the Trustee and the Trustee Administrator, as amended and restated from time to time (the " <b>Corporate Services Agreement</b> ").
Risk Factors:	There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme and APICORP's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme. These are set out under " <i>Risk Factors</i> ".
Arrangers:	Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, J.P. Morgan Securities plc and Standard Chartered Bank.
Dealers:	Arab Banking Corporation (B.S.C.), Crédit Agricole Corporate and Investment Bank, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, Gulf International Bank B.S.C., HSBC Bank plc, J.P. Morgan Securities plc, SNB Capital, Standard Chartered Bank and any other Dealers appointed from time to time in accordance with the Programme Agreement.
Delegate:	BNY Mellon Corporate Trustee Services Limited.
Principal Paying Agent:	The Bank of New York Mellon, London Branch.

Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Method of Issue:	Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of periodic distribution amounts thereon and the date from which periodic distribution amounts start to accrue.
Status of the Certificates:	<p>The Certificates represent an undivided <i>pro rata</i> ownership interest in the relevant Trust Assets (as defined below) and are limited recourse obligations of the Trustee. Each Certificate shall at all times rank <i>pari passu</i> and without any preference or priority with all other Certificates of the relevant Series. The payment obligations of APICORP (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application and subject to the negative pledge provisions described in Condition 6.2 (<i>Negative Pledge</i>), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.</p> <p>In respect of each Series, the Trustee shall hold the relevant Trust Assets for such Series upon trust absolutely for and on behalf of the Certificateholders of such Series <i>pro rata</i> according to the face amount of Certificates held by each holder of the relevant Series of Certificates. The "<b>Trust Assets</b>" of the relevant Series will comprise: (i) the rights, title, interests, benefits and entitlements, present and future of the Trustee in, to and under the Sukuk Assets from time to time (excluding any representations given by APICORP to the Trustee and/or the Delegate under any of the Transaction Documents); (ii) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by APICORP to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 16.1 of the Master Trust Deed); (iii) all moneys standing to the credit of the Transaction Account from time to time; and (iv) all proceeds of the foregoing.</p>
Limited Recourse:	The Certificates represent limited recourse obligations of the Trustee.
	No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds are available therefor from the relevant Trust Assets. Certificateholders will otherwise have no recourse to any assets of the Trustee or APICORP in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. See Condition 4.2 ( <i>Limited Recourse</i> ).
Negative Pledge:	The Certificates will have the benefit of a negative pledge granted by APICORP, as described in Condition 6.2 ( <i>Negative Pledge</i> ).
Issue Price:	The Certificates may be issued on a fully-paid basis and at an issue price as specified in the applicable Final Terms.
Scheduled Dissolution:	Unless the Certificates are previously redeemed or purchased and cancelled in full, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the

relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms.

Dissolution Events:

Upon the occurrence of any Dissolution Event and following delivery of a Dissolution Notice in accordance with Condition 12 (*Dissolution Events*), the Certificates shall be redeemed in full at the Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Dissolution Event Redemption Date. See Condition 12 (*Dissolution Events*).

Early Dissolution for Taxation Reasons:

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or APICORP has or will become obliged to pay any additional amounts pursuant to a Transaction Document, in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdictions (as defined in the Conditions) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series of Certificates, and such obligation cannot be avoided by the Trustee or APICORP (as the case may be) taking reasonable measures available to it, the Trustee shall, following receipt of a duly completed Exercise Notice from APICORP pursuant to the Sale Undertaking and on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) notice to Certificateholders (which notice shall be irrevocable), redeem the Certificates in whole but not in part at an amount equal to the relevant Dissolution Distribution Amount on the Early Tax Dissolution Date subject to and in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*), and if the Certificates to be redeemed are Floating Rate Certificates, the Early Tax Dissolution Date must be a Periodic Distribution Date.

Dissolution at the Option of APICORP (Optional Dissolution Rights):

If so specified in the applicable Final Terms, APICORP may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) irrevocable notice to the Certificateholders redeem all or, if so provided, some of the Certificates on any Optional Dissolution Date subject to and in accordance with Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*). Any such redemption of Certificates shall be at their Dissolution Distribution Amount.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Tranche.

Dissolution at the Option of Certificateholders (Certificateholder Put Right):

If so specified in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon such Holder giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount subject to and in accordance with Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Dissolution Right)*).

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Tranche.

**Tangibility Event Put Right:**

If a Tangibility Event occurs and upon receipt of a Tangibility Event Notice, the Holder of any Certificates will have the right to exercise its option by delivering a Tangibility Event Put Notice within the Tangibility Event Put Right Period (as defined in the Servicing Agency Agreement) to require the redemption of all or any of its Certificates. Accordingly, the Trustee shall, at the option of the Holder of any Certificates, redeem such Certificates on the Tangibility Event Put Right Date at its Dissolution Distribution Amount on the Tangibility Event Put Right Date subject to and in accordance with Condition 8.5 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*).

**Clean Up Call Option:**

If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 8 (*Redemption and Dissolution of Trust*) the Trustee shall, upon receipt of a duly completed Exercise Notice from APICORP pursuant to the Sale Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) to the Certificateholders in accordance with Condition 18 (*Notices*), redeem the Certificates in whole, but not in part, at their Dissolution Distribution Amount on the Clean Up Call Right Dissolution Date subject to and in accordance with Condition 8.3 (*Clean Up Call Option*).

**Periodic Distributions:**

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

**Certain Restrictions:**

Each Tranche denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*").

**Certificates having a maturity of less than one year**

Certificates having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency), see "*Subscription and Sale*".

**Programme Size:**

The Programme is unlimited in amount.

**Purchase and Cancellation:**

Pursuant to Condition 8.6 (*Purchases*), each of APICORP and APICORP's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price and such Certificates may be held, resold or, at the option of APICORP, surrendered to the Registrar for cancellation. Pursuant to Condition 8.7 (*Cancellation*), Certificates purchased by or on behalf of APICORP or any of APICORP's Subsidiaries may be surrendered for cancellation in accordance with the terms of the Transaction Documents and the Conditions. Any Certificates so surrendered for cancellation may not be reissued or

resold and the obligations of the Trustee in respect of any such Certificates shall be discharged.

Asset Substitution:

APICORP may substitute Assets in accordance with the relevant provisions of the Sale Undertaking, and the Trustee may require the substitution of the Assets by APICORP in accordance with the relevant provisions of the Purchase Undertaking, in each case provided that the aggregate value of any new assets is equal to or greater than the aggregate value of the substituted assets and any new assets are Eligible Assets.

Trustee Covenants:

The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1 (*Trustee Covenants*).

Withholding tax:

All payments by or on behalf of the Trustee in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments, fees or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amount as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in Condition 10 (*Taxation*).

APICORP has undertaken in the Servicing Agency Agreement to pay to the Trustee such additional amounts so that the full amount that would otherwise have been due and payable under the Certificates is received by the Trustee. All payments by APICORP (in any capacity) under the Purchase Undertaking, the Sale Undertaking, the Servicing Agency Agreement and the Master Murabaha Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or within the Relevant Jurisdictions or any authority therein or thereof having power to tax unless such withholding or deduction is required by law. In that event, APICORP has agreed to pay such additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

Transaction Documents:

The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement, the Sale Undertaking (together with each relevant transfer agreement executed upon exercise of the Sale Undertaking), the Purchase Undertaking (together with each relevant transfer agreement executed upon exercise of the Purchase Undertaking), the Servicing Agency Agreement and, if applicable to a Series, the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series), the Commodity Purchase Agreement, the Settlement Deed, the Commodity Sale Agreement and the Commodity Purchase Agency Agreement (each a "**Transaction Document**" and, together, the "**Transaction Documents**").

Distribution:

Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee, APICORP and the relevant Dealer.
Denominations of Certificates:	The Certificates will be issued in such denominations as may be agreed between the Trustee and the relevant Dealer save that the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see " <i>Certain Restrictions</i> " above), and save that the minimum denomination of each Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency).
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, APICORP and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
Form of Certificates:	The Certificates will be issued in registered form as described in " <i>Form of the Certificates</i> ".
Clearance and Settlement:	Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg (or any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Trustee and APICORP). Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of such clearing systems.
Ratings:	APICORP has a long-term rating of Aa2 (stable) from Moody's and AA (positive) from Fitch. The Programme has a rating of (P)Aa2 from Moody's.
	The rating of certain Series of Certificates to be issued under the Programme may be specified in the relevant Final Terms.
	A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Listing and Admission to Trading:	This Base Prospectus, as approved by the Central Bank, in accordance with the requirements of the Prospective Regulation, comprises a Base Prospectus for the purposes of the Prospectus Regulation, and for the purpose of giving information with regard to the issue of Certificates issued under the Programme, during the period of 12 months after the date hereof. Application has been made to Euronext Dublin for such Certificates to be admitted to the Official List and to trading on the Euronext Dublin's regulated market.
	Application has also been made to the DFSA for the Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Series to be admitted to trading on Nasdaq Dubai.

Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, APICORP and the relevant Dealer in relation to the relevant Tranche. Certificates which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law and Dispute Resolution:

Each Transaction Document, the Certificates and any non-contractual obligations arising out of or in connection with the same are governed by, and shall be construed in accordance with, English law. In respect of any dispute under any such Transaction Document to which it is a party or the Certificates, the parties have consented to arbitration under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

Waiver of Immunity:

Under the Transaction Documents to which it is a party, to the extent that APICORP has, or hereafter may (whether on the grounds of sovereignty or otherwise), acquire any immunity from any proceedings or from execution of judgment, APICORP has agreed that no such immunity shall be claimed by or on behalf of it or with respect to its assets, and APICORP has consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such proceedings.

Selling Restrictions:

There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area, the United Kingdom, the Kingdom of Bahrain, the Cayman Islands, the United Arab Emirates (excluding the Dubai International Financial Centre (the "DIFC")), the DIFC, Japan, Singapore, Hong Kong, Malaysia, the Kingdom of Saudi Arabia, the State of Qatar, the Sultanate of Oman and the PRC and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Certificates. See "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2.

## RISK FACTORS

*Each of the Trustee and APICORP believes that the following factors may affect its ability to fulfil its obligations in respect of the Certificates issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Trustee nor APICORP is in a position to express a view on the likelihood of any such contingency occurring. References herein to the "Trustee" shall mean APICORP Sukuk Limited acting in any capacity, except where the context does not permit.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.*

*If any of the risks described below actually materialise, the Trustee, APICORP and/or the Group's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to occur, the trading price of the Certificates could decline and investors could lose all or part of their investment.*

*Each of the Trustee and APICORP believes that the factors described below represent all the material risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee or APICORP to pay periodic distribution amounts, principal or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee and APICORP based on information currently available to them or which they may not currently be able to anticipate. Potential investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME**

The Trustee was incorporated under the laws of the Cayman Islands on 4 May 2015 as an exempted company with limited liability. The Trustee will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents (as defined herein).

The ability of the Trustee to pay amounts due on any Certificates will be dependent upon receipt by it from APICORP of all amounts due under the Transaction Documents to which it is a party which, in the aggregate, may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents. As a result, the Trustee is subject to all the risks to which APICORP is subject, to the extent such risks could limit APICORP's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents to which it is a party. See "*Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents*" for a further description of these risks.

### **FACTORS THAT MAY AFFECT APICORP'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS**

**The Group's business principally involves lending money to, and making equity investments in, entities engaged in the oil and gas and energy sectors, principally in the OAPEC Member States, which exposes it to significant economic and political risks**

The Group's business principally involves lending money to, and making equity investments in, entities engaged in the oil and gas and energy sectors, principally in the OAPEC Member States. As a result, the Group is exposed to significant and lasting declines in oil and gas prices, such as that seen between mid-2014 and the start of 2017 and subsequently for much of 2020, which are likely to adversely affect both its borrowers (as further described under "*The Group's business is concentrated on the oil and gas and energy sectors, which materially increases its economic risks*" below) and the economies of those of the OAPEC Member States which are heavily dependent on the energy sector.

Additionally, the Group is also exposed to adverse political developments in or affecting any of the OAPEC Member States including, in particular, the GCC countries, Egypt and Syria (as further described under "*The Group's business is concentrated in geographical terms, which materially increases its political risks*" below).

Either one or more of these developments could materially negatively impact the business of the Group's equity investees or the ability of the Group's borrowers to pay interest or principal on their loans and could give rise to an increase in non-performing loans ("NPLs") in the Group's portfolio of loans and advances.

The Group defines NPLs as loans and advances which it internally rates as DDD or below and which are typically transactions at or above 90 days past due, see "*Risk management—Credit risk management—Credit rating and measurement*" and any increase in the Group's NPLs would in turn be likely to result in an increase in the Group's impairment charges that could adversely affect its profitability.

Either of the developments described above would also be likely to result in (i) an adverse effect on the value of the equity investments which the Group has made, which could negatively affect the Group's other comprehensive income and could also result in certain investments being impaired, (ii) an adverse effect on the ability of the Group's equity investee companies to pay dividends to the Group and/or (iii) potentially material losses if the Group is forced to divest any such investments.

**The Group's business is concentrated on the oil and gas and energy sectors, which materially increases its economic risks**

As at 31 December 2022, 44.3 per cent. of the Group's U.S.\$4.2 billion loans and advances were to borrowers in the energy sector (including maritime transport of related products). A breakdown of the Group's loan portfolio by sub-sector within this sector is set out under "*Management's Discussion and Analysis of Financial Condition and Results of Operations of APICORP – Analysis of certain statement of financial position items – Loans and advances – Portfolio sector and sub-sector concentration*". In addition, U.S.\$297.6 million of the Group's equity securities at fair value through other comprehensive income ("FVOCI") as at 31 December 2022 were issued by entities in the energy sector and, as at the same date, the Group also owned U.S.\$74.7 million in debt securities at FVOCI issued by entities in the energy sector.

The oil and gas industry, in particular, has historically been cyclical with levels of investment and profitability in that sector being materially dependent on prevailing international oil and gas prices, which have fluctuated significantly over the past two decades, and are likely to remain volatile in the future with increasingly complex interlinkages with other macro-economic conditions and parameters, as witnessed by the COVID-19 crisis of 2020 (which contributed to a significant decline in hydrocarbon prices) and the Russia - Ukraine conflict in 2022 (which contributed to a significant increase in hydrocarbon prices). This volatility can be illustrated using the OPEC reference basket price, which is a price based on the average of the prices of petroleum blends that are produced by OPEC member countries. According to data produced by OPEC, the average annual OPEC reference basket prices in 2020, 2021 and 2022 were U.S.\$41.47 per barrel, U.S.\$69.89 per barrel and U.S.\$100.08 per barrel, respectively. The average monthly OPEC reference basket price was U.S.\$80.56 per barrel in the first quarter of 2023 and U.S.\$84.13 per barrel in April 2023. In comparison, the average annual OPEC reference basket prices were around U.S.\$100 in each of the four years preceding 2015 and were U.S.\$49.49 per barrel in 2015, U.S.\$40.76 per barrel in 2016, U.S.\$52.43 per barrel in 2017, U.S.\$69.78 per barrel in 2018 and U.S.\$64.04 per barrel in 2019.

Oil and gas prices may fluctuate in response to changes in many factors over which the Group has no control. These factors include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East, the United States and Russia;
- global and regional supply and demand dynamics, and expectations regarding future supply and demand, for oil and gas products, especially in the case of an accelerated energy transition scenario;
- the ability of members of OPEC and other oil and gas producing nations to agree upon and maintain specified global production levels and prices;
- global macroeconomic conditions, particularly in emerging & developing economies, including those related to inflation, interest rates, foreign exchange, GDP and global trade levels;
- the impact of international environmental regulations designed to reduce carbon emissions, for example net zero targets;
- other actions taken by major oil and gas producing or consuming countries;

- natural disasters or pandemics, such as the COVID-19 pandemic; and
- global weather and environmental conditions.

The Group mainly invests in longer-term projects. Significant and sustained declines in international oil and gas prices could materially and adversely impact the economics of the projects being financed by the Group, which could result in the projects being restructured or, in extreme cases, becoming unviable. In all cases where there is a significant and sustained decline in oil and gas prices, the Group is likely:

- to experience reduced dividend income from its equity investments - for example the Group's dividend income from its equity investments was U.S.\$47.0 million in 2020 when oil prices were low and were U.S.\$110.9 million in 2022 when oil prices were significantly higher; and/or
- to incur impairment losses on its lending to, and equity investments in, these projects, which could adversely affect its profitability.

In addition, the fair value of the Group's debt securities issued at FVOCI by oil and gas sector entities may be adversely affected by a sustained decline in the oil and gas sector which could result in significant other comprehensive losses and, potentially, impairment charges.

Reflecting the above, any future substantial decline in the oil and gas prices could have a material adverse effect on the Group.

**The Group's business is concentrated in geographical terms, which materially increases its political risks**

As at 31 December 2022, 77.3 per cent. of the Group's U.S.\$4.2 billion loans and advances was to borrowers in the GCC countries and a further 5.2 per cent. was to borrowers in North Africa, principally Egypt. A geographical breakdown of the Group's portfolio of loans and advances is set out under "*Management's discussion and analysis of financial condition and results of operations of APICORP—Analysis of certain statement of financial position items—Loans and advances—Portfolio geographical concentration*". In addition, 94 per cent. of the Group's U.S.\$1.2 billion listed and unlisted equity securities, other investments at FVTPL and equity accounted investees (See "*Description of the Group—Business—Investments—Investments & Partnerships' portfolio*") as at 31 December 2022 were in Arab world countries, with six out of a total of 16 Arab world direct equity investments being in companies in Saudi Arabia, two each in Egypt, Libya and in Kuwait and one each in Bahrain, Iraq, Jordan and the UAE. As at the same date, the Group also had U.S.\$1,576.8 million in FVOCI debt securities issued by entities in the GCC and U.S.\$691.0 million in placements with banks in the GCC.

While some countries in the MENA region are seen as having a relatively stable political environment, a number of other jurisdictions in that region are not. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest and terrorism. In particular, since early 2011 there has been political unrest in a range of MENA region countries, including Algeria, Bahrain, Egypt, Iraq, Libya, Saudi Arabia and Syria (all of which are OAPEC Member States) and Jordan, Palestine, Oman, Tunisia and Yemen (which are not OAPEC Member States). This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and the overthrow of existing leadership and has given rise to increased political uncertainty across the MENA region. There is an ongoing civil war in Libya, with multiple sides claiming to be the legitimate government in the country. Conflict in Yemen has expanded into a multinational conflict, with GCC countries becoming involved in military operations against the Al Houthi militia. Unrest in Syria and conflicts between multiple sides (including the government of Bashar al-Assad, numerous rebel groups and 'Islamic State of Iraq and Syria') have led to many countries, including Russia, Iran, the United States and other North Atlantic Treaty Organization forces, becoming involved with military operations in Syria, supporting different sides.

Diplomatic relations between GCC nations and Qatar also deteriorated and, in June 2017, three GCC countries, Saudi Arabia, the UAE and Bahrain, and two other regional countries, Egypt and Yemen, severed diplomatic ties with Qatar, cut transport links and imposed sanctions on Qatar. The stated rationale for these actions was Qatar's support of terrorist and extremist organisations and Qatar's interference in the internal affairs of other countries. In January 2021, diplomatic relations were restored between the countries applying sanctions and Qatar. Another example of a diplomatic issue with particular energy sector implications occurred between Algeria and Morocco in 2021, leading to a freeze of diplomatic ties which

is ongoing and the temporary suspension of Algerian natural gas exports to Europe through the Maghreb–Europe Gas Pipeline (with a capacity of 12 billion cubic metres per annum), at a time when European gas prices (and shortages) reached record levels.

The Group does not have operations in any of the countries currently affected by armed conflict, except in Libya where it has a direct equity investment in Arab Drilling and Workover Company (20 per cent. of equity), which has been revalued following its resumption of operations, and a direct equity investment in Arab Geophysical Exploration Services Company (16.7 per cent. of equity), which has been fully impaired. These investments together amount to 0.6 per cent. of APICORP's listed and unlisted equity securities, other investments at FVTPL and equity accounted investees. See "*Description of the Group—Business—Investments—Investments & Partnerships' portfolio*".

There is no certainty that extremists or terrorist groups will not escalate violent activities in the MENA region or that any currently stable governments in the MENA region will be successful in maintaining the prevailing levels of domestic order and stability. It is not generally possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of these occurrences, and no assurance can be given that the Group will be able to sustain the profitable operation of its business if adverse political events or circumstances that impact the countries in which it has significant investments occur. By way of example, in September 2019, drones were used to attack the state-owned Saudi Arabian Oil Company ("ARAMCO") oil processing facilities at Abqaiq and Khurais in eastern Saudi Arabia, causing a significant loss of production. There have further attacks on Saudi Arabian oil and gas facilities, most recently in March 2022, as well as attacks on UAE oil and gas facilities, most recently in January 2022.

Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments outside the MENA region that impact the MENA region because of inter-relationships within the global financial markets. For example, the Russia - Ukraine conflict and its implications on the European energy markets, commodity prices and global inflationary pressures could have a material adverse effect on the Group's business and financial performance. Moreover, there is no certainty that the governments of the countries to which the Group is particularly exposed will not implement restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates and new legal interpretations of existing regulations, any of which could have a material adverse effect on the Group.

#### **The Group conducts a significant proportion of its business with related parties**

The Group's principal related parties are the shareholders and the Group conducts a significant amount of business with companies that are controlled by the shareholders or over which the shareholders have significant influence and which are classified as related parties of the Group accordingly.

As at 31 December 2022, 74.7 per cent. of the Group's U.S.\$4.2 billion loans and advances outstanding were made to related parties. As at the same date, 97.0 per cent. of the Group's U.S.\$1.2 billion listed and unlisted equity securities, other investments at FVTPL and equity accounted investees were in entities that are related parties. In addition, 40.8 per cent. of the Group's U.S.\$958.8 million total deposits as at 31 December 2022 were from related parties.

Although it is the Group's policy that loans to related parties are made at prevailing market interest rates and subject to normal commercial negotiation as to terms and the Group applies defined criteria to making direct equity investments, no assurance can be given that the Group would not have obtained more favourable terms from loans to, or direct equity investments in, third parties. In addition, it is possible that the Group may, in the future, be influenced in its decision to advance a loan or make a direct equity investment in a related party by virtue of its relationship with the relevant shareholder which owns or significantly influences the prospective investee.

#### **The Group has significant client concentrations in its portfolio of loans and advances**

As at 31 December 2022, the Group's 10 largest loan exposures accounted for 32 per cent. of its loans and advances. As a result, if any of these major clients is materially adversely affected, whether by low hydrocarbon prices, adverse economic or political conditions, or other factors, such that its ability to make payments to the Group is affected, this could result in a material increase in the Group's impairment charges and adversely affect its profitability and therefore have a material adverse effect on the Group.

### **The Group is exposed to significant credit risk as a result of its lending activities and investments in fixed income securities**

As at 31 December 2022, the Group's portfolio of loans and advances amounted to U.S.\$4,229.7 million, or 47.8 per cent. of its total assets, its investments in debt securities at FVOCI amounted to U.S.\$2,456.5 million, or 27.7 per cent. of its total assets, and its commitments to underwrite and fund loans amounted to U.S.\$2,223.1 million, or 96.7 per cent. of its total off-balance sheet commitments and exposures.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial exposure or instrument fails to meet its contractual obligations. Credit risks arising from adverse changes in the credit quality and recoverability of financings and amounts due from counterparties are inherent in a wide range of the Group's businesses. The Group regularly reviews and analyses its portfolio of loans and advances and other credit risks, and the Group's provision for losses on its loans and advances is based on, among other things, its analysis of current and historical delinquency rates and loan management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in a volatile economic climate. See "*The Group's risk management policies, systems and procedures may leave it exposed to unidentified or unanticipated risks*" below.

Credit risks could arise from a deterioration in the credit quality of specific counterparties, from a general deterioration in local or global economic conditions or from systemic risks within the financial system in which the Group operates. Any of these factors could affect the recoverability and value of the Group's credit-related assets, result in an increase in NPLs and require an increase in impairment provisions, which could have a material adverse effect on the Group.

### **A substantial increase in impairment provisions related to the Group's loans and advances or the occurrence of losses greater than the previously recorded impairment provisions in respect of such lending would have a material adverse effect on the Group**

In connection with its loans and advances, the Group periodically establishes impairment allowances for losses, which are recorded in its income statement under "*impairment reversal/(loss) on financial instruments, net*". The Group's overall level of impairment provisioning against its loans and advances is based upon its assessment of prior loss experience, the volume and type of financing advanced to its customers, the amount and type of collateral held, industry standards, ageing/past due loans, economic conditions in its borrowers' markets and other factors related to the recoverability of the financing. The Group seeks to make an appropriate level of provision for credit losses based on management's best estimate of the amount of loss expected to be incurred, however the Group may have to significantly increase its impairment provision for credit losses in the future as a result of any increase in NPLs or adverse economic conditions leading to increases in customers defaults, or for other reasons. In 2022, the Group recorded impairment allowances on loans and advances of U.S.\$33.5 million compared to U.S.\$1.8 million in 2021 and U.S.\$16.8 million in 2020.

A significant increase in the Group's impairment charges or any change in its estimate of the risk of loss inherent in its syndicated and direct lending portfolio, as well as the occurrence of credit-related losses in excess of its impairment provisions, could have a material adverse effect the Group in future periods.

### **The Group is subject to the risk that liquidity may not always be readily available**

Liquidity risk is the risk that the Group will not be able to meet its obligations, including funding commitments, when they fall due or will only be able to secure funding at excessive cost which then adversely impacts its profitability. Liquidity risk arises from the inability to manage unplanned decreases or changes in funding sources, which could result in a reduction in the Group's liquidity buffers or an increase in the share of short-term funding.

Since the global financial crisis, financial institutions have continued to experience periods of reduced liquidity due to a variety of factors. The Group's funding as at 31 December 2022 comprised:

- financing through the issue of securities in the form of sukuk and bonds issued, which amounted to U.S.\$4,209.0 million, and constituted 75.8 per cent. of its total funding (comprising deposits, securities sold under agreements to repurchase, bank term financing and sukuk and bonds issued) as at 31 December 2022;

- deposits which it accepts from corporates, as well as from the shareholders and from banks, which amounted to U.S.\$958.8 million, and constituted 17.3 per cent. of its total funding, at 31 December 2022;
- bank term financing, which amounted to U.S.\$251.1 million, and constituted 4.5 per cent. of its total funding, as at 31 December 2022; and
- securities sold under agreements to repurchase, which amounted to U.S.\$135.3 million, and constituted 2.4 per cent. of its total funding, as at 31 December 2022.

There has also been enhanced industry and investor focus on liquidity, including stability of deposits in light of the recent failures of banks, such as Silicon Valley Bank and Signature Bank in the United States and Credit Suisse in Europe. The Group's ability to continue to obtain financing and the cost of such financing are dependent on numerous factors including general economic and market conditions, international interest rates, credit availability from banks or other lenders, investor confidence in the Group and the success of the Group's business. There can be no assurance that external financing, either on a short-term or long-term basis and whether to fund new loans and advances or investments or to repay existing financing, will be available or, if available, that such financing will be obtainable on terms that are not onerous to the Group.

If appropriate sources of financing are not available or are only available on onerous terms and the Group does not have sufficient operating cash flow or cash generated from asset monetisations, this could adversely affect the Group's business through increased borrowing costs. In addition, the Group may be forced, amongst other measures, to do one or more of the following:

- delay or reduce lending and investment expenditures;
- forgo business opportunities;
- sell assets on less than optimal terms; or
- restructure or refinance all or a portion of its debt on or before maturity, each of which could adversely affect its business.

The Group's deposits are typically short-term in nature, with all of its deposits being demand deposits or deposits with maturities of up to three months at 31 December 2022. Accordingly, there is a risk that if a significant number of the Group's depositors choose not to roll over their deposits at any time or withdraw their deposits at a rate faster than the rate at which obligors repay financing provided by the Group, the Group could experience difficulties in funding those lost deposits. The risk of this happening is likely to increase at times of poor economic performance or material declines in oil and gas prices when the Group's customers are more likely to need cash and, at those times, it is likely to be more expensive for the Group to fund those withdrawals from other sources.

**The dividends that the Group receives from its direct and indirect equity investments may vary materially from year to year**

The Group derives a considerable portion of its income from dividends from its equity investments and there is no certainty that dividends will be paid or as to the amount of any dividends that are paid. In 2022, 2021 and 2020, the Group's dividend income from its equity investments amounted to U.S.\$110.9 million, U.S.\$98.2 million and U.S.\$47.0 million, respectively, equal to 41.4 per cent., 64.9 per cent. and 26.6 per cent., respectively, of the Group's total income in each year. Almost all of the companies in the Group's direct equity investment portfolio are directly or indirectly related to the oil and gas sector, which is cyclical by nature. Material and sustained reductions in international oil and gas prices are likely to have a significant impact on the Group's equity investees' income and profitability and therefore are likely to result in those investees declaring significantly lower or no dividends, which could result in a material reduction in the Group's income, profitability and cash flows, as was the case in 2020. In addition, the spill over effect of lower oil and gas revenues for GCC economies has triggered a move by those countries to reduce government subsidies on local consumption of petrochemicals for both industrial and residential consumers. This is likely to have a significant impact on certain of the Group's investees' income and profitability, which in turn may also have a material adverse effect on the Group.

### **The majority of the Group's direct and indirect equity investments are illiquid**

The majority of the Group's direct and indirect equity investments are not listed on an active market and are therefore illiquid. The value of the Group's equity investment portfolio (which principally comprises equity securities at FVOCI but also includes two subsidiaries, four associates and certain fund investments held at fair value through profit or loss ("FVTPL")) as at 31 December 2022 was U.S.\$1.2 billion. As at the same date, only four companies in the portfolio were listed and actively traded, Riyadh Cables and Yanbu National Petrochemical Company ("YANSAB") in Saudi Arabia, Misr Oil Processing Company ("MOPCO") in Egypt and Empower in the United Arab Emirates. The Group's equity investments in Riyadh Cables, YANSAB, MOPCO and Empower were valued at U.S.\$0.48 million, U.S.\$61.7 million, U.S.\$40.03 million and U.S.\$0.63 million, respectively, equal to 8.6 per cent. in aggregate of the total listed and unlisted equities and equity accounted investees, as at 31 December 2022. If the Group elects to exit any of its unlisted direct and indirect equity investments which are not fair valued using quoted prices on active markets, monetising these investments could be a lengthy process and there is no certainty as to the price which would be obtainable.

### **The Group generally does not control or have significant influence over its direct and indirect equity investments**

The Group does not typically consolidate its direct and indirect equity investments as it generally does not hold stakes which give it control or significant influence over its investee companies. The Group's philosophy when making equity investments is that it should principally act in a fiduciary and advisory capacity, typically through a seat on the relevant investee's board of directors. The Group's inability to exercise control or significant influence over the majority of its equity investments exposes the Group to a situation where an investee may make business, financial or management decisions with which the Group does not agree, or that the majority shareholders or the management of any investee may take risks or otherwise act in a manner that is contrary to the Group's interests. Should this occur, this could result in a significant reduction in dividend income from, or the value of, the Group's direct and indirect equity investments, which could have a material adverse effect on the Group.

### **APICORP is a multilateral development bank without guarantee-related support from its shareholders**

APICORP is a multilateral development bank, headquartered in Saudi Arabia and owned by the OAPEC Member States. Its three largest shareholders, which together own 51.0 per cent. of APICORP's shares, are Saudi Arabia, the UAE and Kuwait.

The OAPEC Member States have agreed in the Establishing Agreement to support APICORP on a joint and several basis and each shareholder has participated in APICORP's six (issued and fully paid) capital increases since it was established. In addition, APICORP has U.S.\$8.5 billion in callable capital, which is a joint and several obligation of each shareholder to provide additional capital within two months when called if required to service debt, to expand development operations (while maintaining capital adequacy ratios) or to absorb losses from treasury or development-related assets. The issuance of callable capital requires convening a shareholder meeting and APICORP cannot compel its shareholders to provide such capital. Accordingly, neither the agreement to support APICORP nor the callable capital is a guarantee and neither should be construed as providing contractual rights to APICORP's creditors. Reflecting the above, there is no certainty that APICORP's shareholders will continue to provide further capital to it and, if they do not, the Group's business and/or financial condition may be constrained.

### **The Group was adversely affected by the COVID-19 pandemic in 2020 and may be adversely affected in the future should any new variant which is highly transmissible and vaccine resistant evolve**

Since COVID-19 was first identified in China in late 2019 it spread rapidly, infecting people around the world and causing a substantial number of deaths. Almost all countries that were significantly affected introduced measures to try to contain the spread of the virus, including temporary border closures and imposing restrictions on the movement of their citizens. The measures adversely affected the economies of countries around the world, particularly in 2020, and the Group was negatively impacted as a result. Since it was first identified, new variants of COVID-19 have been identified and outbreaks of the virus have recurred in many countries, at times resulting in further restrictions being imposed to combat the virus. It is impossible to determine whether any future, potentially more transmissible or vaccine-resistant, variants may evolve in the future and should any do so significant restrictions could be re-imposed around the world

which would be likely to adversely affect global and local economies, as well as the oil and gas and energy industries on which the Group is focused. Any recurrence of the virus or possible future mutations in the virus may prove difficult to contain and may also materially adversely affect the Group's financial condition and results of operations.

### **The Group could be materially adversely affected by market risks**

The Group could be materially adversely affected by market risks that are outside its control, including, without limitation, volatility in interest rates, changes in credit spreads, prices of securities and currency exchange rates. In particular, an increase in interest rates generally may decrease the value of the Group's fixed-rate loans and securities and may increase the Group's funding costs and a widening of credit spreads may adversely affect the value of its debt securities portfolio. In addition, it is the Group's experience that its fixed rate assets generally re-price faster than its fixed rate liabilities which means that the Group generally benefits at times of increasing interest rates but is adversely affected at times of falling interest rates. See "*Management's discussion and analysis of financial condition and results of operations of APICORP—Principal factors affecting results of operations—Factors affecting net interest income*" and "*Risk management—Market risk management—Interest rate risk*". Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, political factors and domestic and international economic conditions.

The Group is also exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that the Group may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. The Group attempts to manage its foreign exchange rate risk by conducting a regular review of exposures to currencies other than the U.S. dollar to ensure that no significant positions are taken which may expose the Group to undue risks, by not trading in foreign exchange and by hedging its exposures in currencies other than the U.S. dollar through forward contracts, although there can be no assurance that any such hedging activity will in all cases protect the Group against its foreign exchange rate risks. See also "*Risk management—Market risk management—Currency risk*".

The Group enters into derivative transactions, such as interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate and foreign exchange rate risks. These derivative contracts had a notional value of U.S.\$5.4 billion as at 31 December 2022, compared to U.S.\$5.1 billion as at 31 December 2021 and U.S.\$2.6 billion as at 31 December 2020 and the Group's derivatives portfolio had a net negative fair value of U.S.\$183.6 million as at 31 December 2022 and net positive fair values of U.S.\$18.9 million as at 31 December 2021 and U.S.\$33.8 million as at 31 December 2020. There is no assurance that the Group's derivative contracts and its hedging strategy will be successful in mitigating its interest rate and foreign exchange exposures or that the Group will not experience significant losses on its derivatives contracts from time to time.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenue and financial condition of the Group's depositors, borrowers and other counterparties which, in turn, may impact the Group's deposit base and the quality of its credit exposures to certain borrowers and other counterparties. Ultimately, there can be no assurance that the Group will be able to protect itself from any adverse effects of a currency revaluation or future volatility in interest rates or currency exchange rates.

### **The Group is exposed to a range of operational risks, including the risk of loss as a result of employee misrepresentation, misconduct and improper practice**

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures (including, in particular, information technology ("IT") failures), natural disasters or the failure of external systems (for example, those of the Group's counterparties or vendors). The Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks that the Group faces. Losses from the failure of the Group's system of internal controls could have a material adverse effect on its business generally and its reputation.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may

include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or prevent these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. There can be no assurance that measures undertaken to combat these types of misconduct will be successful. Any such actions by employees could expose the Group to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Group's reputation.

**The Group is dependent on its IT systems and any disruption to these systems could materially disrupt the Group's business**

The Group depends on its IT systems to process its transactions on an accurate and timely basis and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its offices and main data processing centres, are critical to its business and its ability to compete effectively. The Group's business would be materially adversely affected if there were a prolonged partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of reasons some of which are outside the Group's control, including natural disasters, extended power outages, and computer viruses and other external electronic attacks as discussed under "*The Group's IT systems are subject to potential cyber-attack*" below. The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system inputs, which are subject to internal human errors. Any failure or delay in recording or processing transaction data could subject the Group to claims for losses and regulatory fines and penalties. There can be no assurance that the Group's IT safeguards will be fully effective in the event of a disaster and or that they will protect the Group from all losses that could occur.

**The Group's IT systems are subject to potential cyber-attack**

In common with other financial institutions globally, the threat to the security of the Group's information and customer data from security breaches and cyber-attacks presents a real and growing risk to the Group's business. Activists, rogue states and cyber criminals are among those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of material adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

**The Group's risk management policies, systems and procedures may leave it exposed to unidentified or unanticipated risks**

The Group is exposed to a wide range of financial risks, such as credit risk, liquidity risk, interest rate risk, currency exchange rate risk, equity price risk, and IT and other operational risks.

Although the Group has established risk management policies, procedures and internal controls based on international practices and invests substantial time and effort in the development, implementation and monitoring of risk management strategies and techniques, it cannot mitigate risk exposures under all market environments and may fail to manage its risks adequately at all times, particularly, for example, when risks that it has not identified or anticipated materialise.

The Group's methods of managing risk include the use of historical market behaviour and setting appropriate risk appetite and maximum tolerance levels to determine and monitor risk exposures. In addition, stress testing using forward-looking scenarios is designed to assist the Group in analysing the impact of possible future events on its capital, profitability, liquidity and funding position, which in turn helps to shape the Group's strategy. The Group's risk management methods are intended to assist it in predicting possible impacts on its risk exposures, but actual outcomes may prove to be significantly different from those which its risk management models predict and could be significantly greater than historical measures indicate.

Investors should note that any failure by the Group to adequately control the risks to which it is exposed, including as a result of any failure to successfully implement new risk management systems in the future, could have a material adverse effect on the Group.

#### **The Group's internal compliance systems might not be fully effective in all circumstances**

The Group's ability to comply with all applicable regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Group is subject to oversight by regulatory authorities, including the Central Bank of Bahrain with respect to its Bahrain branch, and performs regular internal audits through an external auditing firm, the Group cannot be certain that its systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against it. In the case of actual or alleged non-compliance with applicable regulations, the Group could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages.

#### **A negative change in APICORP's credit rating could limit its ability to raise funding and may increase the Group's borrowing costs**

APICORP is currently rated Aa2 (on a long-term basis) with stable outlook by Moody's, AA (on a long-term basis) with positive outlook by Fitch and AA- (on a long-term basis) with stable outlook by S&P. These credit ratings are an important factor in determining the Group's cost of borrowing. The interest rates charged on the Group's borrowings are also partly dependent on its credit ratings.

There is no assurance that APICORP's credit ratings will remain in effect for any given period of time or that either rating will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of APICORP's credit ratings, or a negative change in its outlook, may:

- limit APICORP's ability to raise funding;
- increase APICORP's cost of borrowing; and
- limit APICORP's ability to raise capital.

In addition, actual or anticipated changes in APICORP's credit ratings may negatively affect the market value of any Certificates issued under the Programme.

In its June 2022 credit opinion on APICORP, Moody's noted that a combination of the following factors would likely lead to a downgrade: (1) an extended period of very low oil prices or a regional geopolitical shock that would significantly impair asset quality; (2) an increase in liquidity risk or the emergence of funding pressures, as a result of a protracted worsening of the operating environment; and/or (3) an indication of a weakening in shareholders' willingness to support APICORP. In addition, Moody's noted that over time a more rapid carbon transition than currently expected could put a downward pressure on the rating, given APICORP's exposure to the oil and gas sector.

In its June 2023 ratings report on APICORP, Fitch noted that the following factors, individually or collectively, could lead to a rating action or downgrade: (1) a weakening in the assessment of APICORP's risk profile, which could stem from a deterioration in credit risk, such as its NPL ratio sustained above 1% over the medium term, or revised expectations for other key solvency metrics (e.g., if the top five exposures or equity participation accounted for more than 20 per cent. of total banking exposure over the medium term); (2) an increase in leverage or a marked increase in valuation losses that erodes APICORP's capital or otherwise adversely impacts APICORP's capitalisation assessment; and/or (3) a reduction of liquidity buffers, a decline in the credit quality of treasury assets, or an increase in the share of short-term funding.

In its March 2023 ratings report on APICORP, S&P noted that it could consider a downgrade over the next 24 months if APICORP's financial metrics deteriorated markedly, for example as a result of a rapid increase in non-performing assets, or if its risk management practices weakened. Additionally, S&P noted that reduced shareholder support or decreasing policy importance would put negative pressure on APICORP's rating.

The ratings assigned to APICORP may not reflect the potential impact of all risks related to the Group, the market or any other factors that may affect the value of Certificates issued under the Programme. A credit

rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, actual or anticipated changes in APICORP's credit rating could negatively affect the market value of Certificates issued under the Programme.

### **The Group's continued success depends on its ability to attract and retain key management and qualified personnel**

The Group is dependent on its senior management for the implementation of its strategy and the operation of its day to day activities. While the Group has entered into two-year employment contracts with key members of its management, there is no certainty that its current members of senior management will continue to make their services available to the Group on a longer-term basis.

In addition, the Group's success will depend, in part, on its ability to continue to retain, motivate and attract qualified and experienced banking and management personnel and it may need to increase employee compensation levels to do so. Competition within the regional banking industry for qualified banking and management personnel is intense due to the low number of available qualified and/or experienced individuals compared to the level of demand. There is no certainty that the Group will at all times be able to successfully recruit and retain necessary qualified personnel. The loss of members of the Group's senior management team or an inability to recruit, train and/or retain necessary personnel could hinder the growth of the Group's business.

### **The Group faces significant and increasing competition**

The Group principally competes with regional and international banks operating in the MENA region with recognised expertise in project finance as well as in the financing of energy projects. The Group cannot be certain that if its competitors offer more attractively priced and easily accessible products, its customers will nevertheless prefer the products offered by the Group and there is no certainty that the Group will be able to compete effectively against current and future competitors.

### **The Group is subject to regulation**

Subject to the Establishing Agreement, APICORP is subject to certain laws, regulations, administrative actions and policies of Saudi Arabia, Bahrain and any other jurisdiction in which it operates. These regulations may limit the Group's activities, and changes in supervision and regulation, in particular in Bahrain and Saudi Arabia, could materially affect the Group's business, the products or services offered, the value of its assets, and its financial position. Although the Group complies with the policies set by the applicable regulators in each country in which it operates and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the Group's control.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME**

### **Risks relating to the Certificates**

#### ***Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed***

APICORP has covenanted in the Purchase Undertaking and the Master Trust Deed that: (a) if, at the time of delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, Arab Petroleum Investments Corporation remains in actual or constructive possession, custody or control of all or any part of the Assets; and (b) if, following delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, APICORP fails to pay the relevant Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Exercise Price (each as defined in the Purchase Undertaking), as the case may be, in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of such Series, the Certificateholder Put Right Certificates or the Tangibility Event Certificates (each as defined in the Purchase Undertaking), as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Exercise Price, as the case may be.

Subject to the satisfaction of the conditions set out in the above paragraph, if APICORP fails to pay the relevant Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Exercise Price, as the case may be, in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 12 (*Dissolution Events*) and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed against APICORP by commencing arbitral or legal proceedings.

However, investors should note that, in the event that APICORP (acting in any capacity) does not remain in actual or constructive possession, custody or control of all or any part of the relevant Assets at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (a) as described above will not be satisfied and, therefore, no amounts will be payable by APICORP under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Arrangers (or any of their respective affiliates), the Dealers (or any of their respective affiliates) or the Delegate as to whether APICORP has or will continue to remain in actual or constructive possession, custody or control of any Assets.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by APICORP in order to prove for damages. Such breach of contract may be due to: (i) a breach by APICORP of the requirement to purchase the Trustee's rights, title, interest, benefits and entitlements in, to and under the relevant Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by APICORP of its undertaking to maintain actual or constructive possession, custody or control of all of the Assets comprising the Portfolio during the Ownership Period provided that: (a) it is legally possible for the Service Agent to so maintain; and (b) such maintenance shall not result in a breach of the terms of the relevant Asset Contracts.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Exercise Price, as the case may be, and in turn, the amount payable to the Certificateholders upon redemption.

***The occurrence of a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Certificates***

If a Tangibility Event occurs, the Certificateholders will be promptly notified by the Trustee that: (a) a Tangibility Event has occurred; (b) as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading; (c) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing; and (d) the Tangibility Event Put Right Period, during which period the Holder of any Certificates shall have the right to require the redemption of all or any of its Certificates. Upon receipt of such notice, the Certificateholders may elect to redeem all or any of their Certificates in accordance with the Conditions. Accordingly, a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Certificates.

***The Certificates are limited recourse obligations***

The Certificates are not debt obligations of the Trustee. Instead, each Certificate represents solely an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12 (*Dissolution Events*), the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders) as applicable, will be (subject to Condition 13 (*Realisation of Trust Assets*)) against APICORP to perform its obligations under the Transaction Documents to which it is a party.

No Certificateholder shall be entitled to proceed directly against the Trustee or APICORP unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the 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 APICORP shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series to the Certificateholders in accordance with the Conditions and the Master Trust Deed, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate or any other person (including APICORP) to recover any such sum in respect of the Certificates or the relevant Trust Assets.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums 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.

#### ***Ability of defined majorities to bind all Certificateholders***

The Master Trust Deed contains provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Certificateholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders of such a Series 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, the Trust Deed and other Transaction Documents may be modified without notice to Certificateholders***

The Master Trust Deed provides that the Delegate may, without the consent of the Certificateholders: (i) agree to any modification of any of the provisions of the Trust Deed (as defined in the Conditions) or the Transaction Documents that is, in the sole opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or is not materially prejudicial to the interests of the outstanding Certificateholders **provided that** such modification is in each case, other than in respect of a Reserved Matter; or (ii): (A) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (B) determine that any Dissolution Event shall not be treated as such, **provided that** such waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Conditions) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of the relevant Series of Certificates.

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

In certain circumstances, including without limitation the giving of a notice pursuant to Condition 12 (*Dissolution Events*) of the Conditions and the taking of action to enforce or realise any relevant Trust Assets or steps against the Trustee or APICORP under the relevant Transaction Documents pursuant to Condition 13 (*Realisation of Trust Assets*) of the Conditions, the Delegate may (at its sole discretion) request the holders of the relevant Certificates to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the holders of such Certificates. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Certificates or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the relevant Transaction Documents and the applicable law, it will be for the holders of the relevant Certificates to take such actions directly.

#### ***The Certificates may be subject to early dissolution by the Trustee***

In certain circumstances, the Certificates may be subject to early dissolution by the Trustee. Pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*) and Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*), if the Trustee has or will become liable to pay additional amounts

in respect of the Certificates and/or APICORP is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Relevant Jurisdictions or any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Conditions.

If the Optional Dissolution Right is specified in the applicable Final Terms, APICORP may exercise its option under the Sale Undertaking to procure the Trustee to redeem the Certificates in whole or in part on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Final Terms.

In each case, dissolution will take place in accordance with the Conditions. An early dissolution feature of any Certificate is likely to limit its market value. During any period when APICORP may require the Trustee to redeem any Certificates, the market value of those Certificates generally may not rise substantially above the dissolution amount payable.

#### ***Investors must make their own determination as to Shari'a Compliance***

The *Shari'a* advisers have each confirmed that the Certificates and the Transaction Documents are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars or that they would deem the issue or trading of any Certificates (including, without limitation, any future trading of the Certificates on the secondary market) to be *Shari'a* compliant. None of the Trustee, APICORP, the Delegate, the Arrangers (or their affiliates), the Dealers (or their affiliates) or the Agents makes any representation as to the *Shari'a* compliance of any Certificates and/or any trading thereof (including, without limitation, any future trading of the Certificates on the secondary market), the Transaction Documents or the above pronouncements and potential investors 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* boards. Prospective investors should not rely on the above pronouncements in deciding whether to make an investment in the Certificates and are advised to obtain their own independent *Shari'a* advice as to whether the Transaction Documents, the Certificates and the issue and trading of any Certificates will comply with *Shari'a* standards (including, without limitation, their individual standards of compliance) and make their own determination as to the future tradability (including, without limitation, in compliance with *Shari'a* principles of debt trading) of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, none of the Delegate, the Arrangers (or their affiliates), the Dealers (or their affiliates) or the Agents will have any responsibility for monitoring or ensuring compliance with any *Shari'a* principles of debt trading referred to in Condition 8.5 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*) or in the event of a total loss or expropriation of any Ijara Assets nor shall it be liable to any Certificateholder or any other person in respect thereof. Furthermore, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents or the Certificates shall be, if in dispute, be referred to, and finally resolved by, arbitration under the Arbitration Rules of the London Court of International Arbitration (the "LCIA"), in London, England or the English courts. In such circumstances, the arbitrator or court (as applicable) will apply the governing law of the relevant Transaction Document and/or the Certificates in determining the obligations of the parties.

#### ***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 court in connection with any dispute under the Certificates and any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against APICORP, 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 any part of such interest.

***The Certificates may only be represented by Global Certificates and holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant ICSDs***

Certificates issued under the Programme may be represented by one or more Global Certificates. Such Global Certificates will be deposited with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") (together, the "ICSDs"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Certificates in definitive form. The ICSDs will maintain records of their direct account holders in relation to the Global Certificates. While the Certificates are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through the ICSDs and their participants.

While the Certificates are represented by one or more Global Certificates, the Trustee or, as the case may be, APICORP, will discharge its payment obligations under the Certificates by making payments through the ICSDs for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the ICSDs and their participants to receive payments under the relevant Certificates.

Neither the Trustee nor APICORP has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates. Holders of beneficial interests in the Global Certificates 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 ICSDs and their participants to appoint appropriate proxies.

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

The Certificates of each Series may be unrated or may be rated by one or more independent credit rating agencies who may also assign credit ratings to the Certificates. Any ratings of either APICORP or the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. Nevertheless, real or anticipated changes in APICORP's credit ratings or the ratings of the Certificates generally may affect the market value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction may also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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

If the status of the rating agency rating the Certificates changes, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates

may have a different regulatory treatment. This may result in relevant regulated investors selling the Certificates which may impact the value of the Certificates and any secondary market.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Certificates and may be adversely affected if Individual Certificates are subsequently required to be issued***

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Certificates at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Certificates at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Certificates in definitive form are issued, holders should be aware that definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future.***

Interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Certificates linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation and/or UK Benchmark Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing the Euro Interbank Offered Rate ("**EURIBOR**"). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May

2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the profit rate calculation provisions of the Conditions (as further described in Condition 7.9 (*Benchmark Replacement*)) or result in adverse consequences to holders of any Certificates linked to such benchmark (including Floating Rate Certificates whose profit rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Certificates, the return on the relevant Certificates and the trading market for securities (including the Certificates) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative. Such fallback arrangements include the possibility that the profit rate could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Certificates may not achieve this objective. Any such changes may result in the Certificates performing differently (which may include payment of a lower profit rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of profit rate for a particular Return Accumulation Period may result in the profit rate for the last preceding Return Accumulation Period being used. This may result in the effective application of a fixed rate for Floating Rate Certificates based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), in certain circumstances the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Certificates. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by possible cessation or reform of certain reference rates in making any investment decision with respect to any Certificates linked to or referencing a benchmark.

#### ***The market continues to develop in relation to SOFR as a reference rate for Floating Rate Certificates***

The use of the Secured Overnight Financing Rate ("SOFR") as a reference rate for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing SOFR, but also how widely SOFR and related methodologies might be adopted.

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

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

In particular, investors should be aware that several different methodologies have been used in SOFR notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Certificates, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-

free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index. If the relevant risk-free rates do not prove to be widely used in securities like the Certificates, the trading price of such Certificates linked to such risk-free rates may be lower than those of Certificates referencing indices that are more widely used.

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

***SOFR differs from EURIBOR and other inter-bank offered rates in a number of material respects and has a limited history***

SOFR differs from EURIBOR and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, calculated on a compounded basis, risk-free, overnight rate and secured, whereas EURIBOR and other inter-bank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on inter-bank lending. As such, investors should be aware that SOFR may behave materially differently to EURIBOR and other inter-bank offered rates as profit reference rates for the Certificates. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to EURIBOR which is an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SOFR in its current form began in April 2018 and it therefore has a limited history. The future performance of SOFR may therefore be difficult to predict based on the limited historical performance. The level of SOFR during the term of the Certificates may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SOFR such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of SOFR nor should they rely on any hypothetical data.

Furthermore, profit on Certificates which reference SOFR is only capable of being determined immediately prior to the relevant Periodic Distribution Date. It may be difficult for investors in Certificates which reference SOFR to estimate reliably the amount of profit which will be payable on the Certificates, and some investors may be unable or unwilling to trade such Certificates without changes to their IT systems, both of which factors could adversely impact the liquidity of the Certificates. Further, in contrast to EURIBOR-based Certificates, if the Certificates referencing SOFR become due and payable as a result of a Dissolution Event under Condition 12 (*Dissolution Events*), or are otherwise redeemed early on a date which is not an Periodic Distribution Date, the final Profit Rate payable in respect of such Certificates shall be determined by reference to a shortened period ending immediately prior to the date on which the Certificates become due and payable or are scheduled for redemption.

***The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR***

The Trustee and APICORP have no control over the determination, calculation or publication of SOFR. There can be no guarantee that SOFR will not be discontinued, suspended or fundamentally altered in a manner that is materially adverse to the interests of investors in Certificates referencing SOFR. In particular, the Federal Reserve Bank of New York (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR or its related indices, including changes related to the method by which SOFR or a related index is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or a related index. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or a related index (in which case a fallback method of determining the Profit Rate on the Certificates will apply). The administrator has no obligation to consider the interests of Certificateholders when calculating, adjusting, converting, revising or discontinuing SOFR or a related index.

## **Risks relating to taxation**

### ***Change of tax law***

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

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact: (i) the ability of the Trustee to service the Certificates; and (ii) the market value of the Certificates. See "*Taxation*" for further details.

### ***Taxation risks on payments***

Payments made by APICORP to the Trustee under the Transaction Documents to which it is a party or by the Trustee in respect of the Certificates could become subject to taxation. The Transaction Documents to which it is a party require APICORP to pay additional amounts in the event that any withholding or deduction is required by law in a Relevant Jurisdiction to be made in respect of payments made by it to the Trustee thereunder. Furthermore, Condition 10 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by the Cayman Islands in certain circumstances. If the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, APICORP has, pursuant to the Servicing Agency Agreement, undertaken to pay to the Trustee (for the benefit of the Certificateholders) such additional amounts as shall be necessary in order that the aggregate net amounts received by the Certificateholders and the Trustee for the benefit of the Certificateholders after such withholding or deduction shall equal the amounts that would have been receivable in the absence of any such withholding or deduction. The circumstances described above may entitle APICORP to instruct the Trustee to redeem the Certificates pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*). See "*The Certificates may be subject to early dissolution by the Trustee*" for a description of the consequences thereof.

## **Risks relating to the Assets**

### ***Ownership of the Assets***

In order to comply with the requirements of *Shari'a*, an interest in the Assets of each Series will pass to the Trustee under the relevant Master Purchase Agreement, as supplemented by the Supplemental Purchase Agreement. The Trustee will declare a trust in respect of its ownership interest in such Assets and the other relevant Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed. Accordingly, Certificateholders will have undivided ownership interests in the relevant Assets unless transfer of the Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Assets*" below).

Limited investigation and enquiry will be made and limited due diligence will be conducted in respect of any Assets. Only limited representations will be obtained from APICORP in respect of the Assets of a Series. In particular, the precise terms of such Assets or the nature of the assets sold or held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by APICORP to give effect to the transfer of the ownership interest in the Assets).

No steps will be taken to perfect the legal transfer of any ownership interest in any Assets or otherwise give notice to any obligor in respect thereof. The obligors in respect of such Assets may have rights of set off or counterclaim against APICORP in respect of such Assets. In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any relevant Certificateholders on the basis of legal or beneficial ownership of any Assets, APICORP has agreed in the Trust Deed to indemnify the Trustee, the Delegate and the Certificateholders against any such liabilities. If APICORP is unable to meet any such claims then the relevant Certificateholders may suffer losses in excess of the original face amount invested.

### ***Transfer of the Assets***

Limited investigation has been or will be made as to whether any interest in any Assets may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. Limited investigation will be made to determine if any Supplemental Purchase

Agreement will have the effect of transferring an ownership interest in the relevant Assets. The Master Purchase Agreement is, and each Supplemental Purchase Agreement will be, governed by English law and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets (in particular assets such as *Ijara* or receivables under Murabaha contracts) can be effectively transferred without notice of the transfer being given to the relevant obligor. Accordingly, no assurance is given that any registration or transfer of ownership interest in any Assets to the Trustee will take place.

#### **Risks relating to Certificates denominated in Renminbi**

Certificates denominated in Renminbi ("RMB Certificates") may be issued under the Programme. RMB Certificates contain particular risks for potential investors, including:

##### ***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of RMB Certificates***

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

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were issued, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any of the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Trustee to source Renminbi to finance its obligations under Renminbi Certificates.

##### ***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Certificates and the Trustee's ability to source Renminbi outside the PRC to service such RMB Certificates***

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

The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Certificates. To the extent the Trustee is required to source Renminbi in the offshore market to service its Renminbi Certificates, there is no assurance that the Trustee will be able to source such Renminbi on satisfactory terms, if at all.

#### ***Investment in RMB Certificates is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. All payments in the nature of profit and principal will be made in Renminbi with respect to Renminbi Certificates unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms (or in terms of other applicable foreign currencies) may vary with the prevailing exchange rates in the market place. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment in U.S. dollar or other applicable foreign currency terms will decline. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Certificates.

In the event access to Renminbi deliverable in the Renminbi Settlement Centre becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in the Conditions), the Trustee is unable to make payments in Renminbi, the Trustee's obligation to make such payments in Renminbi under the terms of the Renminbi Certificates is replaced by an obligation to make such payments in U.S. dollars pursuant to Condition 9.6 (*Payment of U.S. Dollar Equivalent*). As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the

marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Certificates in that foreign currency will decline.

***Investment in the Renminbi Certificates is subject to currency risk***

If the Trustee is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Certificates as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Trustee shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such profit or principal, as the case may be.

***Investment in RMB Certificates is subject to interest/profit rate risk***

The PRC Government has gradually liberalised its regulation of interest/profit rates in recent years. Further liberalisation may increase interest/profit rate volatility. In addition, the interest/profit rates for Renminbi in markets outside the PRC may significantly deviate from the interest/profit rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Certificates may carry a fixed profit rate, the trading price of the Renminbi Certificates will consequently vary with the fluctuations in the Renminbi rates. If holders of the Renminbi Certificates propose to sell their Renminbi Certificates before their maturity, they may receive an offer lower than the amount they have invested.

***Payments in respect of RMB Certificates will only be made to investors in the manner designated in the terms and conditions of the relevant Certificates***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the Renminbi Settlement Centre(s). All payments to investors in respect of the Renminbi Certificates will be made solely: (i) for so long as the Renminbi Certificates are represented by global certificates held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Final Terms in accordance with prevailing rules and procedures of the relevant clearing system; or (ii) for so long as the Renminbi Certificates are in definitive form, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Final Terms in accordance with prevailing rules and regulations. Other than as provided in Condition 9.6 (*Payment of U.S. Dollar Equivalent*) of the Certificates, the Trustee cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

***PRC Taxation***

Prospective holders of Renminbi Certificates are advised to consult their own tax advisers as to the overall PRC tax consequences of the purchase, ownership and disposal of Renminbi Certificates, including the effect of any state or local taxes, under the tax laws of the PRC.

***Risks relating to enforcement***

***Change of law***

The structure of each issue of Certificates under the Programme is based on English law and administrative practices in effect at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of APICORP to comply with its obligations under the Transaction Documents.

### ***Enforcing foreign judgments and arbitral awards against APICORP***

Ultimately, the payments under the Certificates are dependent upon APICORP making payments in the manner contemplated under the Purchase Undertaking, the Servicing Agency Agreement, the Master Murabaha Agreement and the Master Trust Deed.

If APICORP should fail to do so, it may be necessary to bring an action against APICORP to enforce its obligations which could be time consuming and costly. APICORP has irrevocably agreed to the Transaction Documents being governed by English law and that any disputes shall be referred to and finally resolved by arbitration under the LCIA Rules. An arbitration award rendered in London, in favour of the Certificateholders should be enforceable against APICORP in the courts of those Relevant Jurisdictions which are signatories to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**"). However, in practice, and notwithstanding the New York Convention, such awards may not be enforceable consistently under the laws of all of the Relevant Jurisdictions. APICORP has also agreed to submit to the jurisdiction of the courts of England (the "**English courts**") at the option of the Delegate, the Certificateholders, the Agents or the Trustee, as the case may be, in respect of any dispute under certain Transaction Documents. Notwithstanding that a judgment may be obtained in the English courts in favour of the Certificateholders, there is no assurance that APICORP has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. Under the laws of certain of the Relevant Jurisdictions (for example, under the laws of the Kingdom of Saudi Arabia) it is unlikely that the courts of such Relevant Jurisdictions would enforce an English court judgment without re-examining the merits of the claim and such courts may not observe the parties' choice of English law as the governing law of the relevant Transaction Document or the Certificates. In certain of the Relevant Jurisdictions, foreign law is required to be established as a question of fact and the interpretation of English law by the courts of such Relevant Jurisdictions may not accord with the interpretation of an English court. Additionally, in such Relevant Jurisdictions, the choice of foreign law is recognised if the courts of such Relevant Jurisdictions are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. Such courts are unlikely, however, to honour any provision of foreign law which is contrary to public policy, order or morals in such Relevant Jurisdiction, or to any mandatory law of, or applicable in, such Relevant Jurisdiction.

Accordingly, there is no guarantee that any arbitration award rendered in London or any judgment obtained in the English courts, in each case in favour of the Certificateholders, would be enforceable against APICORP in the courts of a Relevant Jurisdiction.

### ***Claims for specific enforcement***

In the event that APICORP fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific enforcement of a contractual obligation, as this is generally a matter for the discretion of the relevant court.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by APICORP to perform its obligations as set out in the Transaction Documents.

### ***Risks related to the market generally***

#### ***The secondary market generally***

Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

#### ***Exchange rate risks and exchange controls***

The Trustee will pay the face amount and profit on the Certificates and APICORP will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit

(the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Certificates; (b) the Investor's Currency equivalent value of the face amount payable on the Certificates; and (c) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Trustee or APICORP to make payments in respect of the Certificates. As a result, investors may receive less profit or amount in respect of the face amount of such Certificates than expected, or no such profit or face amount. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

***Risks relating to Fixed Rate Certificates***

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank and the DFSA shall be incorporated by reference in, and form part of, this Base Prospectus. Non-incorporated parts are either not relevant for the investor or covered elsewhere in the Base Prospectus:

- (a) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2022 ([https://www.apicorp.org/wp-content/uploads/APICORP\\_ConsolidatedFS2022\\_Eng\\_Final.pdf](https://www.apicorp.org/wp-content/uploads/APICORP_ConsolidatedFS2022_Eng_Final.pdf));
- (b) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2021 (<https://www.apicorp.org/wp-content/uploads/APICORP-FS-2021-Eng-Audit-Final-2.pdf>);
- (c) the Conditions of the Certificates contained in the Base Prospectus dated 12 October 2021, pages 50 to 98 (inclusive) ([https://365343652932-web-server-storage.s3.eu-west-2.amazonaws.com/files/3516/3403/8173/APICORP\\_Sukuk\\_U21 - Base Prospectus dated 12 October 2021.pdf](https://365343652932-web-server-storage.s3.eu-west-2.amazonaws.com/files/3516/3403/8173/APICORP_Sukuk_U21 - Base Prospectus dated 12 October 2021.pdf));
- (d) the Conditions of the Certificates contained in the Base Prospectus dated 9 May 2019, pages 44 to 78 (inclusive) ([https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus\\_b3d5a03e-5ec3-49ac-b289-199ff0554ff7.PDF](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_b3d5a03e-5ec3-49ac-b289-199ff0554ff7.PDF));
- (e) the Conditions of the Certificates contained in the Base Prospectus dated 6 June 2017, pages 43 to 79 (inclusive) ([https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Final+Base+Prospectus+06.06.2017\\_ef9b4794-dd31-4a3e-96df-e1ba0ba959d2.PDF](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Final+Base+Prospectus+06.06.2017_ef9b4794-dd31-4a3e-96df-e1ba0ba959d2.PDF)); and
- (f) the Conditions of the Certificates contained in the Base Prospectus dated 21 June 2016, pages 42 to 78 (inclusive) ([https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus\\_58459a79-2f1e-40fa-b68e-8b8f69d39857.PDF](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_58459a79-2f1e-40fa-b68e-8b8f69d39857.PDF)).

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

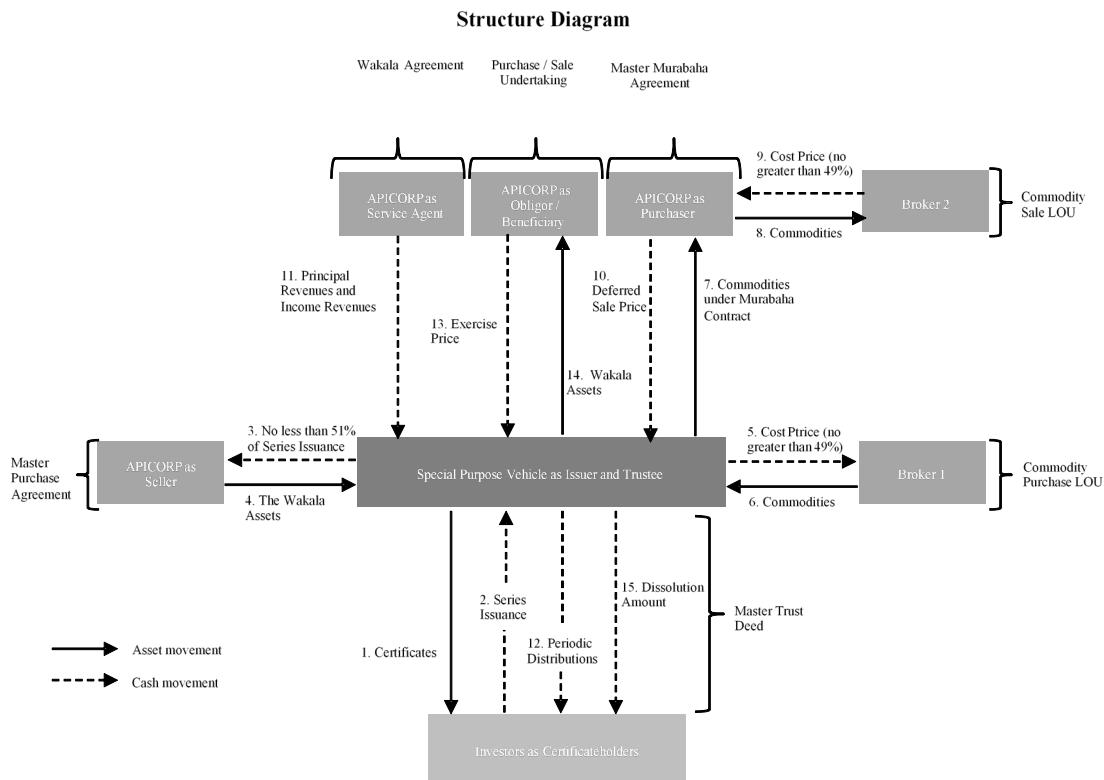
Following the publication of this Base Prospectus a supplement may be prepared by the Group and approved by the Central Bank and the DFSA in accordance with Article 23 of the Prospectus Regulation and Article 14 of the DFSA's Markets Law 2012, respectively. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of the Financial Statements can be obtained on the website of APICORP at <https://www.apicorp.org/investor-relations/annual-reports/>. Copies of the documents in specified in (c) – (f) above may be inspected, free of charge, during normal hours at the specified offices of the Principal Paying Agent. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

## STRUCTURE DIAGRAM AND CASHFLOWS

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

### Structure Diagram



### Payments by the Certificateholders and the Trustee

On the issue date of a Tranche (the "**Issue Date**"), the Certificateholders will pay the issue price in respect of the Certificates (the "**Issue Price**") to the Trustee.

The Trustee will use the Issue Price of each Series as follows:

- (a) an amount as specified in the applicable Final Terms (the "**Murabaha Investment Amount**"), will be used to purchase certain *Shari'a*-compliant commodities (the "**Commodities**") through the Commodity Agent and the Trustee will sell such Commodities to APICORP (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a sale price specified in a letter of offer and acceptance (the "**Deferred Sale Price**") pursuant to a murabaha contract (the "**Murabaha Contract**") (such sale of *Shari'a*-compliant commodities by the Trustee to APICORP and all of the Trustee's rights and entitlements against APICORP (in its capacity as buyer) in connection therewith being the "**Commodity Murabaha Investment**"); and
- (b) the remaining portion of the Issue Price, as specified in the applicable Final Terms (the "**Purchase Price**"), will be used to purchase and accept the transfer and conveyance from APICORP (in its capacity as seller, the "**Seller**") of the Seller's rights, title, interests, benefits and entitlements, present and future, in, to and under certain Eligible Assets specified in the relevant Supplemental Purchase Agreement (the "**Initial Assets**") **provided always that:**
  - (i) at least 51 per cent. of the Issue Price shall be used to acquire Eligible Assets comprised of Ijara Assets and/or Tangible Sukuk Assets specified in the relevant Supplemental Purchase Agreement;

- (ii) no more than 49 per cent. of the Issue Price (less any amounts (if any) corresponding to the relevant portion of any relevant Eligible Assets comprising Intangible Sukuk Assets) shall be used to acquire Commodities in connection with a Commodity Murabaha Investment.

The:

- (a) Initial Assets and any additional Eligible Assets (each as may be substituted from time to time) acquired from time to time in accordance with the Transaction Documents, all revenues from them which comprise amounts in the nature of sale, capital or principal payments (including, without limitation, any total loss and expropriation related insurance proceeds and any indemnity payments) and including any amounts payable by the Service Agent under certain provisions of the Servicing Agency Agreement and any amounts in respect of an Impaired Asset Exercise Price (as defined in the summary of the Principal Transaction Documents) (the "**Principal Revenues**") in accordance with the Servicing Agency Agreement (together, the "**Assets**"); and
- (b) (if applicable) the Commodity Murabaha Investment,

shall together constitute the assets of the Certificates in respect of the relevant Series (the "**Sukuk Assets**").

The Trustee has, pursuant to the terms of the Servicing Agency Agreement, appointed APICORP as its agent (in such capacity the "**Service Agent**") to perform certain services set out in the Servicing Agency Agreement (the "**Services**") in respect of the Assets of each Series.

### **Periodic Distribution Payments**

The Service Agent will record: (i) all Principal Revenues from the Assets of each Series in a book-entry ledger account (the "**Principal Collection Account**"); and (ii) all revenues from the Assets of each Series that are not Principal Revenues and payments of the Murabaha Profit component of the Deferred Sale Price under the Murabaha Contract relating to the relevant Commodity Murabaha Investment (the "**Income Revenues**") in a book-entry ledger account (the "**Income Collection Account**"). On the business day prior to each Periodic Distribution Date, the Service Agent shall use amounts standing to the credit of the Income Collection Account to pay to the Transaction Account an amount which is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the Periodic Distribution Date falling one business day after such date in respect of the Certificates of such Series, together with an amount equal to the amounts payable pursuant to Condition 5.2(a) and Condition 5.2(b), as the case may be (the "**Required Amount**") and any such amount paid into the Transaction Account shall be applied by the Trustee for that purpose.

If on the business day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are greater than the relevant Required Amount, such excess returns shall, after payment of any claims, actual losses (excluding opportunity losses), actual costs (excluding costs of funding) and expenses properly incurred or suffered by the Service Agent or other payments made by the Service Agent on behalf of the Trustee (the "**Service Agent Liabilities Amount**") in providing the Services and payment of any Liquidity Facility (as defined below), be credited by the Service Agent to a separate book-entry ledger account (such account, the "**Reserve Account**").

If on the business day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are less than the relevant Required Amount, the Service Agent shall deduct amounts standing to the credit of the Reserve Account towards funding such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient for such purpose, the Service Agent may provide to the Trustee *Shari'a*-compliant funding in an amount equal to the remaining shortfall (a "**Liquidity Facility**").

### **Dissolution Payments**

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the outstanding Deferred Sale Price shall be due and payable; and

- (b) the Trustee will have the right under the Purchase Undertaking to require APICORP to purchase all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Assets in consideration for payment by APICORP of the Exercise Price.

The outstanding Deferred Sale Price payable by APICORP under the Master Murabaha Agreement and the Exercise Price payable by APICORP under the Purchase Undertaking, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) redemption following a Dissolution Event;
- (b) an early redemption for taxation reasons; and
- (c) an early redemption for clean-up reasons.

In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Certificates in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) if so specified in the applicable Final Terms, at the option of the Certificateholders;
- (b) at the option of the Certificateholders following a Tangibility Event; and
- (c) if so specified in the applicable Final Terms, at the option of APICORP.

Upon the exercise of such right, the Trustee shall redeem the relevant Certificates for an amount equal to the sum of the face amounts of such Certificates and the Periodic Distribution Amounts on such Certificates (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the applicable Final Terms. Such redemption of the Certificates will be funded in a similar manner to that described above for the payment of Periodic Distribution Amounts and the Dissolution Distribution Amount through: (i) a proportionate amount of the outstanding Deferred Sale Price becoming immediately due and payable; and (ii) the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportionate amount of the Assets being sold by the Trustee to APICORP pursuant to the Purchase Undertaking or the Sale Undertaking at a purchase price such that it is expected that the aggregate amounts received by the Trustee are sufficient to pay the amount payable in respect of the Certificates being redeemed.

Following the redemption of the Certificates in full, the Service Agent shall be entitled to retain any amounts standing to the credit of the Reserve Account for its own account as an incentive fee for acting as Service Agent.

## FORM OF THE CERTIFICATES

The Certificates of each Tranche will be in registered form. Certificates will be offered and sold outside the United States to persons who are not U.S. persons (as defined in Regulation S of the Securities Act ("Regulation S")) in reliance on Regulation S.

Each Tranche will initially be represented by a global certificate in registered form (a "**Global Certificate**"). Each Global Certificate will represent undivided ownership interests in the relevant Trust Assets. Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depositary. Persons holding ownership interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Certificates (as defined in the Conditions) in fully registered form.

Payments of any amount in respect of each Global Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register (as defined in the Conditions) as the registered holder of the relevant Global Certificate. None of the Trustee, APICORP, 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 Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in the Conditions) in the manner provided in the Conditions.

Payments of the applicable Dissolution Distribution Amount, Periodic Distribution Amounts or any other amount in respect of the Global Certificate will be made to the persons shown on the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 16 (*Meetings of Certificateholders, Modification and Waiver*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (i) a Dissolution Event (as defined in the Conditions) has occurred and is continuing; or (ii) the Trustee has been notified that Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available.

In such circumstances, the relevant Global Certificate shall be exchanged in full for Individual 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 Individual Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a 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 Individual Certificates.

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

Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Certificates*"), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The Trustee and APICORP may agree with any Dealer and the Delegate that Certificates may be issued in a form not contemplated by the Conditions herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche issued under the Programme.*

**[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("EUWA")]/[EUWA] ("UK MiFIR"); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as amended or modified from time to time (the "SFA"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Certificates are ["prescribed capital markets products"]/[capital markets products other than "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).] ]

Final Terms dated [•]

**APICORP Sukuk Limited**

**Issue of [Aggregate Face Amount of Tranche] [Title of Certificates]**  
under the

**Trust Certificate Issuance Programme**  
**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates (the "Conditions") set forth in the Base Prospectus dated 19 July 2023 [and the Supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus [for the purposes of the Prospectus Regulation]\* (the "Base Prospectus"). This document constitutes the Final Terms of the Certificates described herein [for the purposes of the Prospectus Regulation]\* and must be read in

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\* To be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of Euronext Dublin or another regulated market for the purposes of the Prospectus Regulation.

\* To be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of Euronext Dublin or another regulated market for the purposes of the Prospectus Regulation.

conjunction with the Base Prospectus. Full information on the Trustee, APICORP and the offer of the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus.

The Base Prospectus [and these Final Terms] [is/are] available for viewing on the website of Euronext Dublin (<https://live.euronext.com/en/markets/dublin/bonds/list>) and during normal business hours at the registered office of Arab Petroleum Investments Corporation at Head Office Building, Dammam Coastal Road, Al Rakkah, P.O. Box 9599, 31423 Dammam, Kingdom of Saudi Arabia and copies may be obtained during normal business hours from the specified office of the Principal Paying Agent at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates (the "**Conditions**") set forth in the base prospectus dated [12 October 2021]/[9 May 2019]/[6 June 2017]/[21 June 2016]. This document [constitutes the Final Terms of the Certificates described herein for the purposes of the Prospectus Regulation] and must be read in conjunction with the base prospectus dated 19 July 2023 [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation in order to obtain all relevant information, save in respect of the Conditions which are set forth in the base prospectus dated [12 October 2021]/[9 May 2019]/[6 June 2017]/[21 June 2016] and are incorporated by reference in the Base Prospectus.]

The Base Prospectus [and these Final Terms] [is/are] available for viewing on the website of Euronext Dublin (<https://live.euronext.com/en/markets/dublin/bonds/list>) and during normal business hours at the registered office of Arab Petroleum Investments Corporation at Head Office Building, Dammam Coastal Road, Al Rakkah, P.O. Box 9599, 31423 Dammam, Kingdom of Saudi Arabia and copies may be obtained during normal business hours from the specified office of the Principal Paying Agent at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.]

In these Final Terms, the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[If the Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. Issuer, Trustee and Purchaser: APICORP Sukuk Limited
2. Seller, Obligor, Buyer and Service Agent: Arab Petroleum Investments Corporation ("**APICORP**")
3. (a) Series Number: [•]  
(b) Tranche Number: [•]  
(c) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with *[identify earlier Tranche(s)]* on [the Issue Date/the date that is 40 days after the Issue Date] [Not Applicable]]
4. Specified Currency or Currencies: [•]
5. Aggregate Face Amount:
  - (a) Series: [•]
  - (b) Tranche: [•]

6.	(i)	Issue Price:	[100] per cent. of the Aggregate Face Amount
	(ii)	Tangible Asset Percentage:	[•] per cent.
	(iii)	Intangible Asset Percentage:	[•] per cent.
	(iv)	Murabaha Investment Amount:	[•]/[Not Applicable]
	(v)	Murabaha Profit:	[•]/[Not Applicable]
	(vi)	Purchase Price for Assets:	[•] [Initial]/[Additional]
7.	(a)	Specified Denominations:	[•]
		(this means the minimum integral face amount in which transfers can be made)	(N.B. If an issue of Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation, the EUR 100,000 minimum denomination is not required.)
	(b)	Calculation Amount:	[•]
			(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
8.	(a)	Issue Date:	[•]
	(b)	Profit Commencement Date:	[•]/[Issue Date]/[Not Applicable]
	(c)	Profit Period Dates:	[Each Periodic Distribution Date]/ [•]
9.		Scheduled Dissolution Date:	[•]
			(Specify date or (for Floating Rate Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.)
10.		Periodic Distribution Amount Basis:	[•] per cent. Fixed Periodic Distribution Amount
			[LIBID/LIMEAN/EURIBOR/SHIBOR/ HIBOR/CNH HIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBO R/SAIBOR/BBSW/PRIBOR/SOFR] +/- [•] per cent. per annum Floating Periodic Distribution Amount (further particulars specified in paragraph [15/16] below)
11.		Dissolution Basis:	Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed at [100]/[•] per cent. of their aggregate face amount

12. Change of Periodic Distribution Basis: [Applicable]/[Not Applicable]

13. Put/Call Options: [Not Applicable]  
 [Certificateholder Put Right]  
 [Optional Dissolution Right]  
 [further particulars specified in paragraph [17/18/19] below]

14. (a) Status: Unsubordinated  
 (b) [Date [Board] approval for issuance of Certificates [and entry into the related Transaction Documents] obtained: [•] [and [•], respectively]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Certificates or related Transaction Documents)*

## PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15. Fixed Rate Certificate Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Profit Rate[(s)]: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

(b) Periodic Distribution Date(s): [[•] in each year up to and including the Scheduled Dissolution Date]/[adjusted in accordance with the Modified Following Business Day Convention]  
*(Insert modification wording for Renminbi denominated fixed rate Certificates, which are subject to the Modified Following Business Day Convention)*  
*(NB: This will need to be amended in the case of long or short return accumulation periods)*

(c) Fixed Amount(s): [[•] per Calculation Amount]  
*(Insert the following alternative wording if Certificates are issued in Renminbi)*  
 [Each Fixed Amount is calculated by multiplying the product of the Profit Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY 0.01, with CNY 0.005 being rounded upwards.]

(d) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]][Not Applicable]  
*(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 15(c))*

			(e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] <i>(Insert [Actual/365 (Fixed)] for Renminbi denominated fixed rate Certificates)</i>
		(f) Profit Rate Determination Date(s):	[[•] in each year] [Not Applicable]
			<i>(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular Periodic Distribution Dates, ignoring issue date or Scheduled Dissolution Date in the case of Periodic Distribution Dates which are not in respect of periods of equal duration)</i>
		(g) Renminbi Settlement Centre:	[•]/[Not Applicable]
16.	Floating Rate Provisions:	Certificate	[Applicable/Not Applicable]
			<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(a) Return Accumulation Period:		[•]/[Not Applicable]
			<i>(Return Accumulation Period and Specified Periodic Distribution Dates are alternatives. A Return Accumulation Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")</i>
	(b) Specified Period(s)/Specified Periodic Distribution Dates:		[•] [,in each case] subject to adjustment in accordance with the Business Day Convention set out in (c) below, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]
			<i>(Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable")</i>
	(c) Business Day Convention:		[Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment]
	(d) Additional Business Centre(s):		[Not Applicable/give details]
	(e) Screen Rate Determination:		
		(i) Reference Rate:	[•] month

		[LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/PRIBOR]
(ii)	Profit Rate Determination Date(s):	[•]/[The date falling [•] Business Days prior to the first day of each Return Accumulation Period]/[First day of each Return Accumulation Period]/[The [first/second/third/[•]] Business Day immediately preceding the Periodic Distribution Date for each Return Accumulation Period (or immediately preceding such earlier date, if any, on which the Certificates are due and payable).][provide details]/[The Periodic Distribution Date at the end of each Return Accumulation Period; provided that the Periodic Distribution Determination Date with respect to the last Return Accumulation Period prior to the Scheduled Dissolution Date or the date fixed for redemption will be the Profit Rate Cut-off Date - <i>Include this wording for Payment Delay only</i> ]]*
(iii)	Relevant Screen Page:	[•]/[Not Applicable]  <i>(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fall-back provisions appropriately or, in the case of EIBOR, if not Reuters AEIBOR, ensure it is a page which shows a composite rate.)</i>
(iv)	Relevant Time:	[•] (For example, 11.00 a.m. London time / Brussels time)
(v)	Renminbi Settlement Centre:	[•]/[Not Applicable]
(vi)	Calculation Method:	[Compounded Daily]/[Weighted Average]/[SOFR Index]/[Not Applicable]
(vii)	Observation Method:	[Lag]/[Lock-out]/[Observation Shift]/ [SOFR Index]/[Payment Delay]/[Not Applicable]
(viii)	Observation Look-back Period:	[•]/[Not Applicable]*
(ix)	D:	[365]/[360]/[•]/[Not Applicable]
(x)	Profit Rate Cut-off Date:	[The date falling [•] Business Days prior to the Scheduled Dissolution Date or the date fixed for redemption, as applicable – <i>used for Payment Delay only</i> ]/[Not Applicable]

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- \* To be at least 5 U.S. Government Securities Business Days before the relevant Periodic Distribution Date where the Reference Rate is SOFR.
- \* The length of the Observation Look-back Period should be at least as many Business Days as the period between the Periodic Distribution Date and the Periodic Distribution Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".
- \* The Rate Cut-off Date should be at least 5 U.S. Government Securities Business Days before the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Principal Paying Agent.

(f) Linear Interpolation: [Not Applicable/Applicable – the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (*specify for each short or long return accumulation period*)]

(g) Margin(s): [+/-][•] per cent. per annum

(h) Minimum Profit Rate: [[•] per cent. per annum][Not Applicable]

(i) Maximum Profit Rate: [[•] per cent. per annum][Not Applicable]

(j) Day Count Fraction: [[Actual/Actual (ISDA)][Actual/Actual][Actual/365 (Fixed)][Actual/365 (Sterling)][Actual/360][30/360][30E/360][30E/360 (ISDA)]]

(k) Calculation Agent (party responsible for calculating the Profit Rate(s) and/or Periodic Distribution Amount(s)): [Principal Paying Agent]/[•]

(l) Effective Periodic Distribution Date: [The date falling [•] Business Days following each Periodic Distribution Date, provided that the Effective Periodic Distribution Date with respect to the last Return Accumulation Period will be the Scheduled Dissolution Date or, if the Certificates are redeemed before the Scheduled Dissolution Date, the date fixed for redemption (*include for Payment Delay only*)]\*[Not Applicable]

(m) Benchmark Replacement fall back: [Condition 7.9(a) (*Independent Adviser*) is applicable]/[Condition 7.9(b) (*ARRC*) is applicable]

## PROVISIONS RELATING TO DISSOLUTION

17. Optional Dissolution Right: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

(a) Dissolution Distribution Amount(s) of each Certificate: [Final Dissolution Amount] [[•] per Calculation Amount]

(b) Optional Dissolution Date(s): [Any Periodic Distribution Date]/ [•]

(c) If redeemable in part:

(i) Minimum Optional Dissolution Amount: [•]

(ii) Maximum Optional: [•]

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\* *Effective Periodic Distribution Dates should be at least 5 U.S. Government Securities Business Days after the Periodic Distribution Dates, unless otherwise agreed with the Principal Paying Agent.*

	Dissolution Amount:	
(d)	Notice period:	Minimum Notice Period: [•] days  Maximum Notice Period: [•] days
		<i>(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or the Delegate)</i>
18.	Certificateholder Put Right:	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(a) Certificateholder Put Right Date(s):	[•]
	(b) Dissolution Distribution Amount(s) of each Certificate:	[•] per Calculation Amount
	(c) Notice period:	Minimum Notice Period: [•] days  Maximum Notice Period: [•] days
		<i>(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or Delegate)</i>
19.	Dissolution following a Tax Event:	
	(a) Notice period:	Minimum Notice Period: [•] days  Maximum Notice Period: [•] days
		<i>(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or Delegate)</i>

20. Dissolution Distribution Amount [•] per Calculation Amount on Scheduled Dissolution Date:

21. Dissolution Distribution Amount of each Certificate payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Conditions): [•] per Calculation Amount/As set out in the Conditions]

22. Clean Up Call Right

(a) Dissolution Distribution Amount of each Certificate: [•] per Calculation Amount/As set out in the Conditions]

(b) Notice periods: Minimum Notice Period: [•] days  
Maximum Notice Period: [•] days

*(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or Delegate)*

### **GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

23. Form of Certificates: Global Certificate exchangeable for Individual Certificates in definitive registered form in the limited circumstances specified in the Global Certificate

24. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details]

*(Note that this paragraph relates to the date of payment and not Return Accumulation Period end dates, to which sub-paragraph 16(c) relates)*

### **PROVISIONS IN RESPECT OF THE TRUST ASSETS**

25. Details of Transaction Account: APICORP Sukuk Limited Transaction Account No: [•] with [•] for Series No.: [1/2/3 etc.]

26. Other Transaction Document Information:

(a) Supplemental Trust Deed: Supplemental Trust Deed dated [•] between the Trustee, APICORP and the Delegate

(b) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [•] between the Purchaser and APICORP

(c) [Declaration of Declaration of Commingling of Assets dated [•] executed  
Commingling of Assets: by the Trustee]

**SIGNED** on behalf of

**APICORP SUKUK LIMITED**

By: .....

*Duly authorised*

**SIGNED** on behalf of

**ARAB PETROLEUM INVESTMENTS  
CORPORATION**

By: .....

*Duly authorised*

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(a) Listing and admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market [and Nasdaq Dubai]/[•]] with effect from [•].]

[Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market [and Nasdaq Dubai]/[•]] with effect from [•].]

[The listing of Certificates on Nasdaq Dubai has not been approved by the Central Bank under the Prospectus Regulation.]\*

*(where documenting a fungible issue indicate that original Certificates are already admitted to trading)*

(b) Estimate of total expenses related to admission to trading: [Euronext Dublin: [•]]

[Nasdaq Dubai: [•]]

[[•]: [•]]

### 2. RATINGS

[[The Certificates to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Certificates of this type issued under the Programme generally]/[are unrated]]:

[Moody's: [•]]

Moody's is established in the European Union and registered under Regulation (EC) No. 1060/2009.

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Trustee and APICORP are aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Trustee or APICORP or their affiliates in the ordinary course of business for which they may receive fees – *Amend as appropriate if there are other interests.*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

### 4. [PROFIT OR RETURN (Fixed Periodic Distribution Certificates only)]

Indication of profit or return: [•]

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\* *Include for any Certificates listed on Nasdaq Dubai.*

The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]

5. **HISTORIC RATES** (Floating Rate Distribution Certificates only)

Details of historic [LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/PRIBOR/SOFR] rates can be obtained from [Reuters].

6. **OPERATIONAL INFORMATION**

(a) ISIN: [•]

(b) Common Code: [•]

(c) [FISN]: [[See]/[[*include code*]], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]]

(d) [CFI Code]: [[See]/[[*include code*]], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]]

(e) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(f) Delivery: Delivery [against/free of] payment

(g) Names and addresses of additional Paying Agent(s) (if any): [•]

7. **DISTRIBUTION**

(a) Method of distribution: [Syndicated/Non-syndicated]

(b) If syndicated, names of Managers: [Not Applicable/give names]

(c) Stabilisation Manager(s) (if any): [Not Applicable/give name]

(d) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]

(e) U.S. Selling Restrictions: Regulation S, Category 2

8. **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS**

(a) Reasons for the offer: [See "Use of Proceeds" in the Base Prospectus]/[•]

(b) Estimated net proceeds: [•]

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will apply to each Global Certificate and shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate representing each Series.*

### 1. Introduction

1.1 **Programme:** APICORP Sukuk Limited (in its capacities as issuer and as trustee, the "Trustee") and Arab Petroleum Investments Corporation (in its capacity as obligor, "APICORP") have established a trust certificate issuance programme (the "Programme") for the issuance of certificates (the "Certificates") as described in the amended and restated programme agreement between the Trustee, APICORP and the Dealers (as defined and named therein) dated 19 July 2023 (the "Programme Agreement").

As used herein, "Tranche" means Certificates which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined below) thereon and the date from which Periodic Distribution Amounts start to accrue.

1.2 **Final Terms:** Certificates issued under the Programme are issued in Series. Each Series is the subject of final terms (the "Final Terms") which supplement these terms and conditions (the "Conditions"). Each Series may comprise one or more Tranches issued on different Issue Dates (as defined below). The terms and conditions applicable to any particular Series of Certificates are these Conditions as supplemented by the applicable Final Terms.

1.3 **Trust Deed:** The Certificates are constituted by an amended and restated master trust deed dated 19 July 2023 between the Trustee, APICORP, and BNY Mellon Corporate Trustee Services Limited in its capacity as donee of certain powers and as the Trustee's delegate (the "Delegate", which expression shall include all persons for the time being the delegate or delegates under such master trust deed) (the "Master Trust Deed") as supplemented by a supplemental trust deed entered into on the date of issue of the relevant Certificates (the "Issue Date") in respect of the relevant Series (the "Supplemental Trust Deed" and, together with the Master Trust Deed, the "Trust Deed").

1.4 **Agency Agreement:** An amended and restated agency agreement (as amended or supplemented as at the relevant Issue Date, the "Agency Agreement") dated 19 July 2023 has been entered into in relation to the Programme between the Trustee, APICORP, the Delegate, The Bank of New York Mellon, London Branch as initial principal paying agent, paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent and the other agents named in it.

1.5 **Other Transaction Documents:** These Conditions are subject to the detailed provisions of the Trust Deed, the Agency Agreement and the other Transaction Documents (as defined below). The Certificateholders (as defined below) are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection, on prior notice, during normal business hours at the Specified Office of the Principal Paying Agent.

1.6 **Authorisation:** 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: (i) to apply the proceeds of the issue of the Certificates towards the purchase of Eligible Assets (as defined below) and/or the entry into of a Commodity Murabaha Investment (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents); and (ii) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

Any reference in these Conditions to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

## 2. Definitions and Interpretation

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

**"Additional Business Centre(s)"** means the city or cities specified as such in the applicable Final Terms;

**"Additional Financial Centre(s)"** means the city or cities specified as such in the applicable Final Terms;

**"Agents"** means the Principal Paying Agent, the other Paying Agents, the Calculation Agent(s), the Registrar(s) and the Transfer Agent(s) or any of them and shall include such Agent or Agents as may be appointed from time to time under the Agency Agreement;

**"APICORP Event"** means, with respect to any Series, any of the following events:

- (a) ***Non-payment:*** APICORP (acting in any capacity) fails to pay any amount in the nature of principal (corresponding to the Dissolution Distribution Amount payable by the Trustee under the Certificates) or profit (corresponding to the Periodic Distribution Amounts payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party on the due date for payment thereof and such failure has continued for a period of 90 days; or
- (b) ***Breach of other obligations:*** APICORP (acting in any capacity): (a) delivers a notice to the Trustee and/or the Delegate pursuant to clause 4.3(c) of the Servicing Agency Agreement; or (b) defaults in the performance or observance of its obligations under clause 5.1 of the Purchase Undertaking (other than its obligations as set out in: (i) clause 4.1(e) of the Servicing Agency Agreement (save for the delivery of the Tangibility Event Trustee Notice); and (ii) clause 4.3 of the Servicing Agency Agreement) and such default remains unremedied for 90 days; or
- (c) ***Cross-default:*** APICORP fails to pay any Indebtedness or Sukuk Obligation when due or (as the case may be) within any originally applicable grace period and **provided that:** (i) the amount of such Indebtedness or Sukuk Obligation, individually or in the aggregate, exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); and (ii) such failure has continued for a period of 90 days;

**"Assets"** has the meaning given to it in the Master Purchase Agreement;

**"Broken Amount"** has the meaning given in the applicable Final Terms;

**"Business Day"** means:

- (a) in relation to any sum payable in Renminbi, any day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in the relevant Renminbi Settlement Centre;
- (b) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (c) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"** has the meaning given to it in Condition 7.6 (*Business Day Convention*);

**"Calculation Agent"** means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Final Terms, in the case of the Principal Paying Agent pursuant to the Agency Agreement, in the case of a Dealer, pursuant to the Programme Agreement and, in the case of any other institution pursuant to a letter of appointment in, or substantially in, the form set out in Schedule 4 of the Agency Agreement and, in any case, any successor to such institution in its capacity as such;

**"Calculation Amount"** has the meaning given in the applicable Final Terms;

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

**"Certificateholder"** has the meaning given in Condition 3.2 (*Title to Certificates*);

**"Certificateholder Put Exercise Notice"** has the meaning given to it in Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

**"Certificateholder Put Right"** means the right specified in Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

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

**"Clearstream, Luxembourg"** means Clearstream Banking S.A.;

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended;

**"Commodities"** has the meaning given to it in the Master Murabaha Agreement;

**"Commodity Murabaha Investment"** means, in relation to a Series, the sale of certain Commodities by the Trustee to APICORP (in its capacity as the Buyer (as defined in the Master Murabaha Agreement)), which Commodities were initially purchased by the Trustee using the Murabaha Investment Amount specified in the applicable Final Terms pursuant to the Master Murabaha Agreement;

**"Commodity Purchase Agency Agreement"** means the amended and restated commodity purchase agency agreement dated 19 July 2023 between HSBC Bank Middle East Limited and the Trustee;

**"Commodity Purchase Agreement"** means the amended and restated commodity purchase agreement dated 19 July 2023 between DD & Co Limited and HSBC Bank Middle East Limited;

**"Commodity Sale Agreement"** means the amended and restated commodity sale agreement dated 19 July 2023 between APICORP and Condor Trade Limited;

**"Corporate Services Agreement"** means the corporate services agreement dated 18 June 2015 between the Trustee and the Trustee Administrator;

**"Day Count Fraction"** means, in respect of the calculation of an amount of profit on any Certificates for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Return Accumulation Period, the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and

(ii) where the Calculation Period is longer than one Determination Period, the sum of:

- (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and
- (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year,

where:

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

**"Determination Date"** means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Periodic Distribution Date(s);

- (b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(f) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(g) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Scheduled Dissolution Date or (B) such number would be 31, in which case D2 will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Deferred Sale Price" has the meaning given to it in the Master Murabaha Agreement;

"Delegation" has the meaning given to it in Condition 17.1 (*Delegation of Powers*);

**"Designated Maturity"** means the period of time specified as such in the applicable Final Terms;

**"Dissolution Date"** means, as the case may be:

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

**"Dissolution Distribution Amount"** means, in relation to a particular Series:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due and unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Final Terms as being payable upon any Dissolution Date;

**"Dissolution Event"** means a Trustee Event or an APICORP Event;

**"Dissolution Event Redemption Date"** has the meaning given to it in Condition 12.1 (*Dissolution Event*);

**"Dissolution Notice"** has the meaning given to it in Condition 12.1 (*Dissolution Event*);

**"Early Tax Dissolution Date"** has the meaning given to it in Condition 8.2 (*Early Dissolution for Taxation Reasons*);

**"Eligible Assets"** has the meaning given to it in the Master Purchase Agreement;

**"Euroclear"** means Euroclear Bank SA/NV;

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

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

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

**"Fixed Rate Certificates"** means a Series in respect of which Fixed Rate Certificate Provisions are specified as applicable in the applicable Final Terms;

**"Floating Rate Certificates"** means a Series in respect of which Floating Rate Certificate Provisions are specified as applicable in the applicable Final Terms;

**"Global Certificate"** means a certificate in global form representing Certificates of the same Series that are registered in the name of a nominee for a common depository for Euroclear and/or Clearstream, Luxembourg;

**"Holder"** has the meaning given in Condition 3.2 (*Title to Certificates*);

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Individual Certificate"** means a certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Master Trust Deed in exchange for a Global Certificate;

**"Intangible Asset Percentage"** means the percentage specified as such in the applicable Final Terms, which shall be no more than 49 per cent.;

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

**"Linear Interpolation Designated Maturity"** means the period of time designated in the relevant Reference Rate;

**"Local Banking Day"** means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying Agent has its Specified Office;

**"Margin"** has the meaning given in the applicable Final Terms;

**"Master Murabaha Agreement"** means the amended and restated master murabaha agreement dated 19 July 2023 and made between the Trustee and APICORP (as buyer);

**"Master Purchase Agreement"** means the amended and restated master purchase agreement dated 19 July 2023 between the Trustee (as purchaser) and APICORP (as seller);

**"Maximum Notice Period"** has the meaning given in the applicable Final Terms;

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

**"Minimum Notice Period"** has the meaning given in the applicable Final Terms;

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

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

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

**"Optional Dissolution Right"** means the right specified in Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*);

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

**"Paying Agents"** means the Principal Paying Agent and such further or other paying agent or agents as may be appointed from time to time under the Agency Agreement;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is: (i) a TARGET Settlement Day; and (ii) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies (including, in the case of Certificates denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Periodic Distribution Amount"** has the applicable meanings given to it in Condition 7 (*Periodic Distribution Amounts*);

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

**"Permitted Security Interest"** means:

- (a) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of Certificates;
- (b) any Security Interest securing Relevant Indebtedness of a person existing at the time such person is merged into, or consolidated with, APICORP, **provided that** such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of APICORP;
- (c) any Security Interest existing on any property or assets prior to the acquisition thereof by APICORP not created in contemplation of such acquisition; or
- (d) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (b) (inclusive) of this definition, **provided that** with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Economic Area as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(c) in relation to Renminbi, it means the relevant Renminbi Settlement Centre;

**"Principal Paying Agent"** means The Bank of New York Mellon, London Branch or any successor appointed as principal paying agent under the Programme pursuant to the Agency Agreement in respect of each Series of Certificates in its capacities: as (i) principal paying agent for such Series; and (ii) as the account bank with which the Transaction Account for each such Series is established;

**"Proceedings"** has the meaning given to it in Condition 21.5;

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

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

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

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

**"Purchase Undertaking"** means the amended and restated purchase undertaking dated 19 July 2023 and granted by APICORP for the benefit of the Trustee and the Delegate;

**"Record Date"** has the meaning given to it in Condition 9.4 (*Record Date*);

**"Reference Banks"** has the meaning given in the applicable Final Terms or, if none, four major banks selected by the Trustee and APICORP, as the case may be, in the market that is most closely connected with the Reference Rate;

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

- (a) Euro-Zone interbank offered rate ("**EURIBOR**");
- (b) London interbank bid rate ("**LIBID**");
- (c) London interbank mean rate ("**LIMEAN**");
- (d) Shanghai interbank offered rate ("**SHIBOR**");
- (e) Hong Kong interbank offered rate ("**HIBOR**");
- (f) Singapore interbank offered rate ("**SIBOR**");
- (g) Emirates interbank offered rate ("**EIBOR**");
- (h) Saudi Arabia interbank offered rate ("**SAIBOR**");
- (i) Australia Bank Bill Swap ("**BBSW**");
- (j) Prague interbank offered rate ("**PRIBOR**");
- (k) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (l) Secured overnight financing rate ("**SOFR**");

- (m) Turkish Lira interbank offered rate ("TRLIBOR" or "TRYLIBOR"); and
- (n) Tokyo interbank offered rate ("TIBOR");

**"Register"** has the meaning given to it in Condition 3.3;

**"Registered Office Agreement"** means the registered office agreement dated 11 May 2015 between the Trustee and the Trustee Administrator;

**"Registrar"** means, in respect of each Series of Certificates, The Bank of New York Mellon SA/NV, Luxembourg Branch or any successor thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Certificateholders;

**"Relevant Indebtedness"** means any Indebtedness, other than Indebtedness incurred in connection with a Non-Recourse Project Financing or Securitisation, which is in the form of or represented by any bond, sukuk, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**"Relevant Jurisdictions"** means each of the Cayman Islands, Saudi Arabia, Kuwait, the United Arab Emirates, Libya, Iraq, Qatar, Algeria, Bahrain, Egypt and Syria;

**"Relevant Powers"** has the meaning given to it in Condition 17.1 (*Delegation of Powers*);

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the applicable Final Terms;

**"Renminbi"** means the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan);

**"Renminbi Settlement Centre"** means, in relation to any sum payable in Renminbi, Hong Kong, Singapore and/or any other relevant financial centre, as specified in the applicable Final Terms;

**"Reserved Matter"** has the meaning given to it in Condition 16.1 (*Meetings of Certificateholders*);

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

**"Sale Undertaking"** means the amended and restated sale undertaking dated 19 July 2023 and granted by the Trustee for the benefit of APICORP;

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

**"Securitisation"** means any securitisation of existing or future assets and/or revenues, **provided that:** (a) any Security Interest given by APICORP in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (b) each person participating in

such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (c) there is no other recourse to APICORP in respect of any default by any person under the securitisation;

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

**"Service Agent"** means APICORP acting in its capacity as service agent under the Servicing Agency Agreement.

**"Servicing Agency Agreement"** means the amended and restated Servicing Agency Agreement dated 19 July 2023 between the Trustee and the Service Agent;

**"Settlement Deed"** means the settlement deed dated 19 July 2023 between the Trustee, APICORP, HSBC Bank Middle East Limited, DD & Co Limited and Condor Trade Limited;

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

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

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**): (a) whose affairs and policies the first Person controls or has the power to control, whether this be through ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated as a subsidiary with those of the first Person;

**"Sukuk Assets"** means the Assets and the Commodity Murabaha Investment (if any) in respect of a Series;

**"Sukuk Obligation"** means any undertaking or other obligation to pay any money given in connection with any issue of certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

**"Supplemental Purchase Agreement"** means the supplemental purchase agreement to be dated the Issue Date of the relevant Series between the Trustee and APICORP for the purchase of certain Eligible Assets;

**"Tangible Asset Percentage"** means the percentage specified as such in the applicable Final Terms, which shall be at least 51 per cent.;

**"TARGET Business Day"** means a day on which T2 System is operating;

**"TARGET Settlement Day"** means any day on which the T2 system is open for the settlement of payments in euro;

**"T2 System"** means the Real-Time Gross Settlement system operated by the Eurosystem or any successor system;

**"Transaction Account"** means, in relation to a particular Series, the non-interest bearing transaction account established in the name of the Trustee and operated by the Principal Paying Agent denominated in the Specified Currency and maintained in London, details of which are set out in the applicable Final Terms into which, among other things, APICORP will deposit all amounts due to the Trustee pursuant to the terms of the Transaction Documents;

"**Transaction Documents**" means, in relation to each Series:

- (a) the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;
- (b) the Agency Agreement;
- (c) the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;
- (d) the Sale Undertaking (together with each relevant transfer agreement executed upon exercise of the Sale Undertaking);
- (e) the Purchase Undertaking (together with each relevant transfer agreement executed upon exercise of the Purchase Undertaking);
- (f) the Servicing Agency Agreement;
- (g) if applicable to a Series, the Master Murabaha Agreement

(together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series);

- (h) if applicable to a Series, the Commodity Purchase Agreement;
- (i) if applicable to a Series, the Commodity Sale Agreement;
- (j) if applicable to a Series, the Commodity Purchase Agency Agreement; and
- (k) if applicable to a Series, the Settlement Deed;

"**Transfer Agent**" means, in respect of each Series of Certificates, The Bank of New York Mellon SA/NV, Luxembourg Branch or any successor thereto in each case as transfer agent under the Agency Agreement and such further or other transfer agents as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series;

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

"**Trust Assets**" has the meaning given to it in Condition 5.1 (*Trust Assets*);

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

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

- (a) **Non-payment:** the Trustee fails to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or profit or otherwise) in respect of the Certificates on the due date for payment thereof and such failure has continued for a period of 90 days; or
- (b) **Breach of other obligations:** the Trustee defaults in the performance or observance of any of its other obligations under the Master Trust Deed and such default is incapable of remedy or, if capable of remedy, such default is not unremedied for a period of 90 days; or
- (c) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed in respect of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee and such possession or appointment continues for a period of 60 days after the date thereof; or
- (d) **Insolvency etc.:** (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator is appointed in respect of the whole or a substantial part of the undertaking, assets and revenues of the Trustee is appointed; or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a

general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its Indebtedness or Sukuk Obligations or any guarantee of any Indebtedness or Sukuk Obligation given by it; or

- (e) **Winding up etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee or the Trustee ceases to carry on all or substantially all of its business (otherwise than as approved by an Extraordinary Resolution of the Certificateholders); or
- (f) **Analogous event:** any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraphs (c) (*Security enforced*) to (e) (*Winding up, etc.*) above; or
- (g) **Unlawfulness:** it is or will become unlawful for the Trustee to perform or comply with any of its obligations under or in respect of the Certificates and the Transaction Documents to which it is a party or the Trustee repudiates or contests any of its obligations under or in respect of the Certificates or the Transaction Documents to which it is a party.

For the purpose of paragraph (a) (*Non-payment*) above of this definition, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7 (*Periodic Distribution Amounts*)) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5.2 (*Application of Proceeds from Trust Assets*) or otherwise) subject always to Condition 4.2 (*Limited Recourse*).

## 2.2 Interpretation

In these Conditions:

- (a) all references to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms;
- (b) all references to the "face amount" of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (c) all references to "Periodic Distribution Amounts" shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (d) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Certificates; and
- (e) any reference to any Transaction Document shall be construed as a reference to such Transaction Document as amended and/or supplemented up to and including the Issue Date of the Certificates.

## 3. Form, Denomination, Title and Transfer

- 3.1 **Certificates:** The Certificates are issued in registered form in the Specified Denomination(s), which may include a minimum denomination specified in the applicable Final Terms and higher integral multiples of a smaller amount specified in the applicable Final Terms, and, in the case of Certificates in definitive form, are serially numbered.

These Conditions are modified by certain provisions contained in the Global Certificate. Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive certificates representing their holdings of Certificates. In the case of Certificates in

definitive form, an Individual Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

3.2 **Title to Certificates:** Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg. For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear and/or 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/or Clearstream, Luxembourg and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, APICORP, the Delegate and the Agents as the holder of such face amount of such certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, APICORP, the Delegate and any Agent as the holder of such face amount (representing an undivided *pro rata* ownership interest in the relevant Trust Assets in accordance with the Transaction Documents) of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "Holder" and "Certificateholder" in relation to any Certificates and related expressions shall be construed accordingly.

3.3 **Ownership:** The Registrar will maintain a register of Certificateholders outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "Register"). The Trustee, APICORP, the Delegate and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificates are for the time being registered (as set out in the Register) as the Holder of such certificates or of a particular face amount of the Certificates for all purposes (whether or not such Certificates or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, APICORP, the Delegate and the Agents shall not be affected by any notice to the contrary. All payments made to such registered Holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Certificates or face amount.

No person shall have any right to enforce any term or condition of any Certificates under the Contracts (Rights of Third Parties) Act 1999. The Holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3.4 **Transfers of Certificates:**

Subject to Conditions 3.7 (*Closed periods*) and 3.8 (*Regulations Concerning Transfers and Registration*) below:

- (a) **Transfers of beneficial interests in the Global Certificate:** Transfers of *pro rata* interests in the Global Certificate will be effected by Euroclear and/or Clearstream, Luxembourg and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear and/or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.
- (b) **Transfers of Certificates in definitive form:** Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the Holder or Holders must: (i) surrender the Individual Certificate for registration of the transfer thereof (or the relevant

part thereof) at the Specified Office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the Holder or Holders thereof or his or their attorney or attorneys duly authorised in writing; and (ii) complete and deposit such other evidence to prove the title of the transferor and the authority of the individuals who have executed the form of transfer as may be reasonably required by the Registrar or (as the case may be) the relevant Transfer Agent. Any such transfer will be subject to such reasonable regulations as the Trustee, APICORP, the Delegate and the Registrar may from time to time prescribe.

Subject as provided above, the Registrar or (as the case may be) the relevant Transfer Agent will, as soon as reasonably practicable, and in any event within five business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), and following receipt of a signed new Individual Certificate from the Trustee, deliver at its Specified Office to the transferee or (at the risk of the transferee) send by regular uninsured first class mail (airmail if overseas) to such address as the transferee may request a new Individual Certificate of a like aggregate face amount to the Certificates (or the relevant part of the Certificates) transferred. In the case of the transfer of part only of an Individual Certificate, a new Individual Certificate in respect of the balance of the Certificates not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

3.5 ***Exercise of Options or Partial Dissolution in Respect of Certificates:*** In the case of an exercise of APICORP's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrar will update the entries on the Register accordingly and, in the case of Individual Certificates, new Individual Certificates shall be issued to the Holders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.

3.6 ***No Charge:*** The transfer of a Certificate, exercise of an option or partial dissolution will be effected without charge by or on behalf of the Trustee or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured first class mail (airmail if overseas).

3.7 ***Closed Periods:*** Certificateholders may not require transfers to be registered:

- during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of the relevant Certificates falls due;
- during the period of 15 days ending on (and including) any date on which the relevant Certificates may be called for redemption by the Trustee or APICORP at its option pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*) or Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*); or
- after a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*) or a Tangibility Event Put Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.5 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*).

3.8 ***Regulations Concerning Transfers and Registration:*** All transfers of Certificates and entries on the Register are subject to the detailed regulations concerning the transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of

the Delegate, **provided that** any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be mailed (free of charge to the Certificateholder by uninsured first class mail (airmail if overseas)) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

#### 4. Status and Limited Recourse

4.1 **Status of the Certificates:** The Certificates represent an undivided ownership interest in the relevant Trust Assets and are limited recourse obligations of the Trustee. Each Certificate shall at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series. The payment obligations of APICORP (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.

4.2 **Limited Recourse:** Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, APICORP, any of the Agents or any of their respective affiliates. The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Subject to Condition 12 (*Dissolution Events*), Certificateholders, by subscribing for or acquiring the Certificates, acknowledge 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 or the Delegate or any directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets or any part thereof (save as permitted pursuant to the Sale Undertaking and the Purchase Undertaking) to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;
- (c) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;
- (d) no Certificateholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors), the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate in their capacity as such for any breaches by the Trustee or Delegate and any and all personal liability of every such shareholder, officer, employee, agent, director or corporate services provider in their capacity as such for any breaches by the Trustee or the

Delegate of any such duty, obligation or undertaking is expressly waived and excluded to the extent permitted by law. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the officers or directors of the Trustee or the Delegate (in their capacity as such), save in the case of their wilful default or actual fraud (or, in the case of the officers or directors of the Delegate only, wilful default or fraud). Reference in this Condition 4.2 to wilful default, fraud or actual fraud (as applicable) means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificates. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)).

Pursuant to the terms of the Transaction Documents, APICORP is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against APICORP to recover payments due to the Trustee from APICORP pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.2. Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)) constitute an unsecured claim against APICORP. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of APICORP in connection with the enforcement of any such claim.

## 5. The Trust

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

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Sukuk Assets from time to time (excluding any representations given by APICORP to the Trustee and/or the Delegate under any documents constituting the Sukuk Assets from time to time);
- (c) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by APICORP to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 16.1 of the Master Trust Deed);
- (d) all moneys standing to the credit of the Transaction Account from time to time; and
- (e) all proceeds of the foregoing.

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

- (a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts payable to it under the Transaction Documents in its capacity as Delegate (including any amounts payable to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed;

- (b) *second*, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all properly incurred and documented amounts payable to it under the Transaction Documents in its capacity as Trustee; (ii) each Agent in respect of all amounts payable to such Agent on account of its fees, costs, indemnities, charges and expenses and the payment or satisfaction of any Liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent; and (iii) the Trustee Administrator in respect of all amounts payable to it on account of its fees, actual costs, charges and expenses and the payment or satisfaction of any Liability incurred by the Trustee Administrator pursuant to the Corporate Services Agreement and the Registered Office Agreement;
- (c) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (d) *fourth*, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
- (e) *fifth*, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and **provided that** all amounts required to be paid on the Certificates hereunder have been discharged in full, in payment of any residual amount to APICORP in its capacity as Service Agent as an incentive fee for its performance under the Servicing Agency Agreement.

5.3 **Transaction Account:** The Trustee will establish a non-interest bearing Transaction Account in respect of each Series by no later than the fifth Local Banking Day following the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders into which APICORP will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

## 6. Covenants

6.1 **Trustee Covenants:** The Trustee covenants that for so long as any Certificates are outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any Indebtedness (including any Sukuk Obligation) 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 by any lien, pledge, charge or other Security Interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) except as provided in Condition 16 (*Meetings of Certificateholders, Modification and Waiver*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;

- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
  - (i) as contemplated, provided for or permitted in the Transaction Documents;
  - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (iii) such other matters which are incidental thereto.

6.2 **Negative Pledge:** So long as any Certificates remain outstanding (as defined in the Master Trust Deed), APICORP shall not, other than a Permitted Security Interest, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Sukuk Obligation, without: (a) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity); or (b) providing such other security or other arrangement for those obligations as may be approved by an Extraordinary Resolution of the Certificateholders.

**7. Periodic Distribution Amounts**

**7.1 Fixed Rate Certificates Provisions**

- (a) *Application:* This Condition 7.1 is applicable to the Certificates only if the Fixed Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates:* Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be a Fixed Amount, a Broken Amount or an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

**7.2 Floating Rate Certificate Provisions**

- (a) *Application:* This Condition 7.2 is applicable to the Certificates only if the Floating Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates:* Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as

Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Return Accumulation Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

- (c) *Profit Rate for Floating Rate Certificates:* The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined in the manner specified in the applicable Final Terms as being applicable.
- (d) *Screen Rate Determination for Floating Rate Certificates not referencing SOFR:* Subject to Condition 7.9 (*Benchmark Replacement*), this Condition 7.2(d) applies where the Reference Rate specified in the applicable Final Terms is not SOFR. The Profit Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
  - (ii) in any other case, the Calculation Agent (in consultation with the Trustee and APICORP) will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Trustee or APICORP will:
    - (A) request each of the Reference Banks to provide the Calculation Agent with a quotation of the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will (in consultation with the Trustee and APICORP) determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent (in consultation with the Trustee and APICORP)) quoted by major banks in the Principal Financial Centre of the Specified Currency selected by the Trustee or APICORP at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Profit Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, **and provided further that** such failure is not due to the occurrence of a Benchmark Event (as defined in Condition 7.9 (*Benchmark Replacement*) below), the Profit Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last

determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

If the Profit Rate cannot be determined because of the occurrence of a Benchmark Event, the Profit Rate shall be calculated in accordance with the terms of Condition 7.9 (*Benchmark Replacement*).

(e) *Screen Rate Determination for Floating Rate Certificates referencing SOFR:*

(i) Subject to Condition 7.9 (*Benchmark Replacement*), this Condition 7.2(e) applies where the Reference Rate specified in the applicable Final Terms is SOFR:

(A) Where the Calculation Method is specified in the applicable Final Terms as being "Compounded Daily", the Profit Rate for each Return Accumulation Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Calculation Agent, where:

**"Compounded Daily Reference Rate"** means, with respect to an Return Accumulation Period, the rate of return of a daily compound investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Final Terms and further provided for below) as the reference rate for the calculation of profit) and will be calculated by the Calculation Agent on the Profit Rate Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i - p_{BD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

**"Applicable Period"** means,

- (1) where "Lag", "Lock-out" or "Payment Delay" is specified as the Observation Method in the applicable Final Terms, the relevant Return Accumulation Period; and
- (2) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the Observation Period relating to such Return Accumulation Period;

**"Business Day"** or **"BD"** means a U.S. Government Securities Business Day;

**"D"** is the number specified in the applicable Final Terms;

**"d"** means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

**"d<sub>o</sub>"** means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

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

**"i"** means, for the relevant Applicable Period, a series of whole numbers from one to d<sub>o</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

**"Lock-out Period"** means the period from, and including, the day following the Profit Rate Determination Date to, but excluding, the corresponding Periodic Distribution Date;

**" $n_i$ "**, for any Business Day " $i$ " in the Applicable Period, means the number of calendar days from and including such Business Day " $i$ " up to but excluding the following Business Day;

**"New York Fed's Website"** means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

**"Observation Period"** means, in respect of an Return Accumulation Period, the period from and including the date falling " $p$ " Business Days prior to the first day of the relevant Return Accumulation Period and ending on, but excluding, the date which is " $p$ " Business Days prior to the Periodic Distribution Date for such Return Accumulation Period (or the date falling " $p$ " Business Days prior to such earlier date, if any, on which the Certificates become due and payable);

**" $p$ "** means, for any Return Accumulation Period:

- (1) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of Business Days included in the Observation Look-back Period specified in the applicable Final Terms (or, if no such number is specified five Business Days);
- (2) where "Lock-out" or "Payment Delay" is specified as the Observation Method in the applicable Final Terms, zero; or
- (3) where "Observation Shift" or "SOFR Index" is specified as the Observation Method in the applicable Final Terms, the number of Business Days included in the Observation Look-back Period specified in the applicable Final Terms (which shall not be less than five Business Days without the consent of the Calculation Agent);

**" $r$ "** means:

- (1) where in the applicable Final Terms either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (2) where in the applicable Final Terms "Lock-out" is specified as the Observation Method:
  - (A) in respect of any Business Day " $i$ " that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
  - (B) in respect of any Business Day " $i$ " that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Return Accumulation Period (such last Reference Day coinciding with the Profit Rate Determination Date); and
- (3) where in the applicable Final Terms "Payment Delay" is specified as the Observation Method, in respect of any Business

Day, the SOFR in respect of such Business Day, provided however that, in the case of the last Return Accumulation Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Scheduled Dissolution Date or the date fixed for redemption, as applicable, "r" shall be the SOFR in respect of the Rate Cut-off Date;

**"Rate Cut-off Date"** has the meaning given in the applicable Final Terms;

**"Reference Day"** means each Business Day in the relevant Return Accumulation Period, other than any Business Day in the Lock-out Period;

**" $r_{i-pBD}$ "** means the applicable Reference Rate as set out in the definition of "r" above for, (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i" or, (ii) otherwise, the relevant Business Day "i";

**"SOFR"** means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case on or about 5:00 p.m. (New York City Time) on the Business Day immediately following such Business Day (the "SOFR Determination Time"); and

**"U.S. Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(ii) Where the Calculation Method is specified in the applicable Final Terms as being "Weighted Average", the Profit Rate for each Return Accumulation Period will, subject to as provided below, be the Weighted Average Reference Rate (as defined below) plus or minus (as indicated in the applicable Final Terms) the Margin and will be calculated by the Calculation Agent on the Profit Rate Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

**"Business Day"** has the meaning set out in paragraph (i) above;

**"Lock-out Period"** has the meaning set out in paragraph (i) above;

**"Observation Period"** has the meaning set out in paragraph (i) above;

**"Reference Day"** has the meaning set out in paragraph (i) above; and

**"Weighted Average Reference Rate"** means:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference

Rate in effect for the Business Day immediately preceding such calendar day; and

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Return Accumulation Period, calculated by multiplying each relevant Reference Rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Return Accumulation Period, provided however that for any calendar day of such Return Accumulation Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(iii) Where the Calculation Method is specified in the applicable Final Terms as being "SOFR Index", the Profit Rate for each Return Accumulation Period will, subject as provided below, be the SOFR Index Reference Rate (as defined below) plus or minus (as indicated in the applicable Final Terms) the Margin and will be calculated by the Calculation Agent on the Profit Rate Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.00000005 being rounded upwards, where:

"p" has the meaning set out in paragraph (i) above;

**"SOFR Averages"** shall mean the computation bearing the same name as published on the New York Fed's Website;

**"SOFR Index"** with respect to any U.S. Government Securities Business Day, means:

(A) the SOFR Index value as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) as such index appears on the New York Fed's Website at 5.00 p.m. (New York City time) on such U.S. Government Securities Business Day (the "SOFR Determination Time"); or

(B) if a SOFR Index value does not so appear as specified in (i) above at the SOFR Determination Time, then:

- (1) if a Benchmark Event has not occurred, the SOFR Index Reference Rate shall be the SOFR Index Unavailable value; or
- (2) if a Benchmark Event has occurred, then the SOFR Index Reference Rate shall be the rate determined pursuant to Condition 7.9 (*Benchmark Replacement*);

**"SOFR Index<sub>End</sub>"** is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the Profit Period Date relating to such Return Accumulation Period;

**"SOFR Index Reference Rate"** means:

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left( \frac{360}{d_c} \right)$$

where " $d_c$ " is the number of calendar days from (and including) SOFR Index<sub>Start</sub> to (but excluding) SOFR Index<sub>End</sub> (the number of calendar days in the relevant Observation Period);

"SOFR Index<sub>Start</sub>" is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Return Accumulation Period;

"SOFR Index Unavailable" means if a SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> is not published on the associated Profit Rate Determination Date and a Benchmark Event has not occurred, "SOFR Index Reference Rate" means, for the relevant Return Accumulation Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the New York Federal Reserve's Website at <https://www.newyorkfed.org/markets/treasury-repo-reference-ratesinformation>. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180-calendar days" shall be removed. If the daily SOFR does not so appear for any day, " $i$ " in the Observation Period, SOFR for such day " $i$ " shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the New York Federal Reserve's Website.

- (iv) If, in respect of any Business Day (as defined in paragraph (i) above), the Reference Rate is not available, subject to Condition 7.9 (*Benchmark Replacement*) such Reference Rate shall be the SOFR (as defined in paragraph (i) above) for the first preceding Business Day on which the SOFR was published on the New York Fed's Website (as defined in paragraph (i) above) and " $r$ " shall be interpreted accordingly.
- (v) If the Profit Rate cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 7.9 (*Benchmark Replacement*), the Profit Rate shall be that determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period) or, if there is no such preceding Profit Rate Determination Date, the initial Profit Rate which would have been applicable to such Series of Certificates for the first Return Accumulation Period had the Certificates been in issue for a period equal in duration to the scheduled first Return Accumulation Period but ending on (and excluding) the Profit Commencement Date (but applying the Margin and any Maximum Profit Rate or Minimum Profit Rate relating to the first Return Accumulation Period).
- (vi) If the relevant Series of Certificates become due and payable in accordance with Condition 8 (*Redemption and Dissolution of the Trust*) or Condition 12 (*Dissolution Event*), the final Profit Rate Determination Date shall, notwithstanding any Profit Rate Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Certificates became due and payable and the Profit Rate on such Certificates shall, for so long as any such Certificate remains outstanding, be that determined on such date.
- (vii) For the purposes of this Condition 7.2(e)(vii), if "Payment Delay" is specified in the relevant Final Terms as being applicable, all references in these Conditions to profit on the Certificates being payable on a Periodic Distribution Date shall be read as reference to profit on the Certificates being payable on an Effective Periodic Distribution Date instead.

(f) *Maximum or Minimum Profit Rate:* If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then the Profit Rate shall in no event be greater than the maximum or be less than the minimum so specified.

7.3 ***Calculation of Periodic Distribution Amount:*** The Periodic Distribution Amount will be calculated by the Calculation Agent by applying the Profit Rate for such Return Accumulation Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Certificates divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro and Renminbi, the lowest amount of such currency that is available as legal tender in the country of such currency in the case of euro, means one cent. and, in the case of Renminbi, means CNY 0.01.

7.4 ***Determination and Publication of Profit Rates, Periodic Distribution Amounts and Dissolution Distribution Amounts:*** The Calculation Agent (to the extent that it is able, failing which APICORP) shall, as soon as reasonably practicable on or after each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Periodic Distribution Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Periodic Distribution Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, APICORP, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as reasonably practicable after their determination but in no event later than (i) the commencement of the relevant Return Accumulation Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Periodic Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7.6 (*Business Day Convention*), the Periodic Distribution Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. If the Certificates become due and payable under Condition 12 (*Dissolution Events*), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Periodic Distribution Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

7.5 ***Cessation of Entitlement to Profit:*** No further amounts will be payable on any Certificate from and including the relevant Dissolution Date, unless default is made in the payment of the relevant Dissolution Amount as a result of the failure of APICORP to pay the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Exercise Price or Optional Dissolution Exercise Price (as the case may be) and enter into a transfer agreement in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 7 (to be paid out of amounts transferred to the Transaction Documents pursuant to the Transaction Documents) to the earlier of: (i) the Relevant Date; or (ii) the date on which a transfer agreement is executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be.

7.6 ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms is:

- (a) the "**Following Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day;
- (b) the "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- (c) the "**Preceding Business Day Convention**", the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) the "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**", each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Return Accumulation Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) "**No Adjustment**", the relevant date shall not be adjusted in accordance with any Business Day Convention.

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

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

7.9 **Benchmark Replacement:**

(a) *Independent Adviser*

Notwithstanding any other provisions of Condition 7.2(d) (*Screen Rate Determination for Floating Rate Certificates not referencing SOFR*), if the Trustee and APICORP determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Profit Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply (other than where in the applicable Final Terms "Condition 7.9(b) (ARRC) is applicable" is specified for the Benchmark Replacement fall back):

- (i) the Trustee and APICORP shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread for purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;
- (ii) if the Trustee and APICORP are unable to appoint an Independent Adviser, or the Independent Adviser appointed by them fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the Trustee and APICORP (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread;
- (iii) if a Successor Rate or, failing which, an Alternative Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods (subject to the subsequent operation of, and to adjustment as provided in this Condition 7.9); **provided that** if Condition 7.9(b) applies and the Trustee and APICORP are unable to or do not determine a Successor Rate or an Alternative Rate prior to the relevant Profit Rate Determination Date, the Profit Rate applicable to the next succeeding Return Accumulation Period shall be equal to the Profit Rate last determined in relation to the Certificates in respect of the preceding Return Accumulation Period (or alternatively, if there has not been a first Periodic Distribution Date, the profit rate shall be the initial Profit Rate) (subject, where applicable, to substituting the Margin that applied to such preceding Return Accumulation Period for the Margin that is to be applied to the relevant Return Accumulation Period); for the avoidance of doubt, the proviso in this Condition 7.9(c) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in this Condition 7.9;
- (iv) if the Independent Adviser or the Trustee and APICORP (as applicable) determine a Successor Rate or, failing which, an Alternative Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Trustee and APICORP (as applicable), acting in good faith and in a commercially reasonable manner, specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Profit Rate Determination Date, and/or the definition of Reference Rate applicable to the Certificates, and the method for determining the fallback rate in relation to the Certificates, in order to ensure the proper operation of such Successor Rate or Alternative Rate (as the case may be) and (in either case) any Adjustment Spread. If the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as

applicable) and determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as applicable). If the Independent Adviser or the Trustee and APICORP (as applicable) are unable to determine the quantum of, or a formula or methodology for determining such Adjustment Spread, then such Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread;

- (v) if any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7.9 and the Trustee and APICORP, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determine (x) that amendments to these Conditions, the Trust Deed, the Agency Agreement and/or any other Transaction Document are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (y) the terms of the Benchmark Amendments, then the Trustee shall, subject to giving notice thereof in accordance with Condition 7.9(f), without any requirement for the consent or approval of Certificateholders, vary these Conditions, the Trust Deed, the Agency Agreement and/or such other Transaction Document(s) to give effect to such Benchmark Amendments with effect from the date specified in such notice. At the request of the Trustee and APICORP, but subject to receipt by the Delegate of a certificate signed by two authorised signatories of each of the Trustee and APICORP confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments and that any such Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, the Delegate shall, without any requirement for the consent or approval of the Certificateholders, be obliged to concur with the Trustee and APICORP in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Trust Deed, the Agency Agreement and/or any other Transaction Document). Notwithstanding the foregoing, the Delegate shall not be obliged so to concur if in the opinion of the Delegate doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Delegate in these Conditions or the Trust Deed in any way;
- (vi) the Trustee shall promptly, following the determination of any Successor Rate or Alternative Rate (as applicable) or Adjustment Spread and the specific terms of any Benchmark Amendments to these Conditions, the Trust Deed, the Agency Agreement or any/other Transaction Document, promptly give notice thereof to the Delegate, the Principal Paying Agent, the Calculation Agent and the Certificateholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any;
- (vii) the Delegate shall be entitled to rely on such certificates referred to in (e) (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificates will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any), which are to be determined solely by the Trustee and APICORP following consultation with the Independent Adviser (if appointed), and without prejudice to the Delegate's ability to rely on such certificate as aforesaid) be binding on APICORP, the Trustee, the Delegate, the Principal Paying Agent, the Calculation Agent and the Certificateholders;
- (viii) in no event shall the Calculation Agent be responsible for determining any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the Business Day Convention, Profit Rate Determination Dates

or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by the Trustee, APICORP or the Independent Adviser and will have no liability for such actions taken at the direction of the Trustee, APICORP or the Independent Adviser. Any determination, decision or election that may be made by APICORP or the Independent Adviser (if appointed) in connection with a Benchmark Event or a Benchmark Replacement, including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Trustee's, APICORP's or the Independent Adviser's sole discretion (acting in good faith and in a commercially reasonable manner), and, notwithstanding anything to the contrary in the transaction documents, will become effective without consent from any other party. Neither the Principal Paying Agent nor the Calculation Agent shall have any liability for any determination made by or on behalf of APICORP or the Independent Adviser in connection with a Benchmark Event Benchmark Replacement; and

- (ix) an Independent Adviser appointed pursuant to this Condition 7.9 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to APICORP, the Trustee, the Delegate, the Principal Paying Agent, the Calculation Agent or the Certificateholders for any determination made by it or for any advice given to the Trustee and APICORP in connection with any determinations made by the Trustee and APICORP, pursuant to this Condition 7.9.

In this Condition 7.9:

**"Adjustment Spread"** means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine is required to be applied to the Successor Rate or the Alternative Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Certificateholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Rate, the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP in their discretion (as applicable) determine is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(D) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP in their discretion (as applicable) determine (acting in good faith and in a commercially reasonable manner) to be appropriate;

**"Alternative Rate"** means the rate that the Independent Adviser or the Trustee and APICORP (as applicable) determine has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining profit rates in respect of certificates denominated in the Specified Currency and of a comparable duration to the relevant Return Accumulation Period, or, if the Independent Adviser or the Trustee and APICORP (as applicable) determine that there is no such rate, such other rate as the Independent Adviser or the Trustee and APICORP (as applicable) determine in their sole discretion is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means (i) the Reference Rate ceases to be published or ceases to exist; (ii) a public statement by the administrator of the Reference Rate that it will, by a specified future date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); (iii) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will, by a specified future date within the following six months, be permanently or indefinitely discontinued; (iv) a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will, by a specified future date within the following six months, be prohibited from being used or that its use will be subject to restrictions or adverse consequences; (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor such Reference Rate is or will, by a specified future date within the following six months, be no longer representative of an underlying market; or (vi) it has become unlawful to calculate any payments due to be made to any Certificateholder using the Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011 and/or Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as applicable), if applicable);

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Trustee and APICORP at APICORP's expense;

**"Relevant Nominating Body"** means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, (D) the Financial Stability Board or any part thereof, or (E) the International Swaps and Derivatives Association, Inc. or any part thereof; and

**"Successor Rate"** means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Trustee and APICORP (as applicable) determine is a successor to or replacement of the Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is formally recommended by any Relevant Nominating Body.

(b) *ARRC*

This Condition 7.9(b) (*ARRC*) shall apply, in the case of Certificates for which the Specified Currency specified in the applicable Final Terms is U.S. dollars and the Reference Rate specified in the relevant Final Terms is SOFR, if in the applicable Final Terms "Condition 7.9(b) (*ARRC*) is applicable" is specified for the Benchmark Replacement fall back.

If the Trustee and APICORP determine on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Certificates in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Trustee and APICORP will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of Certificateholders.

Any determination, decision or election that may be made by the Trustee and APICORP pursuant to this Condition 7.9(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Trustee and APICORP; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Certificates, shall become effective without consent from the holders of the Certificates or any other party.

**"Benchmark"** means, initially, SOFR, as the case may be; provided that if the Trustee and APICORP determine on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof), as the case may be, or the then-current Benchmark, then **"Benchmark"** shall mean the applicable Benchmark Replacement;

**"Benchmark Replacement"** means, in the case of Certificates where the Reference Rate is SOFR, **"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by the Trustee and APICORP as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate rate that has been selected by the Trustee and APICORP as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Trustee and APICORP as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been

selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Trustee and APICORP giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

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

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including, in the case of Compounded SOFR, the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

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

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

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

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

**"Compounded SOFR"** means the compounded average of daily SOFR rates for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate being established by the Trustee and APICORP or their designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining Compounded SOFR; provided that:
- (ii) if, and to the extent that, the Trustee and APICORP or their designee determine that Compounded SOFR cannot be determined in accordance with sub-paragraph (A) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Trustee and APICORP or their designee giving due consideration to any industry-accepted market practice for U.S. Dollar-denominated floating rate notes at such time;

**"Corresponding Tenor"** with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

**"Interpolated Benchmark"** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (A) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (B) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

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

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

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not SOFR, the time determined by the Trustee and APICORP after giving effect to the Benchmark Replacement Conforming Changes;

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

**"Term SOFR"** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR (as defined in Condition 7.2(e) above) that has been selected or recommended by the Relevant Governmental Body; and

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 7.9(b) will be notified promptly by the Trustee (failing whom, the Obligor) to the Agents and, in accordance with Condition 18 (*Notices*), the Certificateholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Registrar of the same, the Trustee shall deliver to the Registrar a certificate signed by a director or a duly Authorized Signatory of the Trustee and APICORP shall deliver to the Trustee and the Registrar a certificate signed by a duly Authorized Signatory of APICORP:

- (i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7.9(b); and
- (ii) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

## 8. **Redemption and Dissolution of the Trust**

8.1 ***Dissolution on the Scheduled Dissolution Date***: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms following the payment of all such amounts in full and the execution of a transfer agreement pursuant to the Purchase Undertaking.

8.2 ***Early Dissolution for Taxation Reasons***: The Certificates shall be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (if the Certificates are Floating Rate Certificates) or at any time (if the Certificates are Fixed Rate Certificates) (such dissolution date being an "**Early Tax Dissolution Date**"), on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Certificateholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:

- (a) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) (A) APICORP has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdictions or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by APICORP taking reasonable measures available to it,

**provided, however, that** no such notice of dissolution shall be given to Certificateholders:

- (A) unless a duly completed Exercise Notice has been received by the Trustee from APICORP pursuant to the Sale Undertaking; and

- (B) where the Certificates may be redeemed at any time, earlier than 90 days prior to the earliest date on which the Trustee or APICORP, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of APICORP) then due; or
- (C) where the Certificates may be redeemed only on a Periodic Distribution Date, earlier than 60 days prior to the earliest date on which the Trustee or APICORP, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of APICORP) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8.2, the Trustee shall deliver or procure that there is delivered to the Delegate:

- (1) a certificate signed by two directors of the Trustee (in the case of Condition 8.2(a)) or APICORP (in the case of Condition 8.2(b)) stating that the Trustee is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem (as set out in Condition 8.2(a) and Condition 8.2(b), as the case may be) have occurred; and
- (2) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing, to the effect that the Trustee or APICORP, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8.2(a) or, as the case may be, Condition 8.2(b) above, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8.2, payment in full of the Dissolution Distribution Amount to Certificateholders and execution of a transfer agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

8.3

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

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.3. If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8.3, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a transfer agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If the Certificates are to be redeemed in part only on any date in accordance with this Condition 8.3, each Certificate shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Certificates to be redeemed on the relevant Optional Dissolution Date bears to the aggregate principal amount of outstanding Certificates on such date.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series.

8.4 **Dissolution at the Option of Certificateholders (Certificateholder Put Right):** If the Certificateholder Put Right is specified in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon the Holder of such Certificates giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to APICORP a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8.4, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a transfer agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 8.4 the relevant Holder must, within the notice period, give notice to the Principal Paying Agent of such exercise (a "**Certificateholder Put Exercise Notice**") in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Certificateholder Put Exercise Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent).

Any Certificateholder Put Exercise Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a Holder of any Certificates pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 8.4.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series.

8.5 **Dissolution at the Option of the Certificateholders (Tangibility Event Put Right):** If a Tangibility Event occurs, upon receipt of a Tangibility Event Trustee Notice from APICORP in accordance with the Servicing Agency Agreement, the Trustee shall promptly give notice to the Certificateholders (a "**Tangibility Event Notice**") in accordance with Condition 18 (*Notices*) specifying that:

- (a) a Tangibility Event has occurred;
- (b) as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);
- (c) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing or if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and
- (d) the Tangibility Event Put Right Period, during which period the Holder of any Certificates shall have the right to require the redemption of all or any of its Certificates.

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

If any Certificateholder exercises its option to redeem its Certificates in accordance with this Condition 8.5, the Trustee shall redeem such Certificates on the Tangibility Event Put Right Date at its Dissolution Distribution Amount. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Put Right Date in accordance with this Condition 8.5, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a transfer agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 8.5 the Holder of any Certificate must, within the Tangibility Event Put Right Period, give notice to the Principal Paying Agent of such exercise (a "**Tangibility Event Put Notice**") in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Tangibility Event Put Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent).

Any Tangibility Event Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a Holder of any Certificates pursuant to this Condition 8.5 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 8.5.

In these Conditions:

**"Shari'a Adviser"** has the meaning given to it in the Servicing Agency Agreement;

**"Tangibility Event"** means, if, at any time, following the Issue Date of the first Tranche of a Series, the Tangibility Ratio, other than as a result of the occurrence of a total loss or expropriation of the Ijara Assets comprising the Portfolio, falls below 33 per cent.;

**"Tangibility Event Put Period"** shall be the period of 30 days commencing on the date that a Tangibility Event Notice is given;

**"Tangibility Event Put Right Date"** shall be: (i) a date falling not less than 75 days following the expiry of the Tangibility Event Put Period; and (ii) a Periodic Distribution Date;

**"Tangibility Event Trustee Notice"** has the meaning given to it in the Servicing Agency Agreement; and

**"Tangibility Ratio"** has the meaning given to it in the Servicing Agency Agreement.

8.6 **Clean Up Call Option:** If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 8 the Trustee shall, upon receipt of a duly completed Exercise Notice from APICORP pursuant to the Sale Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the Certificateholders, redeem the Certificates in whole, but not in part, at their Dissolution Distribution Amount on the date specified in such notice (such dissolution date being a "**Clean Up Call Right Dissolution Date**").

8.7 **Dissolution following a Dissolution Event:** Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date and the Trustee may be required to dissolve the Trust, in each case as more particularly described in Condition 12 (*Dissolution Events*).

8.8 **Purchases:** Each of APICORP and APICORP's Subsidiaries may at any time purchase Certificates in the open market or otherwise and at any price and such Certificates may be held, resold or, at the option of APICORP, surrendered to the Registrar for cancellation.

8.9 **Cancellation:** Subject to and in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, all Certificates which are redeemed will forthwith be cancelled. All Certificates purchased and surrendered for cancellation by or on behalf of APICORP or any of APICORP's Subsidiaries shall be cancelled by surrendering the Global Certificate or Individual Certificates representing such Certificates to the Registrar and by APICORP delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8.8, and upon execution of a transfer agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust. All Certificates cancelled pursuant to this Condition 8.8 shall be forwarded to the Registrar and cannot be reissued or resold.

8.10 **No other Dissolution:** The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12 (*Dissolution Events*). Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (*Dissolution Events*) (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

## 9. Payments

9.1 **Method of Payment:** Payments of any Dissolution Distribution Amount will only be made against surrender of the relevant Certificates at the specified office of any of the Paying Agents. Each 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:

- (a) in the case of Certificates denominated in a currency other than Renminbi, upon application by the Holder of such Certificates to the Specified Office of the Registrar, the other Transfer Agents or any Paying Agent before the Record Date, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency; and
- (b) in the case of Certificates denominated in Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

9.2 **Payments on Business Days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated:

- (a) (in the case of payments of any Dissolution Distribution Amount and Periodic Distribution Amounts payable on a Dissolution Date) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, presented and endorsed) at the Specified Office of a Paying Agent; and
- (b) (in the case of payments of Periodic Distribution Amounts payable other than on a Dissolution Date) on the due date for payment.

A Holder of Certificates shall not be entitled to any additional distributions or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

9.3 **Partial Payments:** If the amount of any Dissolution Distribution Amount or 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.

9.4 **Record Date:** Each payment in respect of Certificates will be made:

- (a) where the Certificate is represented by a Global Certificate, to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "Clearing

**System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business; or

(b) where the Certificate is in definitive form, to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office (in the case of Certificates denominated in a Specified Currency other than Renminbi) on the fifteenth day before the due date for such payment or (in the case of Certificates denominated in Renminbi) on the fifth day before the due date for such payment (such day described in, as the case may be, Condition 9.4(a) above and in this Condition 9.4(b), the "**Record Date**".)

9.5 **Payments subject to Laws:** All payments in respect of the Certificates will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

9.6 **Payment of U.S. Dollar Equivalent:** Notwithstanding anything in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Trustee is not able to satisfy payments of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Certificates when due in Renminbi in the relevant Renminbi Settlement Centre, the Trustee may, on giving not less than five nor more than 30 calendar days' irrevocable notice to the Certificateholders prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi- denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Certificates shall be made upon application by the holder of the Certificates to the Specified Office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City.

In this Condition 9.6:

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the relevant Renminbi Settlement Centre, London and in New York City;

**"Determination Date"** means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant Renminbi Settlement Centre;

**"Illiquidity"** means where the general Renminbi exchange market in the relevant Renminbi Settlement Centre becomes illiquid and, as a result of which the Trustee cannot obtain sufficient Renminbi in order to satisfy its obligation to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) (in whole or in part) in respect of the Certificates as determined by the Trustee in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Trustee to convert any amount due in respect of the Certificates in the general Renminbi exchange market in the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the

failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date of the relevant Series of Certificates and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Trustee to transfer Renminbi between accounts inside the relevant Renminbi Settlement Centre or from an account inside the relevant Renminbi Settlement Centre to an account outside the relevant Renminbi Settlement Centre or from an account outside the relevant Renminbi Settlement Centre to an account inside the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date for the relevant Series of Certificates and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the relevant Renminbi Settlement Centre;

**"Spot Rate"** means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in the relevant Renminbi Settlement Centre for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9.6 by the Calculation Agent, will (in the absence of wilful default, gross negligence or fraud) be binding on the Trustee, APICORP, the Paying Agents and all Certificateholders; and

**"U.S. Dollar Equivalent"** means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

## 10. **Taxation**

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

- (a) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificates by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Certificates; or
- (b) where the relevant Certificates is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Certificates would have

been entitled to such additional amounts on presenting or surrendering such Certificates for payment on the last day of such period of 30 days.

If the Trustee becomes subject at any time to any taxing jurisdiction other than or in addition to the Cayman Islands, references in these Conditions to the Cayman Islands shall be construed as references to the Cayman Islands and/or such other jurisdiction.

Notwithstanding anything herein to the contrary, in no event will the Trustee (or any successor of the Trustee) pay any additional amounts in respect of any taxes, withholding or deduction imposed pursuant to the provisions of Sections 1471 through 1474 of the Code (including any successor provisions or amendments thereof), any current or future regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto.

The Transaction Documents each provide that payments thereunder by APICORP shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdictions or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by APICORP of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

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

## 11. **Prescription**

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

## 12. **Dissolution Events**

### 12.1 **Dissolution Event:** Upon the occurrence of a Dissolution Event:

- (a) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming actually aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and
- (b) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a "Dissolution Notice") to the Trustee, APICORP and the Certificateholders in accordance with Condition 18 (*Notices*) that the Certificateholders elect to declare the Certificates to be due and payable at the Dissolution Distribution Amount. A Dissolution Notice may be given pursuant to this Condition 12.1(b) whether or not notice has been given to Certificateholders as provided in Condition 12.1(a).

On the thirtieth day after receipt of such Dissolution Notice and **provided that** the relevant Dissolution Event has not been cured by such time, the Trustee (failing which the Delegate) shall (x) deliver an Exercise Notice to APICORP under the Purchase Undertaking and thereafter execute the relevant transfer agreement for purchase of the Assets and (y) if applicable to a Series, notify APICORP that the outstanding Deferred Sale Price is immediately due and payable under the terms

of the Master Murabaha Agreement. The Trustee (failing which the Delegate) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 **Enforcement and Exercise of Rights:** Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 12.1 (*Dissolution Event*)), the Delegate may (acting for the benefit of the Certificateholders), and shall if so requested in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Certificates or if so directed by an Extraordinary Resolution (and, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, render itself liable or which it may in its opinion incur by so doing), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking and, if applicable to a Series, the Master Murabaha Agreement against APICORP; and/or
- (b) start or join in legal proceedings against APICORP or the Trustee to recover from APICORP or the Trustee any amounts owed to the Certificateholders; and/or
- (c) start or join in any other legal proceedings or take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

### 13. **Realisation of Trust Assets**

13.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against (as applicable) the Trustee and/or APICORP under any Transaction Document to which either of the Trustee or APICORP is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Certificates and, in either case, only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, thereby render itself liable or which it may, in its opinion, incur by so doing.

13.2 No Certificateholder shall be entitled to proceed directly against the Trustee or APICORP under any Transaction Document to which either of them is a party unless the Delegate, having become bound so to proceed: (i) fails to do so within a reasonable period; or (ii) is unable to do so by reason of an order of a court having competent jurisdiction, and the failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and APICORP shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

13.3 Conditions 12.2, 13.1 and 13.2 are subject to this Condition 13.3. After enforcing or realising the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*) and the Trust Deed, the obligations of the Trustee and the Delegate in respect of the Certificates of the relevant Series shall be satisfied and the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) or any other person (including APICORP (to the extent that it fulfils all of its obligations under the Transaction Documents)) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee or the Delegate any such sums remaining unpaid

shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

#### 14. **Replacement of Certificates**

If any Global Certificate or Individual 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 such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. A mutilated or defaced Global Certificate or Individual Certificate must be surrendered before replacements will be issued.

#### 15. **Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee (and solely to the extent set out in the Agency Agreement, the Delegate) and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

The Agents and their Specified Offices are set out in the Agency Agreement. In respect of each Series of Certificates, the relevant Agents are specified in the applicable Final Terms. The Trustee reserves the right at any time with the prior written approval of the Delegate to terminate the appointment of any Agent and to appoint additional or successor Agents; **provided, however, that:**

- (a) the Trustee shall at all times maintain a principal agent, a registrar and a transfer agent;
- (b) if a Calculation Agent is specified in the applicable Final Terms, the Trustee shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Certificates are 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 and/or a Transfer Agent in any particular place, the Trustee shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Certificateholders.

#### 16. **Meetings of Certificateholders, Modification and Waiver**

16.1 **Meetings of Certificateholders:** The Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Trustee, APICORP or the Delegate, and shall be convened by the Trustee, or, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, the Delegate, if the Trustee or the Delegate (as the case may be) receives a request in writing from Certificateholders holding not less than 10 per cent. in aggregate face amount of the Certificates of any Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more Persons holding or representing more than 50 per cent. in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned meeting two or more Persons being or representing Certificateholders whatever the aggregate face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals to (each a "**Reserved Matter**"):

- (a) amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts on the Certificates;

- (b) reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates;
- (c) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Periodic Distribution Amount in respect of the Certificates;
- (d) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate;
- (e) vary any method of, or basis for, calculating the Dissolution Distribution Amount;
- (f) vary the currency of payment or denomination of the Certificates;
- (g) modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;
- (h) modify or cancel the payment obligations of APICORP (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be);
- (i) amend any of APICORP's covenants included in the Purchase Undertaking;
- (j) amend the order of application of monies set out in Condition 5.2 (*Application of Proceeds from Trust Assets*); or
- (k) amend this definition,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Certificateholders (whether or not they voted on the resolution).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate face amount of the Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

16.2 **Modification:** The Delegate may (but shall not be obliged to), without the consent of the Certificateholders: (i) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or is not materially prejudicial to the interests of the outstanding Certificateholders **provided that** such modification is, in each case, other than in respect of a Reserved Matter; or (ii) (A) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents or (B) determine that any Dissolution Event shall not be treated as such, **provided that** such waiver, authorisation or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. Any such modification, authorisation, determination or waiver shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, authorisation or determination shall be notified by the Trustee (or APICORP on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable.

16.3 **Entitlement of the Delegate:** In connection with the exercise of its powers, authorities and discretions (including but not limited to those referred to in this Condition) the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, APICORP or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

17. **Delegate**

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

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

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

17.2 ***Indemnification:*** The Trust Deed contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Trust Deed or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Conditions 12 (*Dissolution Events*) or 13 (*Realisation of Trust Assets*), and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.

17.3 ***No liability:*** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of APICORP or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by APICORP but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

17.4 ***Reliance on certificates and/or reports:*** The Delegate may rely, without liability to any Certificateholder or any other person, on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, APICORP or any 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 Trust Deed or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, APICORP or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

17.5 ***Proper performance of duties:*** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Trust Deed conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Trust Deed and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Trust Deed.

17.6 ***Notice of events:*** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event has occurred or exists 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 (without any liability to Certificateholders or any other person for so doing).

18. **Notices**

18.1 ***Notices to the Holders:*** Notices to the Holders of Certificates shall be sent to them by uninsured first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after the date of mailing.

18.2 ***Listing authorities and clearing systems:*** The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed.

So long as the Certificates are held by Euroclear or Clearstream, Luxembourg, notices to the Holders of Certificates of the relevant Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing or publication as required by Condition 18.1 (*Notices to the Holders*). In such case, any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to such relevant clearing system(s).

19. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. **Further Issues**

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional trust certificates having terms and conditions the same as the Certificates or the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single Series with the outstanding Certificates of the relevant Series. Any additional trust certificates which are to form a single Series with the outstanding Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed.

21. **Governing Law and Dispute Resolution**

21.1 ***Governing law:*** The Trust Deed, the Agency Agreement and the Certificates (including these Conditions) and any non-contractual obligations arising out of or in connection with the same are governed by, and shall be construed in accordance with, English law.

21.2 **Arbitration:** Subject to Condition 21.3 (*Option to litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Agency Agreement and the Certificates (including these Conditions) (including a dispute regarding the existence, validity, interpretation, performance, breach or termination or the consequences of the nullity of the same and any dispute relating to any non-contractual obligations arising out of or in connection with the same) (a "Dispute") shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("LCIA") Arbitration Rules (the "Rules"), which Rules (as amended from time to time) are incorporated by reference into this Condition 21.2. For these purposes:

- 21.2.1 the seat of arbitration shall be London, England;
- 21.2.2 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
- 21.2.3 the language of the arbitration shall be English.

21.3 **Option to litigate:** Notwithstanding Condition 21.2 (*Arbitration*) above, the Delegate or any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and APICORP:

- 21.3.1 within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- 21.3.2 in the event no arbitration is commenced, require that a Dispute be heard by a court of law. If the Delegate or any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 21.5 (*Court proceedings*) and, subject as provided below, any arbitration commenced under Condition 21.2 (*Arbitration*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration (other than the Delegate) will bear its own costs in relation thereto.

21.4 **Termination of arbitration:** If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or the relevant Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed and as applicable) must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that 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:

- 21.4.1 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;
- 21.4.2 such arbitrator's entitlement to be paid his proper fees and disbursements; and
- 21.4.3 the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

21.5 **Court proceedings:** In the event that a notice pursuant to Condition 21.3 (*Option to litigate*) is issued, the following provisions shall apply:

- 21.5.1 subject to Condition 21.5.3 below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and APICORP submits to the exclusive jurisdiction of such court;
- 21.5.2 the Trustee and APICORP 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

21.5.3 this Condition 21.5 (*Court proceedings*) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding Condition 21.5.1 above, the Delegate and any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Delegate and any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may take concurrent Proceedings in any number of jurisdictions.

21.6 **Process agent:** Each of the Trustee and APICORP has in the Trust Deed appointed Maples and Calder at its registered office at 11<sup>th</sup> Floor, 200 Aldersgate Street, London EC1A 4HD 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 approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes.

21.7 **Waiver of immunity:** Under the Transaction Documents to which it is a party, to the extent that APICORP has, or hereafter may (whether on the grounds of sovereignty or otherwise), acquire any immunity from any Proceedings or from execution of judgment, APICORP has agreed that no such immunity shall be claimed by or on behalf of it or with respect to its assets, and APICORP has consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such proceedings.

21.8 **Waiver of Interest:**

21.8.1 Each of the Trustee, the Delegate and APICORP has irrevocably agreed in the Trust Deed that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest.

21.8.2 For the avoidance of doubt, nothing in this Condition 21.8 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Dissolution Amounts, Exercise Price, Certificateholder Put Right Exercise Price, Tangibility Event Certificateholder Put Right Exercise Price, Deferred Sale Price or profit or principal or other amount payable of any kind howsoever described payable by APICORP (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by way of arbitral tribunal.

## USE OF PROCEEDS

The proceeds of each Series of Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire: (a) Eligible Assets from APICORP; and/or (b) acquire Commodities to be sold to APICORP, in each case as specified in the relevant Supplemental Purchase Agreement and Murabaha Contract (as applicable) for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The proceeds of each Series of Certificates subsequently received by APICORP in consideration for the transactions entered into with the Trustee as set out above, as applicable, including with respect to (b) above, the proceeds received from the potential on-sale of the Commodities by APICORP, will only be applied by APICORP for its *Shari'a*-compliant: (i) working capital, (ii) general corporate purposes, (iii) general financing and refinancing requirements and/or (iv) other purpose specified in the applicable Final Terms.

## DESCRIPTION OF THE TRUSTEE

### General

APICORP Sukuk Limited, an exempted company incorporated with limited liability under the Companies Act (As Revised) of the Cayman Islands with registered number 299456 whose registered office is at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.\$50,000 divided into ordinary shares of U.S.\$1.00 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 declaration of trust (the "**Share Declaration of Trust**") dated 18 June 2015 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 of 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 limited operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates which have been and will be issued under the Programme. 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 May 2015.

### 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:
Norbert Neijzen	Regional Head of Fiduciary, Middle East at Maples Fund Services (Middle East) Limited
Stacy Bodden	Senior Vice President at MaplesFS Limited

The business address of Norbert Neijzen is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

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 Administrator

MaplesFS Limited also acts as the administrator of the Trustee (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, the UAE 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, including communications with shareholders and the general public, until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements 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 Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator (or an affiliate thereof). The Trustee has no employees and is not expected to have any employees in the future.

## DESCRIPTION OF THE GROUP

### OVERVIEW

APICORP, which is a multilateral development bank focused on the energy industry, was established on 23 November 1975 pursuant to the Establishing Agreement.

The Establishing Agreement defines APICORP's purpose as:

- participating in financing petroleum projects and industries, and in fields of activity which are derived from, ancillary to, associated with or complementary to petroleum projects and industries; and
- giving priority to Arab joint ventures which benefit the OAPEC Member States and enhance their ability to utilise their petroleum resources and to invest their savings to strengthen their economic and financial potential.

APICORP seeks to achieve this purpose by supporting relevant projects through participating in syndicated loans or making direct loans and/or through equity investments. It also participates in trade financing activities, provides project-related financial advisory services and publishes research relating to strategic and relevant issues in the energy industry.

The table below shows details of APICORP's shareholders as at 31 December 2022.

Member State	Authorised capital <sup>(1)</sup>	Subscribed capital <sup>(2)</sup> (U.S.\$ millions)	Issued and fully paid	Callable capital	Percentage ownership <sup>(3)</sup> (per cent.)
Kuwait.....	3,400	1,700	255	1,445	17.0
Saudi Arabia.....	3,400	1,700	255	1,445	17.0
United Arab Emirates.....	3,400	1,700	255	1,445	17.0
Libya.....	3,000	1,500	225	1,275	15.0
Iraq.....	2,000	1,000	150	850	10.0
Qatar.....	2,000	1,000	150	850	10.0
Algeria.....	1,000	500	75	425	5.0
Bahrain.....	600	300	45	255	3.0
Egypt.....	600	300	45	255	3.0
Syria.....	600	300	45	255 <sup>(4)</sup>	3.0
	<b>20,000</b>	<b>10,000</b>	<b>1,500</b>	<b>8,500</b>	<b>100.0</b>

Notes:

(1) All shares have a nominal value of U.S.\$1,000.

(2) Subscribed capital is the sum of issued and fully paid capital and capital which remains callable if recommended by the Board of Directors and approved by APICORP's general assembly. In April 2016, APICORP's subscribed capital was increased to U.S.\$2,000 million from U.S.\$1,500 million. In April 2020, APICORP's subscribed capital was increased to U.S.\$10,000 million.

(3) Based on issued and fully paid capital.

(4) Restricted due to APICORP sanctions compliance policy.

In May 2011, the shareholders agreed to change APICORP's capital structure by introducing callable capital in the amount of U.S.\$750 million. Callable capital, which can be requested in order to service debt, to expand development operations (while maintaining capital adequacy ratios) or to absorb losses from treasury or development-related assets, is a joint and several obligation of each member country to provide additional capital within two months when called. In April 2016, the shareholders' U.S.\$1 billion line of credit was replaced with additional callable capital, which increased APICORP's total callable capital to U.S.\$1 billion.

On 12 April 2020, the shareholders approved the following changes in APICORP's capital:

- an increase in authorised capital from U.S.\$2.4 billion to U.S.\$20 billion;
- an increase in paid up capital from U.S.\$1 billion to U.S.\$1.5 billion through the transfer of U.S.\$500 million from reserves; and
- an increase in callable capital from U.S.\$1 billion to U.S.\$8.5 billion, bringing the subscribed capital to U.S.\$10 billion.

Although APICORP does not have specific guarantees from its shareholders, APICORP believes that the introduction of callable capital demonstrates stronger support than the line of credit made available by its shareholders in 2008. See *"Risk factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—APICORP is a multilateral development bank without guarantee-related support from its shareholders"*.

The rights of the shareholders are contained in the Establishing Agreement and APICORP is managed in accordance with the provisions contained in the Establishing Agreement. The Establishing Agreement ensures that APICORP is not controlled by any single member state. All resolutions are required to be approved by a majority of the votes cast, with each shareholder having one vote per share held.

APICORP is independent in its administration and in the performance of its activities and carries out its operations on a commercial basis with the intention of generating a profit.

APICORP's financial year corresponds to the calendar year. As at 31 December 2022, the Group had total assets of U.S.\$8,853.9 million, including U.S.\$4,229.7 million in loans and advances and U.S.\$1,203.2 million in listed and unlisted equity securities, other investments at FVTPL and equity accounted investees. The Group also has a significant treasury investment portfolio of debt securities at FVOCI, amounting to U.S.\$2,456.5 million as at 31 December 2022, which is intended to provide earnings which are not correlated to the Group's two other more cyclical business lines of lending to, and making equity investments in, relevant projects.

In 2022, the Group had interest income of U.S.\$262.1 million and received U.S.\$110.9 million in dividend income. The Group's profit for 2022 was U.S.\$148.9 million.

The Group's headquarters are located in Dammam, Saudi Arabia. In addition, APICORP has a wholesale banking branch in Manama, Bahrain, which is regulated by the Central Bank of Bahrain. Its headquarters office address is Dammam Coast Road, Al Rakkah, P.O. Box 9599, 31423 Dammam, Saudi Arabia and its telephone number is +966 (0) 3 847 0444.

## **HISTORY**

Following its establishment, APICORP commenced loan financing and direct equity investment activity with various Arab petroleum companies. Trade financing of petroleum, gas and petrochemicals began in 1975. In 2001, the Group commenced financial advisory services to assist the OAPEC Member States and companies within them with the financing of their projects. In the same year, the Board of Directors (the "Board") approved the Group's expansion into the power generation sector, with a strategic focus on generation or transmission facilities which support the development of energy-related industry projects. In 2007, the Board approved the financing of energy intensive industries such as aluminium and the establishment of energy funds. The Group continued to support the energy sector throughout the global financial crisis, including at times when market liquidity was significantly constrained. APICORP has recently developed a new strategy, in consultation with McKinsey, which was approved by the Board on 9 June 2023. See "*—Strategy*" below.

In 2006, APICORP established its branch in Bahrain with a view to broadening its financing services.

APICORP's initial authorised share capital was SAR 3.6 billion (U.S.\$960 million) and its initial subscribed capital was SAR 1.2 billion (U.S.\$320 million). APICORP's authorised and subscribed capital have increased since then, most recently to U.S.\$20.0 billion and U.S.\$10.0 billion, respectively, in April 2020.

## **LEGAL STATUS OF APICORP**

APICORP is a corporation established in accordance with a special international agreement, the Establishing Agreement, is hosted by Saudi Arabia and enjoys, with respect to OAPEC Member States and third parties, all the rights and privileges of nationality which national companies enjoy in each Member State. APICORP is subject to the provisions of the Establishing Agreement, which are expressed to prevail in the event that there is a conflict with the internal laws of any OAPEC Member State. APICORP is also exempt from the payment of duties, taxes and all public financial costs and burdens in respect of all operations related to its objectives. APICORP is also exempted from any special fees related to subscription, incorporation, registration, increase of capital, dissolution and liquidation. The Establishing Agreement explicitly grants APICORP privileges throughout the OAPEC Member States. These privileges include:

- an undertaking by the OAPEC Member States, jointly and severally, to support APICORP, although see "*Risk factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—APICORP is a multilateral development bank without guarantee-related support from its shareholders*";
- APICORP's rights and privileges of nationality within any OAPEC Member State;
- APICORP's exemptions from payment of duties and all public and financial costs within OAPEC Member States;
- APICORP's exemption from any currency controls, including from convertibility and transfer restrictions;
- support for APICORP's personnel in entry and residency throughout the OAPEC Member States; and
- an undertaking by the OAPEC Member States to refrain from appropriating any of APICORP's assets.

APICORP's shareholders and their shareholding percentages have remained unchanged since it was established. The Establishing Agreement provides that only member countries of OAPEC may be shareholders in APICORP. If any shareholder ceases to be an OAPEC Member State, it would also cease to be a shareholder in APICORP and its shares would be distributed among the remaining OAPEC Member State shareholders on a *pro rata* basis.

## STRATEGY

APICORP is a multilateral development bank that contributes to the growth, development and transformation of the Arab energy industries through the following activities:

- providing debt funding in the form of project finance, asset-based finance and structured trade finance;
- providing financial structuring and advisory services; and
- providing equity funding to companies and projects.

APICORP believes that the energy sector in the MENA region and beyond offers significant prospects for investors both in terms of the number of energy and related projects and the scale of the investment required.

APICORP aims to consolidate its role as a leading development institution that focuses on the energy and related sectors.

APICORP has recently developed a new strategy, in consultation with McKinsey, which was approved by the Board on 9 June 2023. This new strategy is considered as being evolutionary rather than revolutionary, as APICORP's overall business model remains unchanged. APICORP expects to continue to fund the energy and related sectors through its two core business units – Corporate Banking and Investments and Partnerships. The Corporate Banking business will provide debt funding in the form of project and trade finance, whereas the Investments and Partnerships business will largely focus on making mostly direct and some indirect equity investments mainly in private companies in the energy and related sectors. Funding and liquidity management and hedging of financial risk exposures will be managed by Group Treasury.

Under the new strategy, APICORP's mandate is defined as "*Enabling a secure and sustainable energy future*". This mandate establishes the role and purpose of APICORP as follows:

- *Commercial with Impact.* APICORP will continue doing business on commercial terms, while seeking to achieve maximum positive impact;
- *Dual focus.* APICORP's dual focus will entail a continuation of investments in hydrocarbons, with simultaneous active support for the energy transition of oil and gas exporting member countries; and

- *Investment growth.* APICORP will aim to grow its balance sheet and to rebalance and optimise its overall asset portfolio. This is expected to be achieved through an increased focus on growing its equity portfolio, relative to its lending portfolio, which is also expected to grow but to a lesser degree.

As part of the new strategy, APICORP has also introduced a new vision to become the leading energy transition impact fund in the MENA region. APICORP intends to further expand its role as a leading provider of both debt and equity funding for energy transition and impact funding in the region.

In addition, APICORP's new mission has been defined as supporting the energy ecosystem with debt and equity solutions to enable energy transition and develop local value chains and services in the region and creating impact by contributing to economic prosperity and enabling local communities via talent development and knowledge creation.

APICORP's new strategy is built on two pillars and two enablers. The two pillars are:

- becoming the pre-eminent impact investor in the energy sector in the MENA region; and
- enhancing corporate lending profitability.

The two enablers are:

- building a professional and performance-driven culture; and
- improving organisational health.

The implementation of the new strategy is expected to involve the following initiatives:

- APICORP's equity business focusing on two broad main investment themes – energy transition and energy supply chain. Sub-themes have been or are expected to be identified for each main investment theme;
- APICORP's lending business (which provides mainly project and trade finance) continuing to support the various components of the energy value chain, including energy transition;
- new product and service offerings, especially in the energy transition/decarbonisation and ESG spaces; and
- relocation of its head office and business operations to Riyadh, Saudi Arabia, from Al Khobar (which is located on the east coast of Saudi Arabia), which is expected to result in significant business benefits, given Riyadh's position as a major commercial centre and a financial and related services hub in the region.

*APICORP is currently undergoing a re-branding exercise, in consultation with FutureBrand, to reflect the above strategy with a broader focus on the energy sector, including energy transition. This exercise is expected to be completed by the end of 2023.*

## STRENGTHS

The Group believes that it benefits from a number of strengths. These include:

### **Sovereign ownership and special privileges**

APICORP is 100 per cent. owned by OAPEC Member State governments, 64.0 per cent. owned by GCC governments and 51 per cent. owned by Kuwait, Saudi Arabia and the UAE collectively. APICORP benefits from a number of special privileges afforded to it by the Establishing Agreement, see "*—Legal status of APICORP*" above. APICORP also has de facto preferred creditor status by virtue of its status as a multilateral development bank. De facto preferred creditor status is based solely on historical practice in relation to multilateral development banks. Preferred creditor status is not, however, a legal status. The preferred creditor status enjoyed by APICORP is also reflected in the fact that the OAPEC Member States have, in the Establishing Agreement, exempted APICORP from all restrictions relating to currency control and fund transfer.

## **Strong shareholder support**

The Establishing Agreement provides that the OAPEC Member States undertake:

- jointly and severally, to support APICORP, protect it and embrace its causes in every way that ensures the protection of its rights and interests internationally and otherwise (although APICORP does not benefit from a specific guarantee from its shareholders); and
- to facilitate all the activities related to APICORP's objectives and to adopt all possible measures to that end.

The OAPEC Member States have supported each of APICORP's six capital increases since it was established and have also supported it with significant deposits. The Group also benefits from U.S.\$8.5 billion in callable capital, which provides a further indication of potential future shareholder support. In addition, the OAPEC Member States elected not to declare dividends in respect of each of 2008, 2009, 2010, 2012, 2013, 2014, 2016, 2019, 2020 and 2021 to further strengthen APICORP's financial position. Total dividends of U.S.\$30.0 million, U.S.\$30.8 million and U.S.\$37.2 million were declared in respect of 2017, 2018 and 2022, respectively. OAPEC Member States, through their representatives on the Board, provide APICORP with opportunities to participate in, or initiate, projects in OAPEC Member States.

## **Solid capitalisation and low leverage**

As at 31 December 2022, the Group's capital adequacy ratios determined in accordance with Basel II methodology were 30.72 per cent. (for total capital) and 29.67 per cent. (for Tier 1 capital). The Group's total capital ratio has remained around 28 per cent. since 2009, supported by the quality of its asset portfolio and its strong track record of profitability.

The Group seeks to maintain conservative leverage levels, which it calculates as its total liabilities divided by its total equity and non-controlling interests. As at 31 December in each of 2022, 2021 and 2020, the Group's leverage levels were 2.03 times, 2.13 times and 2.23 times.

## **Sustained and strong financial performance**

The Group has been profitable in almost every year since it was established, including throughout the global financial crisis. In October 2019, Moody's upgraded APICORP's ratings from Aa3 to Aa2 with a stable outlook, principally reflecting steady and sustained improvements in its liquidity and funding profile coupled with a track record of strong asset performance, and it affirmed that rating in August 2021 and June 2022. In June 2020, Fitch assigned APICORP an AA long-term issuer default rating with stable outlook and affirmed that rating in June 2021, June 2022 (when it revised the outlook to positive) and June 2023. In March 2023, S&P assigned APICORP a AA- long-term rating with stable outlook.

The Group also has a relatively low amount of NPLs which were U.S.\$51.47 million as at 31 December 2022, U.S.\$13.46 million as at 31 December 2021 and U.S.\$16.53 million as at 31 December 2020. These mainly comprise one Libyan loan, which is fully covered by provisions and cash collateral held. The Group's NPLs comprised 1.21 per cent., 0.28 per cent. and 0.41 per cent., respectively, of its total gross loans as at 31 December in each of 2022, 2021 and 2020.

## **Focus on strategic energy sector and geographically focussed on the GCC**

The Group focuses on financing projects in the oil and gas, petrochemical and energy sectors and has developed significant expertise in these areas since it was established in 1975. As at 31 December 2022, 82.3 per cent. of APICORP's assets were located in the GCC and 44.7 per cent. and 11.2 per cent. were located in Saudi Arabia and Qatar, respectively.

## **BUSINESS**

The Group has three principal business areas:

- project finance, asset-based finance, trade finance, structured commodity finance and financial advisory (together referred to as "**Corporate Banking**");

- captive private equity investments through direct or indirect equity investments (together referred to as "**Investments & Partnerships**"); and
- funding and liquidity management and the investment of excess liquidity in the Group's investment portfolio (together referred to as treasury and capital markets or "**T&CM**").

Corporate Banking principally provides debt finance and financial advisory services to businesses and projects in the oil and gas and related energy sectors.

Investments & Partnerships principally invests in businesses and projects in the oil and gas and related energy sectors (including energy transition) through direct equity investments and indirect equity investments through funds.

T&CM is principally responsible for funding and managing the Group's liquidity needs and for investing its excess liquidity.

The Group also publishes macro-economic research, with a focus on the oil and gas and related energy sectors.

## **Corporate Banking**

### ***Introduction***

Corporate Banking arranges financing through loans and credits for projects developed by local, regional and international sponsors in the energy sector. This financing activity is a major contributor to the Group's interest income, with loans and advances contributing U.S.\$162.1 million, or 61.9 per cent., of the Group's total interest income in 2022. The Group also provides financial advisory services to clients when specifically requested, primarily to assist them in raising finance but also in terms of project development guidance, financial feasibility studies, validation of commercial viability and structure and transaction structuring. This advice generates a small amount of fee income. Including other minor sources of income, Corporate Banking generated total income of U.S.\$197.8 million in 2022, U.S.\$121.9 million in 2021 and U.S.\$136.7 million in 2020, equal to 75.5 per cent., 80.8 per cent. and 67.9 per cent., respectively, of the Group's total interest income and net fee income in each year.

### ***Products and services***

Corporate Banking principally arranges medium- to long-term finance, although it also offers shorter-term trade finance and structured commodity finance. The Group offers loans and credits both on a conventional and on an Islamic finance basis. Key medium- to long-term finance products include project finance, asset-based finance (vessels and rigs), reserve-based finance, acquisition finance, equity bridge finance and working capital finance.

The Group offers a suite of trade finance products and services, comprising letters of credit ("LCs") and letters of guarantee; and the handling of export LCs, including advising, negotiation and confirmation. The Group's range of structured commodity finance products includes transactional and inventory financings, borrowing base facilities, pre-export financings and prepayment facilities.

Although the Group does not have its own Islamic banking unit and Shari'a board, it typically arranges and advises on Islamic transactions and has established strong relationships with major participants in the Islamic finance industry. In line with its current strategy, in 2014, the Group launched an initiative to increase the visibility of its Islamic finance capabilities, and started to systematically offer Shari'a-compliant finance solutions to its clients along with conventional products. As at 31 December 2022, the share of Islamic finance assets as a percentage of the Group's total unimpaired portfolio of loans and advances was 21.5 per cent.

### ***Clients***

Corporate Banking's client base includes the national oil and gas companies of the OAPEC Member States, international companies which are active in the MENA region and a select group of privately owned companies from the MENA region. Corporate Banking's particular focus in relation to its medium- and longer-term financing is investment projects that are deemed strategic because of their economic impact, size, location, technology or diversification. These projects typically have strong support from their

sponsors, which frequently include governments. Through participating in arranging and implementing the financing for these investments, Corporate Banking has developed close and long-standing relationships with the sponsors of these projects.

Corporate Banking also enjoys close relationships with all the major international and regional financial institutions which are active in financing the energy industry throughout the MENA region, and beyond when the project or trade transaction financed benefits the MENA region. Therefore, in terms of geography, the Group does not focus exclusively on transactions within the Arab world but is also supporting its Arab clients in their projects and trade flows outside the Arab region. The Group exclusively finances the energy sector and is active throughout the energy value chain. The segments within these sectors financed by the Group include:

- *upstream*: oil field services and drilling; offshore service vessels; and mining;
- *midstream*: oil and product tankers; liquefied natural gas ("LNG") tankers; pipelines and oil and product terminals;
- *downstream*: refinery, petrochemical and gas projects;
- *utilities*: conventional power and water desalination projects; water treatment; waste management and renewables projects; and
- *energy intensive*: aluminium and metals; cement; and polysilicon.

#### ***Lending criteria***

Corporate Banking aims to finance investment projects and commodity trade flows which have a strong economic rationale and that meet a strategic purpose. The criteria applied by the Group when selecting transactions include:

- the strategic fit of the transaction and the impact of the Group's involvement in it;
- the quality of the sponsors, the degree of their commitment and the strength of the Group's relationship with them;
- the economic rationale, resilience and competitiveness of the project;
- the degree of export orientation and foreign currency generation;
- the degree of protection of the project from local factors, such as exchange rates, inflation and regulation;
- the strength of the credit terms, including security, collateral and sponsor support;
- the involvement along with the Group of export credit agencies, developmental agencies and multilateral development institutions in any financing in high political risk countries;
- the role and visibility of the Group in the financing; and
- the remuneration – the Group provides medium-to long-term financing at market rates. However, while profit is an important factor, its decision to advance financing is not solely driven by profitability and it also takes into account the developmental impact of the project.

As a general rule, a country which has significant economic or political challenges is considered a less robust sponsor. In these instances, the Group's criteria concerning equity, project structure, guarantees, export-credits and multilateral financings are more stringent.

The Group requires prior approval from its credit and investment committee and from the Board before committing to any funded or unfunded credit facility. Each approval is required to be supported by a detailed credit application, which includes a thorough due diligence and a comprehensive rating scorecard specific to the nature of the transaction.

APICORP maintains country specific lending limits, single obligor limits, single group level limits and rating wise portfolio limits for its Corporate Banking business.

The country limit for member countries is limited to 10 times their respective equity contributions, while the country cap for non-member countries is linked to their sovereign ratings as well as to a certain percentage of APICORP's total shareholders' equity, the maximum being 30 per cent. The maximum single obligor limit is 10 per cent. of the Group's net worth (being its total assets less its total liabilities). In addition, no lending commitment to any one group of companies may exceed 25 per cent. of the Group's net worth.

#### ***Lending portfolio***

See "*Management's discussion and analysis of financial condition and results of operations of APICORP—Analysis of certain statement of financial position items—Loans and advances*" for a discussion of the Group's portfolio of loans and advances.

#### ***Commitments to lend and guarantees***

See "*Management's discussion and analysis of financial condition and results of operations of APICORP—Commitments and contingent liabilities*" for a discussion of the Group's commitments to underwrite and fund loans, subscribe capital to investments, provide guarantees of investee company obligations and make certain other commitments.

### **Investments & Partnerships**

#### ***Introduction***

APICORP's primary focus in equity investments is investing directly in private companies. It also invests in public companies and/or indirectly in private and public companies through an investment in funds. The private companies invested in operate in the oil and gas industries, and in other industries derived from, ancillary to, associated with and/or complementary to, the oil and gas industry. Priority is given to Arab joint ventures that enhance the ability of the OAPEC Member States to utilise their petroleum resources. APICORP also seeks to play an active role in energy transition in the OAPEC Member States. APICORP is a responsible investor and is actively implementing a robust ESG framework and principles.

As at 31 December 2022, the Group's listed and unlisted equities and equity accounted investees (the "**Investments & Partnerships' Portfolio**") principally comprised 18 direct equity investments in companies. Of these investments, 16 are in companies located in eight Arab countries: six in Saudi Arabia, two in Egypt, two in Libya, two in Kuwait and one each in Bahrain, Iraq, Jordan and the UAE. The remaining two investments are in companies based in the United Kingdom. The portfolio includes seven investments in the oil and gas sector, six in the chemicals sector, three in power, one in capital goods and one in construction materials. Three of these investments have been fully impaired.

In 2020, APICORP's exposure to the power sector, particularly renewables, increased when it acquired a 20 per cent. shareholding in Jordan Wind Power Company ("**JWPC**"), its first investment in Jordan. APICORP also took advantage of the recovery in demand for, and pricing of, petrochemical products following the COVID-19 lockdowns when it partially exited its investment in Yanbu National Petrochemical Company ("**YANSAB**") in the fourth quarter of 2020.

In 2021, the Group did not make any new investments apart from acquiring a very small incremental shareholding in a specialised wellbore services platform ("**Coretrax**"). Two investments were sold (The Egyptian Bahraini Gas Derivative Company (EBGDCO) and Tankage Mediterranee (TANKMED)) and a partial exit in relation to Ashtead Technology also took place.

In 2022, the Group entered into two separate limited partnership agreements. The first was with GIP Emerging Market Fund 1, which is managed by Global Infrastructure Partners ("**GIP**"), a leading global infrastructure player. This fund will target the Energy, Transportation and Water/Waste sectors in Asia and Latin America. The second agreement was with Abrdn Investcorp Infrastructure Partners, which will be jointly managed by Investcorp and Aberdeen Standard Investments. This fund will focus on essential infrastructure investments in the GCC and wider MENA region.

In addition, the Group opted to convert its loan to Yellow Door Energy (YDE) into equity and simultaneously reduced its stake to 11.5 per cent. through a sale to a new majority investor (Actis). In the fourth quarter of 2022, the Group subscribed to its pro-rata share of TAQA's rights offering amounting to U.S.\$35.3 million.

During 2022, the Group undertook investments in four IPOs on the Saudi Stock Exchange, which yielded a capital gain of U.S.\$1.2 million for the year.

In terms of exits, the Group took advantage of the positive momentum in the oil and gas industry. The Group sold its entire holdings in Aramco and continued to gradually reduce its stake in Ashtead Technology ("Ashtead") through secondary offerings. A total of 11.2 per cent. stake was sold over two rounds of sell-downs in 2022. In addition, Lucid Energy Group, the last investment held under the managed account arrangement with Goldman Sachs & Co., was successfully exited.

The Investments & Partnerships' Portfolio contributes to the Group's objectives of developing the energy industries in the MENA region. The total fair value of the Investments & Partnerships' Portfolio was U.S.\$1.2 billion as at 31 December 2022. The Investments & Partnerships' Portfolio generated dividend income of U.S.\$110.9 million in 2022, U.S.\$98.2 million in 2021 and U.S.\$47.0 million in 2020, equal to 41.4 per cent., 64.9 per cent. and 26.6 per cent., respectively, of the Group's total income in each year.

Most of the Group's 18 direct equity investments in companies are held at fair value, although the Investments & Partnerships' Portfolio also includes five investments – Falcon Cement Company, Ashtead Technology (in 2021 and 2020 only), Al-Khorayef United Holding Company ("Al Khorayef"), GC-16 Project ("GC-16 JV") and JWPC – which are equity accounted investees.

In addition to the 18 direct equity investments in companies, APICORP also has capital commitments in three funds, which are held at fair value, an equity interest in APICORP Petroleum Shipping Fund ("APSF") and a managed account arrangement with Goldman Sachs & Co. (which is consolidated as a subsidiary). The investments made by the managed account subsidiary were fully exited as of 31 December 2022.

#### ***Investment criteria***

The Group typically invests in meaningful minority stakes when making direct equity investments and acts in a fiduciary and advisory capacity through board representation. The Group typically does not exercise significant direct influence over the management or operations of its investee companies.

The Group's investment guidelines for equity investments include:

- a targeted minimum level of dividend yield to be maintained on the overall equity portfolio;
- the targeting of investments in the energy sector as well as in industries derived from, ancillary to, associated with, and/or complementary to, this sector. The guidelines also make allowance for a limited level of investment outside these sectors;
- the prioritisation of investments in the MENA region and broadly investments with an Arab connection, with allowance for investments beyond these criteria subject to adhering to specific requirements;
- the provision for direct equity investments and indirect equity investments through funds;
- guidance on the collective level of investments in companies at different stages of the business life cycle, with a specific limit on investments in the early stages of development;
- guidance on targeted investment return ranges;
- guidance on preferred investment size ranges and a limit on the maximum size of each new investment;
- guidance on the preferred level of shareholding and board representation;
- guidance on the preferred and maximum investment periods;

- guidance on qualitative and developmental factors to be considered; and
- guidance on the preferred types of partners in equity investments.

### ***Investments & Partnerships' Portfolio***

The table below summarises the Investments & Partnerships' Portfolio at 31 December 2022. These investments are at FVOCI, save where noted below. The investees listed below are considered to be related parties if they are based in an OAPEC Member State.

<b>Company</b>	<b>Paid up capital</b>	<b>APICORP's Effective share</b>	<b>Other major shareholders</b>	<b>Main activities</b>
Arab Drilling and Workover Company (ADWOC), Libya	LD 60 million (equal to U.S.\$12.4 million as at 31 December 2022)	20.00%	Arab Petroleum Services Co. ("APSCO"), Libya; First Energy Bank, Bahrain	Drilling and related operations in the Arab world
Arab Company for Detergent Chemicals (ARADET), Iraq <sup>(1)</sup>	IQD 36 million (equal to U.S.\$24.7 thousand as at 31 December 2022)	32.00%	Iraqi, Saudi Arabian and Kuwaiti governments; Arab Mining Company, Amman, Jordan; The Arab Investments Co., Saudi Arabia	Production and marketing of linear alkyl benzene (LAB) and by-products
Arab Geophysical Exploration Services Company (AGESCO), Libya <sup>(1)</sup>	LD 35 million (equal to U.S.\$7.3 million as at 31 December 2022)	16.67%	APSCO, Libya; National Oil Company, Libya	Providing seismic services for the oil and gas industry in the Arab world
Saudi European Petrochemical Company (IBN ZAHR), Saudi Arabia	SAR 1,025 million (equal to U.S.\$273.3 million as at 31 December 2022)	10.00%	Saudi Basic Industries Corporation ("SABIC"), Saudi Arabia; Ecofuel, Italy	Production and marketing of methyl tertiary butyl ether (MTBE) and polypropylene (PP)
The Arabian Industrial Fibers Company (IBN RUSHD), Saudi Arabia <sup>(1)</sup>	SAR 2,000 million (equal to U.S.\$533.3 million as at 31 December 2022)	3.45%	SABIC, Saudi Arabia; Public Investments Fund ("PIF"), Saudi Arabia	Production and marketing of aromatics, purified terephthalic acid (PTA) and polyester fibres
Yanbu National Petrochemical Company (YANSAB), Saudi Arabia	SAR 5,625 million (equal to U.S.\$1,500 million as at 31 December 2022)	1.00%	SABIC, Saudi Arabia	Production and marketing of polyethylene, ethylene, glycol, PP and other by-products
Egyptian Methanex Methanol Company (EMethanex), Egypt	U.S.\$215 million	17.00%	Methanex Corporation, Canada; Egyptian Petrochemicals Holding Company ("Echem"), Egypt; Egyptian Natural Gas Holding Company ("Egas"), Egypt; Egyptian Natural Gas Company ("EGASCO"), Egypt	Production and marketing of methanol
Misr Oil Processing Company (MOPCO), Egypt	EGP 2,291 million (equal to U.S.\$92.8 million as at 31 December 2022)	3.03%	Echem, Egypt; Ministry of Finance, Egypt; National Investments Bank, Egypt; Egas, Egypt; EGASCO, Egypt	Production and marketing of ammonia and urea
The Industrialization & Energy Services Company (TAQA), Saudi Arabia	SAR 7,179 million (equal to U.S.\$1,914.5 million as at 31 December 2022)	5.94%	PIF, Saudi Arabia; General Organization for Social Insurance (GOSI), Saudi Arabia	Energy and related sectors (drilling, oil and gas fields services, seamless pipe manufacturing and industrial gases, among others)

<b>Company</b>	<b>Paid up capital</b>	<b>APICORP's Effective share</b>	<b>Other major shareholders</b>	<b>Main activities</b>
Saudi Mechanical Industries Co. (SMI), Saudi Arabia	SAR 250 million (equal to U.S.\$66.7 million as at 31 December 2022)	15.00%	Fajr Capital; Jadwa Investment Company	Industrial Manufacturing (oil and gas, water pump systems and engineering components)
Falcon Cement Company B.S.C., Bahrain <sup>(2)</sup>	BD 17.4 million (equal to U.S.\$46.2 million as at 31 December 2022)	30.00%	GFH Financial Group	Production and marketing of cement
BPIInv2B Bideco Ltd. - Ashtead Technology, United Kingdom	GBP 18.1 million (equal to U.S.\$21.9 million as at 31 December 2022)	9.50%	Buckthorn Partners LLP	Holding company which owns Ashtead Technology, a sub-sea equipment and services business
Shuqaiq International Water and Electricity Company, Saudi Arabia	SAR 3 million (equal to U.S.\$0.8 million as at 31 December 2022)	8.00%	Al Jomaih Energy and Water Company Limited; GIC, Kuwait	Holding company for the Shuqaiq Independent Water & Power Project
Al-Khorayef United Holding Company, Kuwait <sup>(2)</sup>	KD 4 million (equal to U.S.\$13.1 million as at 31 December 2022)	24.00%	Al Khorayef Group; United Oil Projects Company	Ownership and management of oil and gas gathering and steam injection facilities
GC-16 JV., Kuwait <sup>(2)</sup>	— <sup>(3)</sup>	24.00%	Al Khorayef Group;	A joint venture set up to build, own and operate an oil production facility
Yellow Door Energy (YDE), UAE	U.S.\$141.8 million	11.52%	Actis, International Finance Corporation; Mitsui & Co.	Distributed solar energy systems
BPIInv4 HoldCo Ltd. – Coretrax, United Kingdom	GBP 57.1 million (equal to U.S.\$ 69.1 million as at 31 December 2022)	10.30%	Buckthorn Partners LLP	Holding company that owns Coretrax, a platform that owns and operates specialised wellbore services companies
IntraTaf Holding – Jordan Wind Power Company (JWPC), Jordan <sup>(2)</sup>	U.S.\$28.0 million	20.00%	Masdar; Al Blagha Group	Holding company that owns Tafila Wind Farms, an independent wind power project in Jordan
IFC Middle East and North Africa Fund, LLP (IFC Fund)	U.S.\$108.0 million <sup>(4)</sup>	10.00%	IFC Founder Partner, LLC; Arab Fund for Economic and Social Development; The Arab Investment Company; Japan International Cooperation Agency	Investment in equity, quasi-equity or equity-related investments in IFC's member countries in the MENA region
Abrdn Investcorp Infrastructure Partners, LP (Abrdn Fund)	U.S.\$25.0 million <sup>(4)</sup>	9.52%	PIF, Asian Infrastructure Investment Bank (AIIB), Aberdeen Standard Investment and Investcorp	Invest in essential infrastructure investments in the GCC and wider MENA region.
GIP Emerging Market Fund 1 (GIP Fund)	U.S.\$952.3 million <sup>(4)</sup>	4.87%	Mubadala (UAE), Asian Infrastructure Investment Bank (AIIB), Abu Dhabi Retirement Pension & Benefits Fund (UAE) and Government Service Insurance System (Philippines)	Mandated to invest in the Energy, Transportation and Water/Waste sectors in Asia and Latin America
APICORP Petroleum Shipping Fund (APSF) <sup>(5)</sup>	U.S.\$38.8 million	94.00%	Tufton Oceanic (ME) Ltd	An investment vehicle that owns five medium range petroleum products tankers
APICORP Managed Account Investment	U.S.\$1.0 million <sup>(6)</sup>	100.00%	—	Energy related

Company	Paid up capital	APICORP's Effective share	Other major shareholders	Main activities
Vehicle, North America (MAIV) <sup>(5)</sup>				

Notes:

NM Not meaningful.

(1) Fully impaired investment.  
 (2) Equity accounted investees.  
 (3) Joint venture does not have any paid-up share capital.  
 (4) Total committed capital. IFC Fund, Abrden Fund and GIP Fund are classified as investments at FVTPL.  
 (5) Consolidated as a subsidiary.  
 (6) The Group contributed a total of U.S.\$84.5 million towards the managed account arrangement with Goldman, Sachs & Co. The vehicle made three investments as at 31 December 2022, which are Lucid Energy Group II LLC, BJ Services, LLC and McDermott International, each of which is designated at FVTPL. As at 31 December in 2022, investments in McDermott and BJ Services were fully impaired and Lucid was fully divested. The APICORP Managed Account Investment Vehicle, North America (MAIV) is consolidated as a subsidiary of APICORP.

The table below summarises the geographical spread of the Investments & Partnerships' Portfolio at 31 December 2022.

Country	No. of investments	Fair value at 31 December 2022		Percentage of portfolio (per cent.)
		(U.S.\$ million)		
Saudi Arabia.....	6	869.1		72.5
Egypt.....	2	163.2		13.6
Libya.....	2	6.7		0.6
Iraq.....	1	0.0		0.0
Kuwait.....	2	40.4		3.4
UAE.....	1	18.6		1.6
MENA <sup>(1)</sup> .....	2	3.4		0.3
Bahrain.....	1	6.7		0.6
Jordan.....	1	21.0		1.8
United Kingdom.....	2	42.5		3.5
Global <sup>(2)</sup> .....	1	27.0		2.3
	<b>21<sup>(3)</sup></b>	<b>1,198.6</b>		<b>100.0</b>

Notes:

(1) Comprises the investment in the IFC Fund and Abrdn Fund.  
 (2) Comprises the investment in the GIP Fund  
 (3) Excludes the investment in APSF and management account arrangement with Goldman Sachs & Co., which are consolidated subsidiaries.

Each company in the Investments & Partnerships' Portfolio has its own dividend policy, which is usually governed by the amount of the annual profit earned, the company's liquidity, its business growth plans and the policies and priorities of the majority shareholders.

### Exit strategy

The Investments & Partnerships team is responsible for identifying potential exit opportunities, assessing the feasibility and desirability of potential exits and recommending potential divestments to the appropriate decision-making body in accordance with the Group's approved authority matrix. In addition, the team is responsible for the effective execution of exit mandates in line with the Group's investment guidelines.

Given its development mandate, the Group's direct and indirect equity investments have typically been long-term and strategic in nature. For example, four of its current direct equity investments have been held for over 30 years and the average holding period in the Investments & Partnerships' Portfolio is approximately 16 years.

In the fourth quarter of 2020, the Group sold a 0.3 per cent. interest representing a part of its investment in YANSAB, the proceeds of which amounted to U.S.\$29.1 million representing capital gains of U.S.\$24.1 million.

In 2021, the Group made three divestments:

- it fully exited the Egyptian Bahraini Derivatives Company, a direct equity investment based in Egypt, through the sale of its 20 per cent. interest, with proceeds amounting to U.S.\$7.0 million which was at cost, and which completed in July 2021;
- in early 2021, it entered into a share sale agreement for the sale of its 20 per cent. stake in Tankmed, a storage and handling facility for petroleum products in Tunisia. The transaction was concluded towards the end of 2021 with proceeds of U.S.\$10.2 million; and
- a partial sale of a 9.6 per cent. stake in Ashtead Technology for U.S.\$12.9 million, reducing its shareholding from 30.3 per cent. (diluted post-IPO, pre-IPO shareholding being 32.9 per cent.) to 20.7 per cent.

In 2021, the Group sold three of the five commercial marine vessels owned by APSF. The remaining two vessels were sold in 2022, and the Group intends to proceed with the voluntary liquidation of the fund.

During 2022, the Group took advantage of the positive momentum in the oil and gas industry to exit from the following investments in that sector:

- it fully exited its Aramco stake, recording a capital gain of U.S.\$6.2 million;
- it continued to sell-down its stake in Ashtead Technology through secondary offerings. A total of 11.2 per cent. stake was sold over two rounds of sell-downs in 2022, yielding a capital gain of U.S.\$8.9 million;
- it exited the investment in Lucid Energy Group, held via the managed account arrangement with Goldman Sachs & Co. The manager, Goldman Sachs & Co, is expected to pursue voluntary liquidation of the subsidiary upon finalisation of tax filings; and
- it invested and exited from four IPOs on the Saudi Stock Exchange, which yielded a capital gain of U.S.\$1.2 million.

## **Treasury and capital markets (T&CM)**

### ***Introduction***

T&CM's mandate is to:

- ensure that APICORP is adequately funded and that a diverse range of counterparties, products and maturity profiles are available at any given time. See further "*Management's discussion and analysis of financial condition and results of operations of APICORP—Liquidity and funding—Funding*";
- manage market risks proactively. See further "*Risk management—Market risk management*"; and
- manage an investment portfolio with the aim of providing enhanced earnings not correlated to the Group's other two main cyclical business lines.

As at 31 December 2022, T&CM had assets of U.S.\$3,267.8 million. The total market value of T&CM's debt securities at FVOCI at 31 December 2022 was U.S.\$2,456.5 million, and was principally invested in issuers with ratings between AAA and BBB-. The average rating of the debt portfolio as at 31 December 2022 was AA. During 2022, T&CM's debt securities at FVOCI generated U.S.\$34.3 million of interest income, equal to 13.1 per cent. of the Group's total interest income in that year.

### ***Investment strategy***

T&CM operates out of two centres: APICORP's head office in Dammam and APICORP's branch in Bahrain. Both treasuries work closely together, and consider their operations as one, except to the extent that local regulation dictates otherwise.

The Group's treasury investment strategy is conservative, targeting high quality assets and liquid investments aiming to provide a stable and reliable source of income throughout different economic and market conditions and un-correlated to the economic cycles inherent in the Corporate Banking and Investments & Partnerships business lines. T&CM's investment policy permits investments in three major asset classes, fixed income securities (including treasury bills), funds and equities.

The aim of this strategy is to enhance profitability by providing stable year-on-year returns over cost of funds and to manage the Group's liquidity while remaining within defined risk parameters. The majority of the T&CM investment portfolio comprises fixed income securities which can either be sold or used to raise finance through sale and repurchase transactions if necessary.

The allocation of investments is mainly based on the performance outlook of each asset class, taking into account liquidity considerations, which on occasion leads the Group to adjust its asset mix to ensure that it maintains a conservative approach. T&CM endeavours to avoid significant volatility in its investment portfolio and focuses on capital preservation. Currently, the majority of the portfolio is invested in fixed income securities, almost all of which are denominated in U.S. dollars and none of which include embedded derivative elements.

#### ***T&CM's debt securities at FVOCI***

T&CM's debt securities at FVOCI are discussed further under "*Management's discussion and analysis of financial position and results of operations of APICORP—Analysis of certain statement of financial position items—Treasury investment portfolio*".

#### **COMPETITION**

The Group's primary competition is from regional, international and development banks which have recognised expertise in project finance, ship finance and structured commodity finance as well as the financing of energy projects and energy trade in the MENA region. However, in many cases competitors on certain deals are also partners on other deals leading to competitive partnership. The Group is also increasingly facing competition from local banks in their own jurisdictions which have established expertise in the project financing area and are prepared to support aggressively their national champions and landmark projects. These banks also benefit from the ability to fund themselves with low cost retail deposits in their local currency. This competition directly impacts the Group's ability to win advisory and structuring mandates and also affects the pricing of transactions, particularly at times where there is significant market liquidity. This competition may also lead to certain transactions being structured in a more aggressive manner than the Group considers appropriate in light of the risks involved.

With regard to direct equity investments, the Group's competition includes investment funds and private equity companies, large family holding companies with interest in the oil and gas industry, and energy project developers.

See generally "*Risk Factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—The Group faces significant and increasing competition*".

#### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")**

In April 2022, APICORP became the first MENA financial institution to receive a solicited sustainability rating of "A2" from V.E., part of Moody's ESG Solutions. In its report, Moody's ESG Solutions noted that the rating is based on its capacity and willingness to integrate ESG factors into its strategy, operations and risk management, which were formalised in its ESG policy framework.

Moody's ESG Solutions also reported that APICORP's share of project financing in renewables and other areas of climate finance has increased over the last three years by 10 percentage points to reach 13 per cent., indicating continued future growth. The near-term progress is buoyed by APICORP's successful debut green bonds in 2021, which aligns with its strategic dedication is to combat climate change through its lending and financing practices. APICORP's 2021 debut green bond was awarded "ESG deal of year" at the Bonds, Loans & Sukuk Middle East Awards in 2022.

APICORP has also developed new protocols to oversee its green financing work, including establishing a cross-functional green bond committee to ensure that projects funded through its green issuances are properly aligned.

Moody's ESG Solutions' assessment also notes an advanced performance in APICORP's non-discrimination and diversity practices, evidenced by a sustained rise of women in management positions, which has increased by 20 percentage points from 2018 to 2020 to reach 24 per cent.

The report also comments on APICORP's performance in corruption prevention, with comprehensive commitments and internal controls to prevent fraud and business ethics risks. The report stated that APICORP's formalised corporate governance framework covers all recommended features in different Board-related charters, human resources policy and risk management charters.

## COMPLIANCE

The Group is committed to building and maintaining a culture of ethical behaviour, corporate governance and regulatory compliance. The Group's compliance function is independent from its business activities. Among other things, the compliance function is responsible for:

- determining the internal measures and procedures needed to comply with applicable laws, regulations, procedures and internal standards and providing appropriate guidance to employees;
- monitoring adherence to all applicable laws, regulations, procedures and internal standards either directly or by delegating this responsibility to other clearly identified departments or persons as part of the Group's internal control process;
- assisting management in ensuring that all activities are conducted in conformity with all applicable requirements; and
- assessing the appropriateness of the Group's compliance-related guidelines and, where necessary, proposing amendments.

The Group's Compliance and Anti-money Laundering ("AML") policy sets out minimum standards which must be complied with across the Group. These include:

- the appointment and approval of the Compliance Officer, who is responsible for overseeing compliance with relevant regulations, rules and best practices;
- the appointment and approval of the Money Laundering Reporting Officer, who is responsible for overseeing all AML activity within the Group;
- establishing and maintaining thorough customer due diligence, identification, verification and know your customer ("KYC") procedures, including enhanced due diligence for high risk counterparties (such as certain correspondent banks and politically exposed persons);
- in accordance with Central Bank of Bahrain regulations and Financial Action Task Force ("FATF") recommendations, the Group does not deal with banks that have no physical presence;
- ongoing monitoring of counterparty activities and frequent counterparty reviews;
- procedures for identifying and reporting suspicious transactions internally and/or to regulatory bodies (such as the Central Bank of Bahrain);
- the retention of records for minimum prescribed periods in accordance with applicable regulations; and
- appropriate reporting on compliance/AML matters to senior management and the Board (where material).

The Group is committed to preventing the use of its operations for money laundering, terrorist financing and other criminal purposes. In its approach to combat money laundering and terrorist financing, the Group is committed to adhering to all laws and regulations that are applicable in Saudi Arabia, Bahrain and other countries in which it operates. It is also committed to complying with international best practices, especially those endorsed by the FATF, the Basel Committee on Banking Supervision and the Wolfsberg Group.

The Group seeks to ensure that it maintains full compliance with all applicable laws and regulations in all jurisdictions in which it does business (including those promulgated by the U.S. Office of Foreign Assets Control, the European Union and the United Nations). APICORP complies with all applicable laws and regulations on sanctioned countries or entities regardless of its Syrian and Libyan shareholders, including blocking transactions where appropriate, including with respect to shareholders, investments and lending activity. The Group's Sanctions Compliance Policy covers:

- screening customers/clients and transactions globally against the sanctions lists issued by the United Kingdom's HM Treasury, the European Union, the United Nations and the United States of America Department of the Treasury – Office of Foreign Assets Control;
- prohibiting business activity, including prohibitions on commencing or continuing customer relationships or providing products or services or facilitating transactions that the Group believes may violate applicable sanctions laws or its Sanctions Compliance Policy, including dealing with individuals or entities named on a sanctions list or conducting business, directly or indirectly, involving countries or territories subject to comprehensive sanctions;
- restricting business activity involving, directly or indirectly, countries or persons subject to more selective or targeted sanctions programmes, which impacts not only the types of products or services that the Group may make available but also the types of transactions the Group may process;
- investigating all customer/client alerts or transactions that are flagged in the Group's screening systems; and
- reporting breaches of sanctions laws to the relevant regulatory authority.

Effective AML and KYC procedures form a fundamental part of the Group's internal control regime. Ongoing KYC, AML and sanctions training is provided to all of the Group's employees on a regular basis.

## **INTERNAL AUDIT**

The Group has engaged Deloitte & Touche Advisory Saudi Limited ("Deloitte") to conduct the internal audit of all of its activities. Deloitte reports its findings to the Board Audit and Risk Committee.

## **INFORMATION TECHNOLOGY**

The Group uses IT to support the delivery of its business strategy. The Group uses market leading software solutions for its financial services and enterprise resource planning to provide services to its business and to respond to new trends in business strategies as they arise. The Group deals with a range of hardware and software partners as well as outsourcing vendors to achieve its long-term strategic IT vision, which is to ensure that the IT services that it delivers are reliable, secure and business aligned.

The Group has a data centre with appropriate redundancy levels, high availability and a managed virtualised environment. It has also established a disaster recovery site which enables data replication with the main data centre for all critical applications.

APICORP's cyber-security procedures aim to ensure the maximum information and network protection from cyber threats and operate at four main levels:

- network security, which aims to ensure the security of APICORP's network from threats originating both inside and outside APICORP;
- application security, which is designed to ensure that any application developed or acquired meets stringent standards of security;
- information system security, which comprises the processes and methodologies involved in keeping information confidential and available and assuring its integrity; and
- end-users security, which seeks to protect APICORP from end-users' activity and end-users from threats emanating from both within and outside APICORP.

## RISK MANAGEMENT

### INTRODUCTION

The role of risk management is to understand, measure and manage risk in all aspects of the Group's business. The Group aims to embed a risk management culture in all of its business processes and to ensure that a risk management culture is adopted throughout the organisation. Accordingly, the Group seeks to continually improve its risk management in line with industry standards and Central Bank of Bahrain guidelines and by investing in the right people and systems.

The Group's risk management framework is focused on fully integrating enterprise-wide risk management into its operations and culture. The risk management structure covers credit risk, market risk, liquidity risk, operational risk and compliance. The Group seeks to ensure that risks are proactively identified and managed and it aims to achieve an appropriate balance between risk and return and to minimise potential adverse effects on its financial performance.

The Group's risk management policies are established to identify and analyse the risks which it faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group's risk management policies and systems are reviewed regularly to reflect changes in market conditions, emerging best practices and the products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management committee, which is responsible for developing and monitoring the Group's risk management policies. In addition, the Board Audit and Risk committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Audit and Risk committee is assisted in its oversight role by the internal audit function (which is outsourced to Deloitte), which undertakes both regular and *ad hoc* reviews of risk management controls and procedures.

The Risk Management Committee, which is a management level committee, is responsible for developing and monitoring the Group's risk management policies to maintain effective oversight of the key risks faced. Risk management policies have been established to identify and analyse the risks faced by the Group; set appropriate risk limits and controls; and monitor risks and adherence to limits. The Group's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training as well as management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

For a further discussion of the Group's Board and management committees, see "*Management and employees—Management*".

The Group's Risk Management Department is responsible for ensuring and maintaining effective enterprise-wide risk management, as contained in the Group's Risk Charter. It is also responsible for all risk management policies, risk exposure thresholds, risk appetite framework, rating models and related manuals.

### CREDIT RISK MANAGEMENT

#### *Introduction*

Credit risk is the risk that a borrower or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group, causing a financial loss to the Group. Credit risk principally arises from the Group's lending, treasury and other activities. The Group has established policies and procedures to control and monitor these risks and it also monitors concentration of credit risk by sector and by geographic location.

Proposed loans and direct and indirect equity investments are subject to systematic investigation, analysis and appraisal as set forth below. Once approved, all loan commitments, whether drawn or undrawn, are subject to systematic monitoring so that potential problems may be detected early and remedial action taken.

The Group's treasury activities, including its investments in fixed income securities and its bank placements, are controlled by means of a framework of limits and external credit ratings. Investing in marketable securities is primarily restricted to GCC countries, the United States and major European stock exchanges. Dealings are only permitted with approved internationally rated banks, brokers and other counterparties. Securities portfolios and investing policies are reviewed from time to time by the Risk Management Committee.

#### ***Credit approval process***

All of the Group's credit transactions undergo two levels of review before being proposed for Board approval, with interim approval being granted as a clearance to perform further due diligence. Final approval is only granted after detailed due diligence has been conducted and the results are considered satisfactory.

Applicants for direct credit are required to submit detailed information to the Group, including relevant background information as well as specific information on their management, business model, major suppliers and customers and bank relationships and limits. In addition, the Group typically requires audited financial statements for the last three years as well as current year financial information where available. The availability of sovereign guarantees and commitments and export credit agency cover are also key factors in the evaluation of a credit application.

Officers within Corporate Banking conduct a financial analysis of the applicant, propose an internal credit grade and negotiate the key terms of the proposed facility with the applicant. They also conduct screening checks and undertake site visits. All credit applications are also reviewed independently by the Risk Management Department. Risk queries are discussed with the transaction team and the queries and their resolution are reflected in the credit application. Reference checks are made through market sources and intermediaries. Where appropriate, specialist consultants may be engaged to undertake technical, financial and/or legal due diligence. Once the credit application has been completed, it and the accompanying risk review and any external due diligence reports obtained are submitted to the management level Credit and Investment Committee for review and approval.

Where the Group is participating in a syndicated loan, the Group typically receives and reviews the standard credit package submitted to all potential syndicate participants. The Group's review process for syndicated loan participations does not materially differ from that for its direct lending.

In each case, once all internal review and validation steps have been completed, the application is submitted to the Credit and Investment Committee, which makes an appropriate recommendation to the Board. The Board has the ultimate authority to sanction commitments.

#### ***Credit rating and measurement***

The Group's risk rating system is the basis for determining the credit risk of its asset portfolio and, therefore, appropriate asset pricing, the portfolio management strategy and loss provisions and reserves. The risk rating is also a key factor in credit approval.

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 borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Internal risk management reports, containing information on key variables, portfolio delinquency and impairment performance, are presented to both the Risk Management Committee and the Board Audit and Risk Committee. All exposures are monitored carefully for performance and

reviewed formally on a monthly basis. The Group's policies mandate client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed proactively.

The information used to assign and monitor credit risk grades comprises:

- information obtained from customer files, including audited financial statements, management accounts, budgets and projections. Example areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management and senior management changes;
- data from credit reference agencies, press articles and changes in external credit ratings;
- quoted bond and credit default swap prices for the borrower where available;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- the borrower's payment record, including its overdue status as well as a range of variables about payment ratios;
- utilisation of the granted limit;
- requests for and granting of forbearance; and
- existing and forecast changes in business, financial and economic conditions.

The Group also 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; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month probability of default ("PD") (stage 1 under IFRS 9) and lifetime PD (stage 2 under IFRS 9).

Additionally, in 2020 and 2021 the Group assessed borrowers for other indicators of unlikelihood to pay in light of the potential and actual impacts of COVID-19 on their business. The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposure.

The Group collects performance and default information about its credit exposure analysed by jurisdiction or region and by type of product and borrower as well as credit risk grading. The information used is based on the internally generated rating model. While the internal credit grade system is not intended to replicate external credit grades, factors used to grade a borrower may be similar and a borrower rated poorly by an external rating agency is typically assigned a lower internal credit grade. Lower grades are indicative of a higher likelihood of default. Credit ratings are used by the Group to decide the maximum lending amount and also to set minimum pricing thresholds.

The Group has adopted a five-tiered asset classification, being Standard, Watch List, Substandard, Doubtful and Loss, and grades its assets under 10 rating categories. Assets within the AAA to C rating band (that is, AAA, AA, A, BBB, BB, B and C) are considered to be performing assets and assets graded DDD, DD or D are considered to be non-performing assets.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month expected credit losses.

The table below summarises the Group's asset classification and grading model.

Internal rating	Asset classification	Default indicator
AAA to AA-	Standard	No past due payments
A+ to A-	Standard	No past due payments
BBB+ to BBB-	Standard	No past due payments
BB+ to B-	Standard	No past due payments
NR	NR	No past due payments
C	Watch list	Past due payments of 90 days or less
DDD	Sub Standard	Past due payment of 180 days or less
DD	Doubtful	Past due payment of 360 days or less
D	Loss	Past due payment of more than 360 days

See "*Management's discussion and analysis of financial condition and results of operations of APICORP—Analysis of certain statement of financial position items—Loans and advances*" for analyses of the Group's loans and advances by the concentrations of these loans by sector and geographic location, in each case as at 31 December in each of 2022, 2021 and 2020.

The Group has a risk-based pricing mechanism under which the allocation of capital for each loan is based on the loan's internal rating, in accordance with Basel guidance that riskier assets should require more capital. The Group's loans are priced to derive an acceptable return on capital which means that higher pricing is applied to riskier loans.

#### Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (such as forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include GDP growth.

Based on advice from the Risk Management Department and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a base case view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of PDs.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

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 economic scenarios use the key indicators for the selected countries such as interest rates and GDP growth.

The tables below show the internal rating classification of the Group's loans and advances at amortised cost and their corresponding IFRS 9 stage classification as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December 2022		
	(U.S.\$ million)		
	Stage 1	Stage 2	Stage 3
AAA – AA-.....	506.7		506.7
A+ - A.....	1,583.1		1,583.1
BBB – BBB-.....	1,078.8		1,078.8
BB+ - C.....	256.1	778.2	1,034.3
D .....			51.5
<b>Gross amount.....</b>	<b>3,424.8</b>	<b>778.2</b>	<b>51.5</b>
ECL allowance.....	(3.7)	(60.2)	(39.6)
			(103.6)

	As at 31 December 2022 (U.S.\$ million)			
	Stage 1	Stage 2	Stage 3	Total
<b>Carrying amount</b> .....	<b>3,421.1</b>	<b>718.0</b>	<b>11.8</b>	<b>4,150.9</b>
<b>As at 31 December 2021</b>				
				(U.S.\$ million)
	Stage 1	Stage 2	Stage 3	Total
AAA – AA-.....	696.5	—	—	696.5
A+ - A-.....	1,449.7	—	—	1,449.7
BBB – BBB- .....	1,371.6	90.0	—	1,461.5
BB+ - C.....	399.4	724.0	—	1,123.4
D .....	—	—	13.5	13.5
<b>Gross amount</b> .....	<b>3,917.1</b>	<b>813.9</b>	<b>13.5</b>	<b>4,744.5</b>
ECL allowance.....	(3.4)	(53.2)	(13.5)	(70.0)
<b>Carrying amount</b> .....	<b>3,913.7</b>	<b>760.7</b>	<b>—</b>	<b>4,674.5</b>
<b>As at 31 December 2020</b>				
				(U.S.\$ million)
	Stage 1	Stage 2	Stage 3	Total
AAA – AA-.....	643.7	—	—	643.7
A+ - A-.....	1,460.2	—	—	1,460.2
BBB – BBB- .....	776.4	79.3	—	855.7
BB+ - C.....	277.1	727.3	—	1,004.5
D .....	—	7.8	16.5	24.4
<b>Gross amount</b> .....	<b>3,157.4</b>	<b>814.5</b>	<b>16.5</b>	<b>3,988.4</b>
ECL allowance.....	(9.1)	(43.3)	(15.8)	(68.3)
<b>Carrying amount</b> .....	<b>3,148.3</b>	<b>771.1</b>	<b>0.7</b>	<b>3,920.1</b>

### Credit mitigation

The Group seeks to mitigate potential credit losses from any given account, customer or portfolio using a range of tools, including taking collateral or guarantees in particular. The reliance that can be placed on these credit mitigation resources is carefully assessed taking into account their legal enforceability, the market value of any collateral and the counterparty risk of any guarantor.

The Group accepts a range of collateral types, including receivables; fixed assets such as plant and machinery; marketable securities; commodities; bank guarantees; and LCs. Risk mitigation policies control the approval of different collateral types.

The Group values its collateral in accordance with its risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired financings is maintained at fair value.

The Group also purchases comprehensive non-payment insurance cover for certain exposures in non-investment grade countries based on transaction credit assessments.

### LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management aims to ensure that funds are available at all times to meet the Group's funding requirements.

The Group's liquidity management policies are designed to ensure that even under adverse conditions, the Group has access to adequate funds to meet its obligations, and to service its core investment and lending functions. This is achieved by the application of prudent but flexible controls, which provide security of access to liquidity without undue exposure to increased costs from the liquidation of assets or the need to bid aggressively for deposits.

The Group seeks to maintain an adequate level of quality liquid assets to continuously support its liquidity needs. Well-diversified sources of funding are also maintained, and liquidity mismatches are monitored and managed on a proactive basis. The Group's liquidity risk policy is in compliance with Basel III guidelines. As part of liquidity management, the Group also seeks to ensure the availability of bank term financing at competitive rates at all times to meet its long-term funding requirements.

Management has enhanced its monitoring of the Group's liquidity and funding requirements in response to the COVID-19 outbreak and the Group continues to monitor and respond to all liquidity and funding requirements that are presented. The Group also continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in extreme stress. As at 31 December 2022, the liquidity and funding position of the Group remains strong and management believes that the Group is well placed to absorb and manage the impacts of market stress.

The Group's daily liquidity position is monitored and regular stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

All of the Group's liquidity policies are subject to review and approval by the Asset and Liability Committee (the "ALCO"). Liquidity controls are provided for an adequately diversified deposit base in terms of maturities and the range of counterparties.

The table below summarises the Group's asset and liability maturity profile, based on management's estimates of repayment, as at 31 December in each of 2022, 2021 and 2020. A more detailed table showing individual statement of financial position line items is set out in note 29 to each of the Financial Statements.

	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 – 5 years</b>	<b>5 years and over</b>	<b>Total</b>
<b>31 December 2022</b>					
Total assets.....	1,369.7	968.0	3,492.0	3,024.3	<b>8,853.9</b>
Total liabilities and equity.....	(1,063.0)	(937.1)	(3,890.5)	(2,963.4)	<b>(8,853.9)</b>
Maturity gap.....	306.7	30.9	(398.5)	60.9	—
Cumulative maturity gap.....	306.7	337.6	(60.9)	—	—
<b>31 December 2021</b>					
Total assets.....	1,419.0	872.2	2,982.9	2,718.1	<b>7,992.2</b>
Total liabilities and equity.....	(454.9)	(704.5)	(4,278.4)	(2,554.3)	<b>(7,992.2)</b>
Maturity gap.....	964.1	167.7	(1,295.5)	163.8	—
Cumulative maturity gap.....	964.1	1,131.8	(163.8)	—	—
<b>31 December 2020</b>					
Total assets.....	800.2	1,226.2	2,850.6	3,015.7	<b>7,892.8</b>
Total liabilities and equity.....	(464.7)	(818.8)	(4,167.9)	(2,441.4)	<b>(7,892.8)</b>
Maturity gap.....	335.6	407.4	(1,317.4)	574.3	—
Cumulative maturity gap.....	335.6	743.0	(574.3)	—	—

The Group's funding profile has been strengthened by increasing the amount of its medium- and long-term funding. As a result, the Group's liquidity mismatch position has improved as evidenced by the trend in maturity gaps shown in the table above.

## MARKET RISK MANAGEMENT

Market risk is the risk that changes in market factors, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The majority of the Group's investments (which are not actively traded) are debt securities at FVOCI. The Group also has a small amount of equity-related funds and equity securities at FVOCI. Treasury activities are controlled by the ALCO and are also subject to a framework of Board-approved currency, industry and geographical limits and ratings by recognised rating agencies.

The principal risk to which the Group's non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of its securities because of a change in market interest rates, foreign exchange rates and/or equity prices.

### Interest rate risk

The Group's loans and advances and its funding are principally denominated in U.S. dollars and the interest rates for both are typically linked to underlying reference rates, significantly hedging its floating interest rate positions. The Group's exposure to interest rate fluctuations on certain financial assets and liabilities is also contractually hedged through interest rate swap agreements.

The Group's exposure to interest rate risk is restricted by permitting only a limited mismatch between the re-pricing of the main components of its assets and liabilities. The table below summarises the Group's interest rate sensitivity gap by repricing period and its cumulative gap as at 31 December in each of 2022, 2021 and 2020. A more detailed table showing individual statement of financial position line items is set out in note 30 to the each of the Financial Statements.

	Up to 3 months	3 months to 1 year	1 – 5 years	5 years and over	Total
	(U.S.\$ million)				
<b>31 December 2022</b>					
Interest rate sensitivity gap.....	(33.2)	(24.7)	(300.0)	44.2	(313.7)
Cumulative gap .....	(33.2)	(57.9)	(357.9)	(313.7)	—
<b>31 December 2021</b>					
Interest rate sensitivity gap.....	294.6	(475.1)	—	—	(180.5)
Cumulative gap .....	294.6	(180.5)	(180.5)	(180.5)	—
<b>31 December 2020</b>					
Interest rate sensitivity gap.....	819.2	(1,633.2)	—	—	(814.0)
Cumulative gap .....	819.2	(814.0)	(814.0)	(814.0)	—

A positive figure in the table above indicates that the Group has a higher volume of assets than liabilities which re-priced in the relevant period. Where the Group's gaps are positive, this means that the Group typically benefits in an increasing interest rate environment but is adversely affected in a falling interest rate environment.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a periodic basis include a 100 basis point parallel fall or rise in all yield curves worldwide.

The table shows an analysis of the sensitivity of the Group's statement of income and equity as at 31 December in each of 2022, 2021 and 2020 to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant consolidated statement of financial position).

	100 basis point parallel increase		100 basis point parallel decrease	
	Profit or loss	Equity	Profit or loss	Equity
			(U.S.\$ million)	
As at 31 December 2022 .....	1.3	(0.1)	(1.3)	0.1
As at 31 December 2021 .....	1.5	0.4	(1.5)	(0.4)
As at 31 December 2020 .....	1.5	0.4	(1.5)	(0.4)

Treasury's fixed income portfolio is also exposed to credit spread risk. APICORP manages this risk through investing in highly rated securities (with a target portfolio rating of "A") with shorter tenor and diversified characteristics.

### Currency risk

Currency risk is minimised by conducting a regular review of exposures to currencies other than the U.S. dollar to ensure that no significant positions are taken which may expose the Group to undue risks. The Group does not trade in foreign exchange. The Group's exposures in currencies other than the U.S. dollar are also partially hedged by entering into forward contracts.

The table below shows an analysis of the sensitivity of the Group's statement of income to a 5 per cent. strengthening or a 5 per cent. weakening of the U.S. dollar against major un-pegged foreign currencies as at 31 December in each of 2022, 2021 and 2020. The analysis assumes that all other variables, in particular interest rates, remain the same.

	5 per cent. strengthening of U.S. dollar	5 per cent. weakening of U.S. dollar
	(U.S.\$ million)	
<b>As at 31 December 2022</b>		
EGP.....	(0.147)	0.147
GBP.....	(0.056)	0.056
KWD.....	0.018	(0.018)

	5 per cent. strengthening of U.S. dollar	5 per cent. weakening of U.S. dollar
	(U.S.\$ million)	
As at 31 December 2021		
EGP.....	0.073	(0.073)
GBP.....	0.050	(0.050)
KWD.....	0.018	(0.018)
As at 31 December 2020		
GBP.....	0.041	(0.041)
KWD.....	0.018	(0.018)

The Group also has minor sensitivities in other currencies. For further information see note 26 to each of the Financial Statements. In addition, note 31 to each of the Financial Statements contains information on the Group's exposures by currency. The Group's only material exposures are in U.S. dollars and currencies linked to the U.S. dollar.

### **Equity price risk**

Equity price risk is the risk that the Group's quoted equity investments will depreciate in value due to movements in their quoted equity prices. The ALCO is responsible for managing equity price risk. Periodic listed equity price movements are reviewed by executive management and the ALCO. The Group believes that it has an insignificant exposure to listed equities.

Note 28 to each of the Financial Statements contains details of the Group's fair value hierarchy and categories of financial instruments.

### **OPERATIONAL RISK**

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. A framework and methodology has been developed to identify and control the Group's operational risks. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place. The Group's internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios and, as part of the Group's overall business continuity planning, APICORP has established crisis management communication guidelines to ensure that all appropriate initial steps are taken in relation to both internal and external stakeholders, such as customers, employees, regulators and counterparties, in the event of a crisis. In addition, an incident management system has been developed to report, assess and control operational risks across the Group.

## CAPITALISATION

The table below shows the Group's cash and cash equivalents, financial debt and capitalisation as at 31 December 2022. This table should be read in conjunction with the Financial Statements.

	As at 31 December 2022 (U.S.\$ million)
Cash and cash equivalent .....	21.6
Bank term financing (excluding current portion of debt) <sup>(1)</sup> .....	250.0
Sukuk and Bonds issued (excluding current portion of debt) <sup>(2)</sup> .....	3,332.0
<b>Total financial debt (excluding current debt)</b> .....	<b>3,582.0</b>
Total equity .....	2,920.6
<b>Total capitalisation</b> .....	<b>6,502.6</b>

Notes:

- <sup>(1)</sup> Current portion of bank term financing was U.S.\$1.1 million as at 31 December 2022.
- <sup>(2)</sup> Current portion of sukuk and bonds issued was U.S.\$877.0 million as at 31 December 2022.

Except as described in this Base Prospectus, there has been no material change in the Group's capitalisation since 31 December 2022.

## SELECTED FINANCIAL INFORMATION

*The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with "Management's discussion and analysis of financial condition and results of operations of APICORP".*

*See also "Presentation of Group financial information" for a discussion of the sources of the numbers contained in this section.*

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The table below shows APICORP's consolidated statement of financial position data as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	(U.S.\$ million)		
<b>Assets</b>			
Cash and cash equivalent .....	21.6	51.1	57.6
Placements with banks .....	786.3	292.5	374.7
Loans and advances.....	4,229.7	4,643.6	3,914.2
Investments .....	3,591.6	2,769.0	3,220.7
Equity accounted investees .....	68.1	95.5	114.2
Property, equipment and vessels .....	42.8	50.3	100.4
Other assets .....	113.8	90.2	110.9
<b>Total assets</b> .....	<b>8,853.9</b>	<b>7,992.2</b>	<b>7,892.8</b>
<b>Liabilities</b>			
Deposits .....	958.8	349.0	137.9
Securities sold under agreements to repurchase .....	135.3	—	352.1
Bank term financing.....	251.1	—	1,171.9
Sukuk and Bonds issued.....	4,209.0	4,901.8	3,602.1
Other liabilities.....	379.1	187.0	187.4
<b>Total liabilities</b> .....	<b>5,933.3</b>	<b>5,437.9</b>	<b>5,451.4</b>
<b>Equity</b>			
Share capital.....	1,500.0	1,500.0	1,500.0
Legal reserve.....	273.0	258.0	247.0
General reserve .....	316.1	208.2	81.6
Investments fair value reserve .....	680.2	478.4	483.2
Retained earnings.....	151.1	107.9	126.7
<b>Total equity attributable to shareholders of the corporation</b> .....	<b>2,920.5</b>	<b>2,552.5</b>	<b>2,438.5</b>
Non-controlling interests.....	0.1	1.8	2.9
<b>Total equity</b> .....	<b>2,920.6</b>	<b>2,554.3</b>	<b>2,441.4</b>
<b>Total liabilities and equity</b> .....	<b>8,853.9</b>	<b>7,992.2</b>	<b>7,892.8</b>

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME DATA

The table below shows APICORP's consolidated statement of profit or loss data for each of 2022, 2021 and 2020.

	2022		
	2021	2020	(U.S.\$ million)
Interest income .....	262.1	145.6	197.7
Interest expense.....	(127.8)	(74.2)	(114.6)
Net interest income .....	134.3	71.3	83.1
Dividend income .....	110.9	98.2	47.0
Change in fair value of financial assets at FVTPL .....	4.3	14.2	(23.1)
Net gain/(loss) on disposal of financial assets at FVOCI.....	4.5	(25.5)	45.7
Share of profit from equity accounted investees.....	5.1	5.3	1.7
Net fee income .....	6.1	5.2	3.5
Other income, net .....	2.6	(17.6)	19.1
<b>Total income</b> .....	<b>267.7</b>	<b>151.2</b>	<b>177.0</b>
Operating expenses .....	(60.6)	(53.6)	(47.7)
Impairment (loss)/reversal on financial instruments, net .....	(42.0)	7.7	(14.3)
Impairment loss on other assets, net .....	(16.2)	(5.7)	—
<b>Profit for the year</b> .....	<b>148.9</b>	<b>99.6</b>	<b>115.1</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the corporation.....	150.5	100.8	114.5

	2022	2021	2020
	(U.S.\$ million)		
Non-controlling interests.....	(1.7)	(1.2)	0.5
<b>Profit for the year.....</b>	<b>148.9</b>	<b>99.6</b>	<b>115.1</b>

The table below shows a summary of APICORP's consolidated statement of comprehensive income data for each of 2022, 2021 and 2020.

	2022	2021	2020
	(U.S.\$ million)		
<b>Profit for the year.....</b>	148.9	99.6	115.1
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to the statement of profit or loss</i>			
Net change in fair value of equities at FVOCI.....	206.9	18.0	1.9
<i>Items that are or may be reclassified subsequently to the statement of profit or loss</i>			
Net change in fair value of debt securities at FVOCI.....	15.0	(30.2)	19.3
Reclassified to profit or loss on sale of debt securities at FVOCI.....	(4.5)	25.5	(45.7)
<b>Total other comprehensive income/(loss) for the year.....</b>	<b>217.4</b>	<b>13.3</b>	<b>(24.4)</b>
<b>Total comprehensive income for the year.....</b>	<b>366.3</b>	<b>112.9</b>	<b>90.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The table below shows a summary of APICORP's consolidated statement of cash flows data for each of 2022, 2021 and 2020.

	2022	2021	2020
	(U.S.\$ million)		
Net cash from/(used in) operating activities.....	10.7	(655.2)	258.4
Net cash (used in)/from investing activities.....	(520.0)	564.5	(457.3)
Net cash from/(used in) financing activities.....	479.8	(45.8)	215.0
Cash and cash equivalents at 1 January.....	51.1	187.6	171.5
Cash and cash equivalents at 31 December.....	21.6	51.1	187.6

## SELECTED FINANCIAL RATIOS (APMs)

The table below shows certain financial ratios for APICORP as at 31 December in, and for, each of 2022, 2021 and 2020. Each of these ratios is an APM, see *"Presentation of Group financial information—Certain non-IFRS financial information"*.

	As at/year ended 31 December		
	2022	2021	2020
	(per cent.)		
Return on assets <sup>(1)</sup> .....	1.68	1.25	1.46
Return on equity <sup>(2)</sup> .....	5.10	3.90	4.72
Return on paid up capital <sup>(3)</sup> .....	9.92	6.64	7.67
Total capital adequacy ratio <sup>(4)</sup> .....	30.72	32.48	31.21
Tier 1 capital ratio <sup>(4)</sup> .....	29.67	31.57	30.21
Total shareholders' funds/total assets <sup>(5)</sup> .....	32.99	31.94	30.89

Notes:

- (1) Profit for the year divided by total assets at the end of the year.
- (2) Profit for the year divided by total equity at the end of the year.
- (3) Profit for the year divided by share capital at the end of the year.
- (4) Calculated in accordance with Basel II requirements.
- (5) Total equity attributable to shareholders of the corporation divided by total assets.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF APICORP**

*The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Group financial information", "Capitalisation", "Selected financial information" and the Financial Statements.*

*The discussion of the Group's financial condition and results of operations is based upon the Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Cautionary statement regarding forward-looking statements" and "Risk factors".*

*See "Presentation of Group financial information" for a discussion of the source of the numbers presented in this section.*

### **OVERVIEW**

APICORP is a multilateral development bank focused on the energy industry. Its purposes, as set out in the Establishing Agreement, are:

- participating in financing energy projects and industries, and in fields of activity which are derived from, ancillary to, associated with or complementary to petroleum projects and industries; and
- giving priority to Arab joint ventures which benefit the OAPEC Member States and enhance their ability to utilise their petroleum resources and to invest their savings to strengthen their economic and financial potential.

APICORP seeks to achieve its purpose by supporting relevant projects through participating in syndicated loans or making direct loans, giving guarantees and/or through equity investments. It also participates in trade financing activities, provides project-related financial advisory services and publishes research insights relating to strategic and relevant issues in the MENA region energy industry.

The Group's principal assets are its loans and advances which principally generate interest income, its direct and indirect equity investments which principally generate dividend income and its treasury investment portfolio which generates interest income and is intended to provide earnings which are not correlated to the Group's two other more cyclical business lines of lending to, and making equity investments in, projects in the oil and gas and energy industries.

In 2022, the Group had net interest income of U.S.\$134.3 million and U.S.\$110.9 million in dividend income. The Group's profit for 2022 was U.S.\$148.9 million.

### **PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS**

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

#### **Changes in international oil prices**

Reflecting APICORP's mandate, the majority of the Group's direct and syndicated lending is to borrowers in the oil and gas and energy industries (including downstream/petrochemicals, utilities and maritime transport of related products). In addition, a significant proportion of the Group's direct and indirect equity investments are in the oil and gas and energy sectors (including downstream/petrochemicals and utilities) and the Group also owns debt securities issued by entities in the oil and gas sector.

The oil and gas industry has been, and is expected to continue to be, cyclical with levels of investment and profitability in that sector being materially dependent on prevailing international oil and gas prices, which have fluctuated significantly over the past two decades, and are likely to remain volatile in the future. According to data produced by OPEC, the average annual OPEC reference basket prices in 2022, 2021 and 2020 were U.S.\$100.08 per barrel, U.S.\$69.89 per barrel and U.S.\$41.47 per barrel, respectively.

In part reflecting the above trend in oil prices from 2020 to 2022, the Group experienced:

- a significant increase in its net interest income in 2022 compared to 2021 and a significant reduction in its net interest income in 2021 compared to 2020, in part driven by activity levels in the oil and gas sector, which were influenced by oil prices, see "*—Factors affecting net interest income*" below;
- increases in its dividend income in 2022 compared to 2021 and in 2021 compared to 2020, see "*—Factors affecting dividend income*" below;
- a reduction in demand for syndicated and direct lending in 2022, illustrated by an 8.9 per cent. decrease in loans and advances outstanding as at 31 December 2022 compared to 31 December 2021 and a significant increase in demand for syndicated and direct lending in 2021, illustrated by an 18.6 per cent. increase in loans and advances outstanding as at 31 December 2021 compared to 31 December 2020;
- impairment losses on financial instruments, net in each of 2022, 2021 and 2020, see "*—Results of operations—Impairment, net*" below; and
- changes in fair value of its financial assets at FVTPL and gains and losses on disposal of its financial assets at FVOCI, which impacted its consolidated statement of profit or loss, and changes in the fair value of its equity and debt securities at FVOCI, which impacted its consolidated statement of comprehensive income, in each case in 2022, 2021 and 2020, as further described under "*—Results of operations*" below.

In 2022, oil and gas prices increased significantly, principally reflecting concerns related to the Russia - Ukraine conflict. Although upstream oil and gas exporters benefit from high prices, downstream industries (for example, the refining, petrochemicals and utilities sectors to which the Group is exposed) typically continue operating under tightening margins due to rising feedstock and raw material prices.

In addition, public debts and inflation rates in many OAPEC Member States are high. These factors, coupled with the ending of fiscal stimulus packages introduced to combat COVID-19 and increases in interest rates, generally resulted in lower rates of GDP growth following the strong economic recovery that was experienced in 2021 following the impact of the COVID-19 pandemic in 2020.

### **Factors affecting net interest income**

The Group's net interest income represents the difference between its interest income and its interest expense. The Group derives interest income principally from its loans and advances made, its treasury investment portfolio, its placements with banks and the amortisation of loan participation and up-front fees. The Group incurs interest expense principally on its bank financing, its sukuk and bonds issued, the deposits it takes from banks, corporates and shareholders and its securities sold under agreement to repurchase. During the three year period under review, the Group's interest earning assets and its interest bearing liabilities have been increasing.

The Group's interest income is principally affected by the volume of its interest earning assets and the rates of interest that it charges on those assets whilst its interest expense is principally affected by the volume of its interest bearing liabilities and the rates of interest that it is charged on those liabilities.

Global interest rates have increased since 2022. Three month LIBOR rates varied from 0.216 per cent. to 4.778 per cent. during 2022, with an average rate of 2.405 per cent., while during the first half of 2023, three month LIBOR rates have ranged from 4.778 per cent to 5.557 per cent. As a result of the global increase in interest rates, the Group's weighted average effective interest rates for both its interest-bearing financial assets and its interest-bearing financial liabilities increased significantly (in the case of the Group's principal liability category) in 2022 compared to 2021 and 2020 as illustrated in the table below.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(per cent.)</i>		
<b>Interest-bearing financial assets</b>			
Fixed rate debt securities .....	3.18	2.99	2.93

	2022	2021 (per cent.)	2020
Floating rate debt securities.....	5.91	1.59	1.72
Placements with banks .....	3.19	1.29	0.60
Loans and advances.....	3.68	2.27	2.38
	2022	2021 (per cent.)	2020
<b>Interest-bearing financial liabilities</b>			
Bank term financing.....	4.05	—	1.63
Sukuk and bonds issued .....	2.54	1.93	1.33
Deposits from banks.....	4.17	0.35	—
Deposits from corporates.....	4.48	0.12	0.92
Deposits from Shareholders .....	5.14	0.72	0.90
Borrowings under repurchase agreements.....	4.72	—	0.75

For an analysis of the factors driving the changes in the Group's net interest income, see "*—Results of operations—Net interest income*" below.

### **Factors affecting dividend income**

The Group derives dividend income from its direct and indirect equity investments at FVOCI. In 2022, the Group's dividend income amounted to U.S.\$110.9 million compared to U.S.\$ 98.2 million in 2021 and U.S.\$ 47.0 million in 2020.

For an analysis of the factors driving the changes in the Group's dividend income, see "*—Results of operations—Net other income—Dividend income*" below.

### **Change in fair value of financial assets at FVTPL**

The Group's financial assets at FVTPL comprise a loan to Egyptian Methanex Methanol Company, a direct equity investee, and its investments in the IFC Fund and the APICORP Managed Account Investment Vehicle, which are described under "*Description of the Group—Business—Investments & Partnerships*". These assets are measured at fair value on each reporting date with any change in fair value being recorded in the income statement under this line item. Almost all of these assets are classified as level 3, which means that their fair values are not determined by reference to quoted prices or other observable inputs. The fair value of these investments has fluctuated in the periods under review, see "*—Results of operations— Net other income—Change in fair value of financial assets at FVTPL*" below.

### **Impairment losses on bank term financing**

The Group's impairment losses on bank term financing have also fluctuated in the periods under review. In 2022, the Group's impairment losses on bank term financing, were U.S.\$42.0 million compared to a reversal of impairment on bank term financing, of U.S.\$7.7 million in 2021 and impairment losses on bank term financing of U.S.\$14.3 million, see "*—Results of operations— Impairment losses on bank term financing*" below.

### **RECENT DEVELOPMENTS**

APICORP intends to relocate its headquarters from its current location in Dammam, Saudi Arabia, to Riyadh, the Kingdom's capital and one of the region's major financial centres where it believes will be able to leverage the benefits of co-location and collaboration of industry peers and access to talent.

APICORP has recently developed a new strategy, in consultation with McKinsey, which was approved by the Board on 9 June 2023. See "*Description of the Group— Business —Strategy*" above.

Since the departure of its Chief Financial Officer, Dr. Sherif Ayoub, in early June 2022, Dr. Alper Ozun has been appointed as Acting Chief Financial Officer. APICORP is currently in the process of assessing its internal finance function, including a potential successor.

### **SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the accounting policies applied by the Group generally, see notes 3A to O in the 2022 Financial Statements.

## **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the Group's financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of the Group's revenue and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the Group's financial statements.

The Group's most significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements are identified in note 3N to the 2022 Financial Statements. This note identifies two critical judgments involved in the application of the Group's accounting policies and two key assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year, as follows:

### **Critical judgments**

#### *Classification of financial assets*

The critical judgments under this heading are (i) the assessment of the business model within which financial assets are held and (ii) the assessment of whether the contractual terms of the financial assets are solely payments of principal or interest on the principal amount outstanding. These matters are further discussed in note 3H(ii) to the 2022 Financial Statements.

#### *Significant increase of credit risk*

The critical judgments under this heading are (i) establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, (ii) determining the methodology for incorporating forward-looking information into the measurement of ECL and (iii) the selection and approval of models used to measure ECL. These matters are further discussed in notes 3H(viii) and 26(a) to the 2022 Financial Statements.

### **Assumptions and estimation of uncertainties**

#### *Impairment of financial instruments*

The key assumptions and estimates under this heading are the determination of inputs into the ECL measurement model, including the key assumptions used in estimating recoverable cash flows and the incorporation of forward-looking information. These matters are further discussed in note 26(a) to the 2022 Financial Statements.

#### *Measurement of fair value of financial instruments with significant unobservable inputs (level 3).*

The assumptions used in this context are set out in note 3(H)(vi) and note 28 to the 2022 Financial Statements.

## **RESULTS OF OPERATIONS**

### **Net interest income**

The Group's net interest income was U.S.\$134.3 million in 2022 compared to U.S.\$71.3 million in 2021 and U.S.\$83.1 million in 2020. The increase of U.S.\$62.9 million, or 88.2 per cent., in 2022 compared to 2021 and the decrease of U.S.\$11.7 million, or 14.1 per cent., in 2021 compared to 2020 each reflected the changes in interest income and interest expense described below.

The table below shows the Group's interest income and its interest expense for each of 2022, 2021 and 2020.

	2022		2021		2020	
	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)
<b>Interest income</b>						
Cash and cash equivalent .	1.8	0.7	0.0	0.0	0.3	0.2
Placements with banks .....	27.8	10.6	3.1	2.1	10.6	5.3
Debt securities at FVOCI (net) .....	34.3	13.1	20.2	13.9	47.7	24.1
Loans and advances.....	168.8	64.4	100.5	69.0	118.3	59.8
Amortisation of loan participation and upfront fees .....	29.4	11.2	21.8	15.0	20.9	10.6
<b>Total interest income.....</b>	<b>262.1</b>	<b>100.0</b>	<b>145.6</b>	<b>100.0</b>	<b>197.7</b>	<b>100.0</b>
<b>Interest expense</b>						
Deposits <sup>(1)</sup> .....	(14.3)	11.2	(1.4)	1.8	(8.8)	7.6
Securities sold under agreement to repurchase .....	(1.4)	1.1	(0.7)	0.9	(2.7)	2.4
Others.....	(0.0)	0.0	—	—	(4.2)	3.7
Bank term financing.....	(1.1)	(0.9)	(7.0)	9.4	(23.7)	20.7
Sukuk and bonds issued ...	(108.4)	(84.8)	(58.7)	79.0	(71.5)	62.3
Amortisation of front-end fees on bank term financing, sukuk and bonds issued.....	(2.6)	2.0	(6.6)	8.8	(3.8)	3.3
<b>Total interest expense.....</b>	<b>(127.8)</b>	<b>(100.0)</b>	<b>(74.2)</b>	<b>100.0</b>	<b>(114.6)</b>	<b>100.0</b>
<b>Net interest income.....</b>	<b>134.3</b>		<b>71.3</b>		<b>83.1</b>	

**Note**

<sup>(1)</sup> Comprises deposits from banks, corporates and shareholders.

The Group's total interest income was U.S.\$262.1 million in 2022 compared to U.S.\$145.6 million in 2021 and U.S.\$197.7 million in 2020.

The increase of U.S.\$116.5 million, or 80.1 per cent., in 2022 compared to 2021 principally reflected an increase of U.S.\$68.3 million, or 68.0 per cent., in interest income from loans and advances which resulted mainly from rising benchmark rates. See "*Management's discussion and analysis of financial condition and results of operations of APICORP—Principal factors affecting results of operations—Factors affecting net interest income*".

In addition:

- interest income from placements with banks increased by U.S.\$24.7 million in 2022 compared to 2021, principally as a result of higher volumes compared to 2021; and
- interest income from debt securities at FVOCI (net) increased by U.S.\$14.1 million, or 69.7 per cent., in 2022 compared to 2021, mainly driven by higher interest rates.

The decrease of U.S.\$52.2 million, or 26.4 per cent., in 2021 compared to 2020 principally reflected a decrease of U.S.\$27.5 million, or 57.6 per cent., in interest income from debt securities at FVOCI, net (which principally reflected a decline in the portfolio and to a lesser extent changes in interest rates) and a decrease of U.S.\$17.8 million, or 15.1 per cent., in interest income from loans and advances (which resulted mainly from lower interest rates). In addition, interest income from placements with banks decreased by U.S.\$7.5 million, or 70.9 per cent., in 2021 compared to 2020, principally as a result of volume changes during 2021 compared to 2020.

The Group's total interest expense was U.S.\$127.8 million in 2022 compared to U.S.\$74.2 million in 2021 and U.S.\$114.6 million in 2020.

The increase of U.S.\$53.5 million, or 72.1 per cent., in 2022 compared to 2021 principally reflected an increase of U.S.\$49.7 million, or 84.7 per cent., in interest expense on sukuk and bonds issued, which principally reflected higher benchmark rates and inflation.

The decrease of U.S.\$40.4 million, or 35.3 per cent., in 2021 compared to 2020 principally reflected decreases of:

- U.S.\$16.7 million, or 70.5 per cent., in interest expense on bank term financing, which principally reflected the repayment of the Group's outstanding bank term financing in 2021;
- U.S.\$12.8 million, or 17.9 per cent., in interest expense on sukuk and bonds issued, which principally reflected new issuance at lower interest rates than the debt refinanced during 2021; and
- U.S.\$9.5 million, or 82.4 per cent., in interest expense on deposits and securities sold under agreements to repurchase, which principally reflected lower interest rates in 2021 and a lower volume of securities sold under agreements to repurchase in 2021 compared to 2020.

### Dividend income

The Group's dividend income was U.S.\$110.9 million in 2022 compared to U.S.\$98.2 million in 2021, and U.S.\$47.0 million in 2020. The increase of U.S.\$12.7 million, or 12.9 per cent., in 2022 compared to 2021, as well as the increase of U.S.\$51.1 million, or 108.7 per cent., in 2021 compared to 2020, principally reflected higher dividends from the Group's Ibn Zahr and Emethanex direct equity investments in the chemicals and methanol sectors, respectively.

### Other income items

The Group's other income items (which are listed in the table below) together accounted for U.S.\$22.6 million of net income in 2022 compared to U.S.\$18.3 million of net loss in 2021 and U.S.\$46.8 million of net income in 2020.

The table below shows the breakdown of the Group's other income items for each of 2022, 2021 and 2020.

	2022		2021		2020	
	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)
Change in fair value of investments designated at FVTPL <sup>(1)</sup> .....	4.3	19.1	(14.2)	(77.8)	(23.1)	(49.3)
(Gain)/loss on sale of investments.....	4.5	19.9	25.5	139.4	45.7	97.4
Share of profit from equity accounted investees .....	5.1	22.8	(5.3)	(29.2)	1.7	3.6
Net fee income .....	6.1	26.8	(5.2)	(28.6)	3.5	7.5
Other income, net of which:	2.6	11.3	17.6	96.2	19.1	40.7
<b>Total</b> .....	<b>22.6</b>	<b>100.0</b>	<b>18.3</b>	<b>100.0</b>	<b>46.9</b>	<b>100.0</b>

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#### Note

<sup>(1)</sup> Change in fair value of financial assets at FVTPL was classified as net loss on financial assets at FVTPL in the 2020 Financial Statements.

### ***Change in fair value of investments designated at FVTPL***

In 2022, the Group recorded an unrealised fair value gain of U.S.\$4.3 million on FVTPL investments, which principally related to the managed account investment vehicle and was offset by a fair value loss on a loan designated at FVTPL.

In 2021, the Group recorded an unrealised fair value gain of U.S.\$14.2 million on its FVTPL investments. In 2020, the Group recorded an unrealised fair value loss of U.S.\$23.1 million on its FVTPL investments. In each case these changes principally related to the managed account investment vehicle.

### ***(Gain)/loss on sale of investments***

In 2022, the Group recognised a U.S.\$4.5 million gain on sale of investments, principally fixed-rate bonds.

In 2021, the Group recognised a U.S.\$25.5 million loss on sale of investments, principally fixed-rate bonds.

In 2020, the Group recognised a U.S.\$45.7 million gain on the derecognition of investments.

### ***Share of profit from equity accounted investees***

The Group's share of profit from its equity accounted investees was U.S.\$5.1 million in 2022 compared to U.S.\$5.3 million in 2021 and U.S.\$1.7 million in 2020.

As at 31 December 2022, the Group had four associates and, as at 31 December in each of 2021 and 2020, the Group had five associates, Falcon Cement, Ashtead Technology, Al Khorayef, GC-16 JV and Intra Taf Holding. During 2022, the Group sold shares in Ashtead Technology, resulting in its remaining shares in that entity being at FVOCI. In 2021, the Group sold a 12.2 per cent. shareholding in Ashtead Technology, reducing its holding from 32.9 per cent. at the start of 2021 to 20.7 per cent. at the end of 2021. In 2020, the Group acquired 40 per cent. of the shares in Intra Taf Holding and that company was equity accounted as an associate from its acquisition.

The Group's share of the results of Falcon Cement amounted to a profit of U.S.\$0.6 million in 2022 compared to a loss of U.S.\$0.8 million in 2021 and a loss of U.S.\$0.7 million in 2020. The Group's share of the results of Ashtead Technology was a gain of U.S.\$1.6 million in 2022 compared to a gain of U.S.\$0.6 million in 2021 compared to a loss of U.S.\$2.9 million in 2020. The Group's share of the results of its other equity accounted investees, Al Khorayef, GC-16 JV and Intra Taf Holding, in aggregate was a gain of U.S.\$2.9 million in 2022 compared to a gain of U.S.\$5.4 million in 2021 and a gain of U.S.\$5.4 million in 2020.

#### Net fee income

The Group's net fee income (which is derived from agency, advisory and other services) was U.S.\$6.1 million in 2022 compared to U.S.\$5.2 million in 2021 and U.S.\$3.5 million in 2020. The increase of U.S.\$0.8 million, or 15.8 per cent., in 2022 compared to 2021 principally reflected an increase in loan commitments in 2022 compared to 2021. The increase of U.S.\$1.7 million, or 48.2 per cent., in 2021 compared to 2020 principally reflected an increase in loan commitments in 2021 compared to 2020.

#### Other income, net

The Group's other income, net was a positive U.S.\$2.6 million in 2022 compared to a negative U.S.\$17.6 million in 2021 and a positive U.S.\$19.1 million in 2020. The positive change of U.S.\$20.1 million in 2022 compared to 2021 principally reflected:

- a U.S.\$0.4 million loss on the sale of vessels in 2022 compared to a U.S.\$11.8 million loss on the sale of vessels in 2021; and
- a U.S.\$0.9 million loss from hedge ineffectiveness in 2022 compared to a U.S.\$9.5 million loss from hedge ineffectiveness in 2021.

#### Operating expenses

The Group's operating expenses were U.S.\$60.6 million in 2022 compared to U.S.\$53.6 million in 2021 and U.S.\$47.7 million in 2020.

The table below shows the breakdown of the Group's operating expenses for each of 2022, 2021 and 2020.

	2022		2021		2020	
	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)
Employee related costs <sup>(1)</sup> .....	32.9	54.2	28.5	53.2	24.8	52.0
Premises costs, including depreciation .....	14.2	23.4	12.7	23.7	13.5	28.4
Equipment and communications costs.....	4.2	7.0	2.8	5.3	2.7	5.6
Key management and Board benefits, fees and charges .....	3.3	5.5	2.7	5.0	3.7	7.7
Consultancy and legal fees .....	4.0	6.5	1.0	1.9	2.7	5.7
Corporate social responsibility (CSR).....	2.1	3.4	4.3	8.1	—	—
Others.....	—	—	1.5	2.8	0.3	0.6
<b>Total</b> .....	<b>60.6</b>	<b>100.0</b>	<b>53.6</b>	<b>100.0</b>	<b>47.7</b>	<b>100.0</b>

Note

<sup>(1)</sup> Comprises staff cost and end of services benefits.

The Group's operating expenses increased by U.S.\$7.1 million, or 13.2 per cent., in 2022 compared to 2021. This principally reflected an increase of U.S.\$4.4 million, or 15.3 per cent., in employee-related costs, which principally related to an increase in employee bonuses. In addition, consultancy and legal fees

increased by U.S.\$3.0 million, or 299.0 per cent., principally as a result of a new consultancy agreement for a review of the Group's strategy and activities, as well as an increase in internal audit fees in 2022 compared to 2021.

The Group's operating expenses increased by U.S.\$5.9 million, or 12.4 per cent., in 2021 compared to 2020. This principally reflected a U.S.\$4.3 million expense incurred towards the design and construction of a roundabout in Al-Khobar city in Saudi Arabia, which the Group has categorised as a corporate social responsibility expense. In addition, the Group's employee-related costs increased by U.S.\$3.7 million, or 15.1 per cent., in 2021 compared to 2020, principally reflecting an increase in salaries in addition to newly hired employees.

#### **Impairment (loss)/reversal on financial instruments, net**

The Group's impairment loss on financial instruments, net was U.S.\$42.0 million in 2022 compared to a reversal of impairment on financial instruments, net of U.S.\$7.7 million in 2021 and an impairment loss on financial instruments, net of U.S.\$14.3 million in 2020.

The table below shows the composition of the Group's impairment (loss)/reversal on financial instruments, net in each of 2022, 2021 and 2020.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(U.S.\$ million)</i>		
<b>Charge for the year</b>			
Placements with banks .....	—	(0.1)	(0.1)
Loans and advances.....	(33.5)	(1.8)	(16.8)
Debt securities at FVOCI .....	(1.8)	—	—
Loan commitments and guarantees .....	(6.8)	—	—
	<b>(42.1)</b>	<b>(1.8)</b>	<b>(16.9)</b>
<b>Reversal for the year</b>			
Placements with banks .....	0.1	—	—
Debt securities at FVOCI .....	—	0.4	0.5
Loan commitments and guarantees .....	—	9.1	2.1
	<b>0.1</b>	<b>9.5</b>	<b>2.6</b>
	<b>(42.0)</b>	<b>7.7</b>	<b>(14.3)</b>

In 2022, the Group's U.S.\$42.0 million impairment loss on financial instruments, net was mainly from a U.S.\$33.5 million impairment charge on loans and advances and a U.S.\$ 6.8 million impairment charge on loan commitments and financial guarantees due to a deterioration in the global economic outlook for many of the countries to which APICORP had exposure.

In 2021, the Group's U.S.\$7.7 million reversal of impairment charges on financial instruments, net was driven by a U.S.\$9.1 million reversal of impairment charges in respect of loan commitments and financial guarantees due to specific loan repayments and low balance sheet growth during 2021. The Group recorded U.S.\$1.8 million impairment charges on its loans and advances in 2021, principally reflecting improved ratings of exposure countries in its ECL for the year.

In 2020, the Group's U.S.\$14.3 million impairment loss on financial instruments, net almost entirely related to its loans and advances and reflected its ECL for the year in light of the difficult conditions resulting from the COVID-19 pandemic. These charges were offset principally by a reversal of U.S.\$2.1 million in respect of loan commitments and financial guarantees reflecting improved ratings of exposure countries.

#### **Impairment losses on other assets, net**

In 2022, the Group recorded a U.S.\$7.3 million impairment loss on its equity accounted investees which related to the revaluation of Falcon Cement Company's market value, a U.S.\$6.0 million impairment loss on property, equipment and vessels which related to the sale of its remaining two vessels at loss and a U.S.\$3.0 million provision on prepayments which related to advances to contractors for the construction of a roundabout in Al Khobar, Saudi Arabia.

In 2021, the Group recorded a U.S.\$3.5 million impairment charge on its vessels reflecting its assessment of the market value of its remaining vessels after the sale of three vessels at a loss and a U.S.\$2.2 million impairment charge on Falcon Cement, an equity accounted investee, reflecting its revised assessment of the market value of Falcon Cement.

In 2020, the Group recorded no impairment losses on other assets.

### **Profit for the year**

Reflecting the above factors, the Group recorded profit for the year of U.S.\$148.9 million in 2022 compared to U.S.\$99.6 million in 2021 and U.S.\$115.1 million in 2020, an increase of U.S.\$49.3 million, or 49.4 per cent., in 2022 compared to 2021 and a decrease of U.S.\$15.5 million, or 13.4 per cent., in 2021 compared to 2020.

### **Other comprehensive income**

The Group's other comprehensive income for the year was U.S.\$217.4 million in 2022 compared to U.S.\$13.3 million in 2021 and other comprehensive loss for the year of U.S.\$24.4 million in 2020. These movements principally reflected changes in fair value of the Group's equity and debt investments at FVOCI and fair value gains and losses reclassified to profit and loss on the sale of FVOCI debt securities.

In 2022, the Group recognised other comprehensive income of U.S.\$206.9 million on fair value changes in its equity securities at FVOCI. In addition, the Group recognised comprehensive income of U.S.\$15.0 million on fair value changes in its debt securities at FVOCI and a U.S.\$4.5 million comprehensive loss on the sale of debt securities at FVOCI reclassified to profit and loss.

In 2021, the Group recognised other comprehensive income of U.S.\$18.0 million and other comprehensive loss of U.S.\$30.2 million, respectively, on fair value changes of its equity investments at FVOCI and its debt securities at FVOCI. In addition, in 2021 the Group recognised comprehensive income of U.S.\$25.5 million on the reclassification to profit and loss following the sale of certain FVOCI debt securities.

In 2020, the Group recognised other comprehensive income of U.S.\$1.9 million and U.S.\$19.3 million, respectively, on fair value changes of its equity investments at FVOCI and its debt securities at FVOCI. In addition, in 2020 the Group recognised a comprehensive loss of U.S.\$45.7 million on the reclassification to profit and loss following the sale of certain FVOCI debt securities.

### **Total comprehensive income**

Reflecting the Group's profit for the year and its other comprehensive loss or income in each year, the Group's total comprehensive income was U.S.\$366.3 million in 2022 compared to U.S.\$112.9 million in 2021 and U.S.\$90.6 million in 2020.

## **LIQUIDITY AND FUNDING**

### **Overview**

The Group principally uses cash to advance loans and make direct and indirect equity investments and treasury investments. The Group also uses cash to pay interest on and repay its financing and to pay dividends to its shareholders. The Group's principal source of cash is its cash flow from operating activities, although it also raises funding through bank term loans and the issue of sukuk and bonds, accepts deposits from banks, corporates and shareholders and generates cash through the sale of investments. In addition, although the Group does not benefit from shareholder guarantees, APICORP has U.S.\$8.5 billion in callable capital, which is a joint and several obligation of each shareholder to provide additional capital if required in certain cases and subject to the approval of its shareholders. See *"Risk factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—APICORP is a multilateral development bank without guarantee-related support from its shareholders"*.

### **Cash flow**

The table below summarises the Group's cash flow from operating activities, investing activities and financing activities for each of 2022, 2021 and 2020.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
		<i>(U.S.\$ million)</i>	
Net cash from/(used in) operating activities.....	10.7	(655.2)	258.4
Net cash (used in)/from investing activities.....	(520.0)	564.5	(457.3)
Net cash from/(used in) financing activities.....	479.8	(45.8)	215.0
Cash and cash equivalents at 1 January.....	51.1	187.6	171.5

	2022	2021 (U.S.\$ million)	2020
Cash and cash equivalents at 31 December .....	21.6	51.1	187.6

#### ***Cash flow from operating activities***

The Group's net cash from operating activities was U.S.\$10.7 million in 2022 compared to net cash used in operating activities of U.S.\$655.2 million in 2021 and net cash from operating activities of U.S.\$258.4 million in 2020. The Group's cash flow in each year before changes in operating assets and liabilities principally reflects its profit for the year adjusted to deduct non-cash net interest income and dividend income and to add or deduct the change in fair value of FVTPL investments, the loss or gain on sale of investments and its impairment charge or reversal.

The significant variations in the Group's operating cash flow in each year principally reflect net changes in loans and advances (being the difference between loans and advances drawn and loans and advances repaid in each year), in interest receivable and in placements with banks. In particular, in 2022 the Group's net inflows from loans and advances and interest receivable were U.S.\$382.0 million and U.S.\$232.3 million, respectively, and its net outflow from placements with banks was U.S.\$487.8 million. In 2021 the Group's net inflow from interest receivable was U.S.\$147.6 million and its net outflows from loans and advances and from placements with banks were U.S.\$712.1 million and U.S.\$47.8 million, respectively. In 2020 the Group's net inflows from placements with banks and interest received were U.S.\$237.1 million and U.S.\$215.9 million, respectively, and its net outflow from the loans and advances was U.S.\$244.3 million.

#### ***Cash flow from investing activities***

The Group's net cash used in investing activities was U.S.\$520.0 million in 2022 compared to net cash from investing activities of U.S.\$564.5 million in 2021 and net cash used in investing activities of U.S.\$457.3 million in 2020.

In 2022, the principal investing activity flows were a net outflow of U.S.\$655.9 million from the purchase and sale of investments which was offset principally by an inflow of U.S.\$118.9 million from dividends received.

In 2021, the principal investing activity flows were a net inflow of U.S.\$439.0 million from the sale and purchase of investments, an inflow of U.S.\$97.4 million from dividends received and an inflow of U.S.\$32.7 million from vessels sold.

In 2020, the principal investing activity flows were a net outflow of U.S.\$494.3 million from the purchase and sale of investments which was offset by an inflow of U.S.\$41.2 million from dividends received.

#### ***Cash flow from financing activities***

The Group's net cash from financing activities was U.S.\$479.8 million in 2022 compared to net cash used in financing activities of U.S.\$45.8 million in 2021 and net cash from financing activities of U.S.\$215.0 million in 2020.

In 2022, the principal financing cash inflows were a net U.S.\$740.6 million in proceeds from deposits less repayments of deposits and U.S.\$250.0 million from new bank term financing. The principal financing cash outflows were a net U.S.\$412.0 million in sukuk and bonds paid less proceeds from sukuk and bonds issued and U.S.\$98.8 million in finance charges paid.

In 2021, the principal financing cash outflows were U.S.\$1,175.0 million in the repayment of bank term financing, U.S.\$141.2 million in the net repayment of deposits and U.S.\$75.2 million in finance charges paid. The principal financing cash inflow was a net U.S.\$1,350.9 million in proceeds from and payments of sukuk and bonds issued.

In 2020, the principal financing cash inflow was a net U.S.\$632.1 million in proceeds from and payments of sukuk and bonds issued which was offset by a net cash outflow of U.S.\$137.9 million in deposits paid by and placed with APICORP, a cash outflow of U.S.\$150.0 million in term financing repaid and a cash outflow of U.S.\$129.2 million in financing charges paid.

## Liquidity

The Group's liquidity comprises its debt securities at FVOCI, placements with banks and cash and bank balances. The table below shows the Group's liquidity as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Debt securities at FVOCI .....	2,456.5	1,867.4	2,324.8
Placements with banks .....	786.3	292.5	374.7
Cash and cash equivalent .....	21.6	51.1	57.6
<b>Total liquidity.....</b>	<b>3,264.4</b>	<b>2,211</b>	<b>2,757.1</b>

As at 31 December 2022, 18.8 per cent. of the gross amount of the Group's bank placements were with institutions that were rated AAA to AA-, 35.3 per cent. were with institutions that were rated A+ to A- and 45.8 per cent. were with institutions that were rated BB+ to B-. The Group's treasury investment portfolio is described under "*Analysis of certain statement of financial position items—Treasury investment portfolio*" below.

## Funding

The Group actively manages a net funding requirement of between U.S.\$5.3 billion to U.S.\$5.6 billion a year. To this end, it maintains an active relationship with counterparties across the GCC, Europe, the United States, Asia and Africa, although it remains significantly reliant on the GCC for funding.

The Group's funding strategy relies on a mixture of medium to longer-term borrowings and shorter-term deposits together with a small amount of funding raised from repo-transactions using securities in its investments portfolio.

The table below shows the Group's sources of funding by amount and proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Bank term financing and sukuk and bonds issued .....	4,460.1	4,901.8	4,773.9
Deposits .....	958.8	349.0	137.9
Securities sold under agreements to repurchase .....	135.3	—	352.1
<b>Total funding.....</b>	<b>5,554.2</b>	<b>5,250.8</b>	<b>5,264.0</b>
	<i>(per cent.)</i>		
Bank term financing and sukuk and bonds issued .....	80.3	93.4	90.7
Deposits .....	17.3	6.6	2.6
Securities sold under agreements to repurchase .....	2.4	—	6.7
<b>Total funding.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In 2022, APICORP raised a total of U.S.\$200 million from two bond issuances and U.S.\$250 million in bank term financing. In 2022, APICORP paid U.S.\$611.9 million in bonds and sukuk.

In 2021, APICORP raised a total of U.S.\$1,750 million from two bond issuances. In 2021, APICORP repaid U.S.\$1,175 million in bank term financing and U.S.\$399.1 million equivalent of bonds.

In 2020, APICORP raised a total of U.S.\$1,139.6 million from two bond issuances. In 2020, APICORP paid U.S.\$650 million equivalent of bank term financing and sukuk and bonds issued.

APICORP's bond issuances have helped to significantly extend the maturity profile of its funding and have also allowed it to reduce its reliance on wholesale deposits and eliminate previous short-term asset/liability mismatches.

### ***Bank term financing and sukuk and bonds issued***

As at 31 December 2022, the Group had two bank term loans outstanding, both of which were borrowed in 2022.

As at 31 December 2022, the Group also had nine series of bonds outstanding.

The table below provides details of each of the Group's outstanding series of bonds as at 31 December 2022.

	As at 31 December 2022 (U.S.\$ million)
<b>Bonds</b>	
U.S.\$750 million 4.125 per cent. bonds due 2023.....	737.5
GBP100 million 0.71 per cent. Bonds due 2023.....	121.5
U.S.\$300 million floating rate bonds due 2024.....	300.0
U.S.\$325 million floating rate bonds due 2024 .....	325.0
U.S.\$1,000 million 1.46 per cent. Bonds due 2025 .....	924.8
U.S.\$100 million floating rate bonds due 2025 .....	100.0
U.S.\$100 million 5.0 per cent. Bonds due 2025 .....	100.4
U.S.\$1,000 million 1.26 per cent. Bonds due 2026.....	912.5
U.S.\$750 million 1.483 per cent. Green Bond due 2026 .....	670.5
Interest payable .....	23.5
Unamortised front-end fee.....	(6.7)
<b>Total sukuk and bonds issued .....</b>	<b>4,209.0</b>

All of the Group's sukuk and bonds issued are listed. The Group has entered into interest/profit rate swaps in relation to each series of fixed rate sukuk and bonds with a view to hedging its exposure to changes in fair value as a result of changes in market interest/profit rates.

### **Deposits**

The Group is one of only a few multilateral development banks which accepts wholesale deposits. The table below shows a breakdown of the Group's deposits by amount and proportion as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		(U.S.\$ million)	
Deposits from banks.....	563.0	85.0	—
Deposits from corporates.....	268.1	143.8	18.7
Deposits from shareholders .....	123.1	120.1	119.1
Interest payable .....	4.6	0.1	0.2
<b>Total .....</b>	<b>958.8</b>	<b>349.0</b>	<b>137.9</b>
(per cent.)			
Deposits from banks.....	58.7	24.4	—
Deposits from corporates.....	28.0	41.2	13.5
Deposits from shareholders .....	12.8	34.4	86.4
Interest payable .....	0.5	0.0	0.1
<b>Total .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The Group's deposits are contractually short-term in nature and comprise a mix of conventional and Islamic bank deposits, deposits from corporates and deposits from APICORP's shareholders. The increase in the Group's deposits from banks in 2022 was driven by increases in deposits from banks and corporate deposits, which were principally due to the Group's effort to optimise the mix of its short term and medium term borrowings. As at 31 December 2022, the Group's deposits totalled U.S.\$958.8 million, all of which had maturities of up to three months.

The Group's deposit counterparty base includes a range of conventional and Islamic banks, companies, governments and government agencies.

The Group accepts deposits in a range of currencies although, as at 31 December 2022, all of its deposits were denominated in U.S. dollars.

The table below shows the weighted average effective interest rates of the Group's deposits as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (per cent.)	2020
Deposits from banks.....	4.17	0.35	—
Deposits from corporates.....	4.48	0.12	0.92
Deposits from shareholders.....	5.14	0.72	0.90

#### ***Maturity profile of the Group's funding***

Of the Group's U.S.\$5,554.2 million funding as at 31 December 2022, 34.6 per cent. was scheduled to mature within 12 months.

The table below summarises the maturity profile of the Group's funding (including short-term funding) as at 31 December 2022.

	As at 31 December 2022	
	(U.S.\$ million)	(per cent.)
Repayable within 12 months .....	1,922.1	34.6
Repayable between one and three years .....	694.5	12.5
Repayable between three and five years.....	2,937.6	52.9
Repayable after five years.....	0.0	0.0
<b>Total funding .....</b>	<b>5,554.2</b>	<b>100.0</b>

### **ANALYSIS OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS**

The Group's principal assets are its loans and advances, its direct and indirect investments (principally in the form of equity securities at FVOCI but also including its FVTPL fund investments and investments in five associates) and its treasury investment portfolio (being its debt securities at FVOCI), each of which are discussed in more detail below. As at 31 December 2022, the Group's loans and advances amounted to U.S.\$4,229.7 million, or 47.8 per cent. of its total assets, its treasury investment portfolio amounted to U.S.\$2,456.5 million, or 27.7 per cent. of its total assets, and its direct and indirect investments aggregated U.S.\$1,203.2 million, or 13.6 per cent. of its total assets.

The Group's principal liabilities are its sukuk and bonds issued, which are discussed under "—*Liquidity and funding—Borrowings*" above, and its deposits, which are discussed under "—*Liquidity and funding—Deposits*" above. As at 31 December 2022, the Group's sukuk and bonds issued amounted to U.S.\$4,209.0 million, or 70.9 per cent. of its total liabilities, and its deposits amounted to U.S.\$958.8 million, or 16.2 per cent. of its total liabilities.

#### **Loans and advances**

The Group provides syndicated and direct loans for projects developed by local, regional and international sponsors in the energy sector.

#### *Portfolio status and risk classification*

The table below shows the status of the Group's loans and advances outstanding as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Islamic loans at amortised cost.....	946.0	1,120.5	1,371.7
Conventional loans.....			
- at amortised cost .....	3,279.4	3,608.5	2,603.5
- at FVTPL.....	155.1	49.0	47.4
Interest receivable .....	29.0	15.5	13.3
	<b>4,409.6</b>	<b>4,793.4</b>	<b>4,035.8</b>
Unamortised participation and upfront fees.....	(76.3)	(79.8)	(53.3)
ECL impairment allowance.....	(103.6)	(70.0)	(68.3)
	<b>4,229.7</b>	<b>4,643.6</b>	<b>3,914.2</b>

The internal rating classification of the Group's loans and advances outstanding as at 31 December in each of 2022, 2021 and 2020 is set out under "*Risk management—Credit risk management—Generating the term structure of PD*". For information regarding the Group's internal rating classifications, see "*Risk management—Credit risk management—Credit rating and measurement*".

#### **Portfolio sector and sub-sector concentration**

The Group's loans and advances are concentrated within the energy sector by virtue of APICORP's founding mandate. However, the Group seeks to maintain a diversified profile of loans within that sector. The table below shows the classification by sub-sector within the energy sector of the Group's loans and advances outstanding by amount as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Energy.....	1,873.7	2,056.7	1,570.3
Materials.....	869.3	954.4	935.3
Financials and sovereign.....	43.0	47.3	38.9
Utilities.....	1,187.9	1,304.3	1,072.6
Industrials.....	255.8	280.9	297.1
<b>Total loans and advances.....</b>	<b>4,229.7</b>	<b>4,643.6</b>	<b>3,914.2</b>

The table below shows the classification by sub-sector within the energy sector of the Group's loans and advances outstanding by proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (per cent.)	2020
Energy.....	44.3	44.3	40.1
Materials.....	20.6	20.6	23.9
Financials and sovereign.....	1.0	1.0	1.0
Utilities.....	28.1	28.1	27.4
Industrials.....	6.0	6.0	7.6
<b>Total loans and advances.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### **Portfolio geographical concentration**

The table below shows the geographical classification of the Group's loans and advances outstanding by amount as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Saudi Arabia.....	1,344.7	1,476.5	1,218.3
Qatar.....	505.2	554.7	536.6
Other GCC States.....	1,421.4	1,560.1	1,419.5
Egypt and North Africa.....	218.9	240.4	249.6
<b>Total Arab world.....</b>	<b>3,490.3</b>	<b>3,831.7</b>	<b>3,424.0</b>
Europe.....	387.8	425.8	235.0
Asia and Oceania.....	212.8	233.7	130.4
United States.....	138.7	152.3	124.8
<b>Total loans and advances.....</b>	<b>4,229.7</b>	<b>4,643.6</b>	<b>3,914.2</b>

The Group's loans and advances are also concentrated within the Arab world, again reflecting APICORP's mandate and its shareholder base.

The table below shows the geographical classification of the Group's loans and advances outstanding by proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (per cent.)	2020
Saudi Arabia.....	31.8	31.8	31.1
Qatar.....	11.9	11.9	13.7

	As at 31 December		
	2022	2021	2020
		(per cent.)	
Other GCC States.....	33.6	33.6	36.3
Egypt and North Africa.....	5.2	5.2	6.4
<b>Total Arab world.....</b>	<b>82.5</b>	<b>82.5</b>	<b>87.5</b>
Europe.....	9.2	9.2	6.0
Asia and Oceania.....	5.0	5.0	3.3
United States.....	3.3	3.3	3.2
<b>Total loans and advances.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The Group's loans and advances are principally denominated in U.S. dollars although it also has a small amount of loans and advances denominated in Saudi Arabian riyal. Almost all of the Group's loans and advances bear interest at floating rates of interest that reprice within one year or less.

The table below shows the weighted average effective interest rates of the Group's loans and advances as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		(per cent.)	
Loans and advances.....	3.68	2.27	2.38
U.S. dollar denominated.....	3.67	2.25	2.36
Non-U.S. dollar denominated.....	4.38	2.56	2.51

### **Portfolio maturity breakdown**

The table below shows a maturity profile of the Group's loans and advances as at 31 December 2022.

	Up to 3 months	3 months to one year	1 to 5 years	5 years and over	Total
Loans and advances (U.S.\$ million).....	153.3	379.0	2,057.2	1,640.3	4,229.7
Loans and advances (per cent.).....	3.6	9.0	48.6	38.8	100.0

### **Direct and indirect equity investments**

The Group's direct and indirect equity investments are described under "*Description of the Group—Business—Investments & Partnerships*".

### **Treasury investment portfolio**

The Group, through its T&CM business line, manages a treasury investment portfolio with the aim of providing enhanced earnings not correlated to its other two main cyclical business lines, which are direct and syndicated lending to, and direct equity investments in, companies and other entities engaged in the oil and gas and energy industries. The treasury investment portfolio principally comprises fixed and floating rate bonds, which comprised 59.9 per cent. of the portfolio (before interest receivable and impairment allowance) as at 31 December 2022. Treasury bills make up the balance of the portfolio. All of the securities in the Group's treasury investment portfolio were classified as debt securities at FVOCI as at 31 December 2022.

### **Portfolio breakdown by security type**

The table below shows a breakdown of the Group's debt securities at FVOCI by amount and proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		(U.S.\$ million)	
Treasury bills.....	976.0	305.0	374.9
Fixed rate bonds.....	1,294.1	1,476.3	1,867.5
Floating rate bonds.....	176.8	74.1	67.9
Interest receivable .....	11.7	12.4	15.3
ECL impairment allowance.....	(2.2)	(0.4)	(0.8)
	<b>2,456.5</b>	<b>1,867.4</b>	<b>2,324.8</b>
	(per cent.)		
Treasury bills.....	39.7	16.3	16.1
Fixed rate bonds.....	52.7	79.1	80.3

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Floating rate bonds.....	7.2	4.0	2.9
Interest receivable .....	0.5	0.7	0.7
ECL impairment allowance.....	(0.1)	0.0	0.0
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

All of the Group's treasury investments are fair valued using quoted prices on active markets or using observable or derived prices for similar instruments from active markets at the end of each reporting period. The Group uses a portion of the securities within the portfolio as collateral for repo-based financing transactions, and as at 31 December 2022, the fair value of debt investments at FVOCI pledged as collateral under repurchase agreements was U.S.\$155.0 million. No such transactions were outstanding as at 31 December 2021 and, as at 31 December 2020, securities with a fair value of U.S.\$383.2 million had been pledged as collateral for these transactions.

#### *Portfolio maturity breakdown*

The table below shows a maturity profile of the fixed income securities in the Group's treasury investment portfolio as at 31 December 2022.

	Up to 3 months	3 months to one year	1 to 5 years	5 years and over	Total
Treasury investment portfolio (U.S.\$ million).....	591.8	563.0	1,172.3	129.4	<b>2,456.5</b>
Treasury investment portfolio (per cent.) ....	24.1	22.9	47.7	5.3	<b>100.0</b>

#### *Ratings classification of treasury investment portfolio*

As at 31 December 2022, the Group's treasury investment portfolio had a weighted average credit rating of 'A'.

The table below shows the ratings classification by issuer type of the Group's treasury investment portfolio by amount as at 31 December 2022.

	Stage 1	Stage 2	Stage 3	Total
AAA to AA-.....	124.9	—	—	124.9
A+ to A-.....	66.5	—	—	66.5
BBB to BBB-.....	2,202.8	—	—	2,202.8
BB+ to B-.....	49.9	—	—	49.9
Unrated.....	—	14.5	—	14.5
<b>Gross amount.....</b>	<b>2,444.2</b>	<b>14.5</b>	<b>—</b>	<b>2,458.7</b>
ECL allowance.....	(0.4)	(1.7)	—	(2.2)
	<b>2,443.7</b>	<b>12.8</b>	<b>—</b>	<b>2,456.5</b>

#### *Sectoral breakdown of treasury investment portfolio*

The Group's treasury investment portfolio principally comprises debt securities issued by financial institutions and governments and public sector bodies. The remaining securities are principally invested within the utilities and energy sectors.

The table below shows the sectoral breakdown of the Group's treasury investment portfolio by amount as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Energy.....	74.7	56.8	209.0
Materials.....	128.7	97.8	72.8
Financials and sovereign.....	1,896.6	1,441.8	1,508.0
Utilities.....	292.6	222.5	486.6
Industrials.....	63.9	48.6	48.4
<b>Total treasury investment portfolio .....</b>	<b>2,456.5</b>	<b>1,867.4</b>	<b>2,324.8</b>

The table below shows the sectoral breakdown of the Group's treasury investment portfolio by proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (per cent.)	2020
Energy.....	3.0	3.0	9.0
Materials.....	5.2	5.2	3.1
Financials and sovereign.....	77.2	77.2	64.9
Utilities.....	11.9	11.9	20.9
Industrials.....	2.6	2.6	2.1
<b>Total treasury investment portfolio .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Geographical concentration of treasury investment portfolio*

As at 31 December 2022, the Group's treasury investment portfolio principally comprised debt securities issued by issuers from the GCC and the United States.

The table below shows the geographical classification of the Group's treasury investment portfolio by amount as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Saudi Arabia.....	558.7	424.7	427.5
Qatar .....	380.6	289.3	136.4
Other GCC States.....	637.6	484.7	613.4
<b>Total Arab world.....</b>	<b>1,576.8</b>	<b>1,198.7</b>	<b>1,177.3</b>
Asia and Oceania.....	291.1	221.3	384.9
United States .....	588.6	447.4	762.7
<b>Total treasury investment portfolio .....</b>	<b>2,456.5</b>	<b>1,867.4</b>	<b>2,324.8</b>

The table below shows the geographical classification of the Group's treasury investment portfolio by proportion of the total as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (U.S.\$ million)	2020
Saudi Arabia.....	22.7	22.7	18.4
Qatar .....	15.5	15.5	5.9
Other GCC States.....	26.0	26.0	26.4
<b>Total Arab world.....</b>	<b>64.2</b>	<b>64.2</b>	<b>50.6</b>
Asia and Oceania.....	11.9	11.9	16.6
United States .....	24.0	24.0	32.8
<b>Total treasury investment portfolio .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Interest rate structure of fixed income portfolio*

The table below shows the weighted average effective interest rates of the fixed and floating rate bonds within the Group's treasury investment portfolio as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021 (per cent.)	2020
Fixed rate bonds .....	3.18	2.99	2.93
Floating rate bonds.....	5.91	1.59	1.72

## COMMITMENTS AND CONTINGENT LIABILITIES

The Group's principal commitments are to underwrite and fund loans to be made by it and to subscribe capital to direct equity investees. The Group's other commitments comprise its commitments relating to a number of projects mainly in the facility management areas.

The table below shows the Group's commitments and contingent liabilities as at 31 December 2022.

	As at 31 December 2022
	(U.S.\$ million)
Commitments to underwrite and fund loans.....	2,223.1
Commitments to subscribe capital to investments.....	68.9
Other commitments.....	6.4
	<b>2,298.4</b>

## RELATED PARTY TRANSACTIONS

The Group's principal related parties are the shareholders. Although the Group does not transact any commercial business directly with the shareholders themselves (other than accepting wholesale deposits), it is engaged in financing activities with companies which are either controlled by the shareholder governments or over which they have significant influence. Loans made by the Group to related parties are made at prevailing market interest rates and are subject to normal commercial negotiation as to terms. The majority of loans to related parties are syndicated, which means that participation and terms are negotiated by a group of arrangers, of which APICORP may, or may not, be a leader. No loans to related parties were written off in 2022, 2021 or 2020.

The table below summarises the Group's related party loans, direct equity investments in related parties and deposits from related parties as at, and for the years ended, 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	(U.S.\$ million)		
<b>Loans to related parties</b>			
Loans outstanding - gross.....	3,160.3	3,126.7	2,860.5
Commitments to underwrite and fund loans.....	885.4	1,076.2	799.8
Interest income from loans during the year .....	108.9	71.8	91.7
Loan fees received during the year.....	3.9	2.9	1.2
ECL allowance.....	(66.1)	(25.5)	(29.0)
<b>Investments in related parties</b>			
Investments .....	1,163.2	956.3	969.4
Commitments to investments .....	68.9	10.0	45.7
Guarantees as shareholder.....	—	—	8.0
Dividends received during the year .....	118.9	94.6	46.9
<b>Deposits</b>			
Deposits from corporates.....	268.1	143.8	18.7
Deposits from shareholders .....	123.1	120.1	119.1
Interest expense on deposits from corporates during the year .....	6.4	0.9	2.3
Interest expense on deposits from shareholders during the year.....	2.8	1.0	1.6
<b>Other</b>			
Dividend payable to shareholders.....	17.8	17.8	23.0
Balances due to key management.....	0.7	0.6	0.2

As at 31 December 2022, the Group's gross loans outstanding to related parties were 71.7 per cent. of its total gross loans outstanding, compared to 65.2 per cent. as at 31 December 2021 and 70.9 per cent. as at 31 December 2020.

As at 31 December 2022, the Group's investments in related parties were 32.4 per cent. of its total investments, compared to 34.5 per cent. as at 31 December 2021 and 30.1 per cent. as at 31 December 2020.

As at 31 December in each of 2022, 2021 and 2020, the Group's deposits from related party corporates were 100.0 per cent. of its total deposits from corporates.

## CAPITAL ADEQUACY

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Although the Group is not subject to regulatory-imposed capital requirements, it monitors and manages its capital based on the capital adequacy ratios prescribed by the Basel Committee (Basel II) and also voluntarily complies with Basel III liquidity risk management

guidelines. The Group's capital adequacy as at 31 December 2022 based on qualifying capital to total risk weighted exposure was 30.72 per cent.

The table below shows the Group's capital adequacy as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
	(U.S.\$ million, except percentages)		
<b>Risk weighted exposures</b>			
On balance sheet assets .....	8,985.1	7,654.6	7,333.2
Off balance sheet exposures .....	858.2	619	738.5
<b>Total risk weighted exposures</b> .....	<b>9,843.3</b>	<b>8,273.6</b>	<b>8,071.7</b>
Capital adequacy .....			
Tier 1 capital <sup>(1)</sup> .....	2,920.5	2,552.5	2,438.5
Tier 2 capital <sup>(2)</sup> .....	103.6	73.5	81.1
<b>Qualifying capital</b> .....	<b>3,024.0</b>	<b>2,626.1</b>	<b>2,519.6</b>
Total capital adequacy ratio (Basel II) .....	30.72%	31.74%	31.21%
Tier 1 capital ratio (Basel II) .....	29.67%	30.85%	30.21%

Notes:

(1) Comprises share capital, legal and general reserves and retained earnings.

(2) Comprises investments fair value reserve and collective impairment allowance.

## DISCLOSURES ABOUT RISK

The Group is exposed to a number of risks and takes steps to mitigate certain of these risks as described in *"Risk management"*.

## MANAGEMENT AND EMPLOYEES

### MANAGEMENT

#### Introduction

APICORP's governing bodies include the General Assembly, the Board and its committees and the Office of the Chief Executive Officer. The Chief Executive Officer, appointed by the Board, is responsible for all the activities of the Group under the supervision of the Board. The Chief Executive Officer is assisted by the senior management team.

#### The Board

The Board comprises one director appointed by each of the OAPEC Member States. The Board elects its chairman. Membership of the Board is for a term of four years and may be renewed for any number of successive terms. The Board meets once every three months.

The members of the current Board are listed below. Members of the Board represent their respective country's interest in APICORP and, as shown in the table below, most Board members are in current leadership positions in their countries.

Name	Title	Principal occupation outside APICORP	Member State <sup>(1)</sup>
Dr. Aabed bin Abdulla Al-Saadoun...	Chairman	Undersecretary for Oil and Gas Affairs, Ministry of Energy	Saudi Arabia
Mr. Moussa Alhassan Atiq Ali.....	Deputy Chairman	General Manager, Libyan Arab Foreign Investment Company	Libya
Engr. Sharif Salim Al-Olama .....	Member	Undersecretary, Ministry of Energy & Infrastructure	UAE
Dr. Sheikh Nimir Fahad Al-Sabah.....	Member	Undersecretary, Ministry of Oil	Kuwait
Dr. Hamed Younis Saleh.....	Member	Undersecretary, Ministry of Oil Manager, Corporate Finance & Controls,	Iraq
Mr. Mohammed Khalid Al-Ghanem ..	Member	Qatar Energy	Qatar
Mrs. Amel Abdellatif.....	Member	General Manager, Taxation Directorate, Ministry of Finance	Algeria
H.E. Engr. Tarek Ahmed El Molla....	Member	Minister, Ministry of Petroleum and Mineral Resources	Egypt
Mr. Yusuf Abdulla Humood.....	Member	Undersecretary of Financial Affairs, Ministry of Finance & National Economy	Bahrain

Note

<sup>(1)</sup> Due to the current political situation in Syria, no representative from Syria is assigned to APICORP's Board at the date of this Base Prospectus.

The address of each Board member is the registered office of APICORP at Building 7201, King Faisal Road, Al-Bahar District, Unit 1, Al-Khobar 34218-3085 Saudi Arabia and their post office box address is P.O. Box 9599 Dammam 31423 Saudi Arabia. There are no actual or potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Group.

#### Board committees

The Board has established two committees: the Board Audit and Risk Committee (the "BARC") and the Board Governance and Remuneration Committee (the "BGRC").

#### *The Audit and Risk Committee*

The BARC oversees the Group's financial activities, internal control, corporate governance and risk governance. The BARC is responsible for oversight of the Group's:

- financial activities and reporting system;
- internal controls and risk management framework;
- audit functions; and
- legal and compliance requirements.

The BARC comprises Dr. Sheikh Nimir Fahad Al-Sabah (as Chairman), Engr. Sharif Salim Al-Olama (as Vice Chairman) and Mr. Mohammed Khalid Al- Ghanem, and Mrs. Amel Abdellatif (as members).

#### *The Governance and Remuneration Committee*

The BGRC oversees overall corporate governance together with employee compensation and benefits. The BGRC is responsible for:

- monitoring and continuously improving corporate governance;
- recommending appropriate remuneration and reward policies to the Board; and
- ensuring that human resources policies and practices are in line with applicable laws and regulations.

The BGRC comprises Dr. Aabed bin Abdulla Al-Saadoun (as Chairman), Mr. Moussa Alhassan Atiq Ali (as Vice Chairman) and H.E. Engr. Tarek Ahmed El Molla and Mr. Yusuf Abdulla Humood (as members).

#### **Senior management**

The members of the Group's senior management team are:

<b>Name</b>	<b>Title</b>
Mr. Khalid bin Ali Al-Ruwaigh	Chief Executive Officer
Mr. Bennie Burger	Acting Chief of Staff
Mr. Nicolas Thévenot	Chief Banking Officer
Dr. Alper Ozun	Acting Chief Financial Officer
Eng. Fahad Alshahrani	Chief Shared Services Officer
Mr. Moied Alhussain	Chief Legal Officer
Mr. Mehdi Rizvi	Acting Chief Risk Officer
Mr. Zia Ul Rab Siddiqui	Acting Chief Investment Officer

The address of each member of senior management is the registered office of APICORP at Building 7201, King Faisal Road, Al-Bahar District, Unit 1, Al-Khobar 34218-3085 Saudi Arabia and their postal address is P.O. Box 9599, Dammam 31423 Saudi Arabia. There are no potential conflicts of interest between the private interests or other duties of the members of senior management listed above and their duties to the Group.

#### ***Mr. Khaid bin Ali Al-Ruwaigh (Chief Executive Officer)***

Mr. Al-Ruwaigh joined APICORP in May 2022 from Emirates NBD Capital in Saudi Arabia, where he served as Chief Executive Officer since March 2019. At Emirates NBD Capital he led the successful transformation of the business and supported product development, resulting in the quadrupling of revenues and turning the company into a profitable venture. He has previously worked at Naseel Holding, as Chief Investment Officer, where he was in charge of direct investments and acquisitions covering regional and international portfolios across a number of asset classes.

Mr. Al-Ruwaigh holds an MBA from California State University and a Bachelor's degree in Information Systems from King Saud University.

#### ***Mr. Bennie Burger (Acting Chief of Staff)***

Mr. Burger has over 31 years' experience in the financial services industry. He previously held a wide range of roles at The Standard Bank (at various times between 1990 and 2007), most recently as Regional Director: Corporate and Investment Banking for Southern Africa and Sector Head for Construction and Infrastructure. Between 1998 and 1999 he was a Team Leader: Commercial Banking at BOE Bank and between 1999 and 2001 he was Associate Director: Corporate Banking at PSG Investment Bank. Between 2008 and 2012 he held various roles at Al Rajhi Bank and Al Rajhi Capital, most recently as Director and Head of Investment Banking between 2010 and 2012. Between 2013 and 2014 he was Chief Financial Officer at Algihaz Holding in Saudi Arabia. He joined the Group in 2014.

Mr. Burger has a Bachelor's degree in Agricultural and Business Economics, a Bachelor's degree with Honours in Business Administration and a Master's degree in Business Administration from the University of Stellenbosch.

***Mr. Nicolas Thévenot (Chief Banking Officer)***

Mr. Thévenot has 27 years' experience in the financial services industry. He has previously worked at Crédit Agricole Indosuez in a range of roles between 1992 and 2000, most recently as Vice President-Asset Based Finance/MENA (between 1998 and 2000). He joined the Group in 2000 as head of the business group for North Africa and the Mediterranean basin in the department that handles the Group's project finance, financial advisory and trade finance activities ("P&TF"). In October 2004, he was appointed head of P&TF.

Mr. Thévenot has a Bachelor's degree and a Master's degree in Public Administration and Economics from l'Institut d'Etudes Politiques de Paris and a post graduate diploma in International Economics from the same institution.

***Dr. Alper Ozun (Acting Chief Financial Officer)***

Mr. Alper Ozun has been working in the financial sector for 23 years with a demonstrated history of working in all aspects of finance, treasury and risk management in various banking entities, including retail, investment and multilateral banks in Turkey, the UK and the KSA. He has a BA degree in International Relations from Bosphorus University, MSc degree in Business Finance from Brunel University and PhD degree in Finance from Bradford School of Management.

***Engr. Fahad Alshahrani (Chief Shared Services Officer)***

Engr. Alshahrani has more than 16 years of experience in Human Resources, Talent Management, Performance Management and Compensation & Benefits, leading private and government sectors in diverse environment and implementing complex strategic initiatives in delivering proficient business value and operational efficiency through design and implementation of management practices, mostly in Human Resources.

Prior to joining APICORP in August 2022, Engr. Alshabranai served as GM Human Resources at Ministry of Industry and Mineral Resources, GM Talent Management and Rewards at Diplomatic Quarter Authority, GM HR at General Entertainment Authority. He has also held various positions in different organisations, such as STC Solutions and Mobily.

Engr. Alshabranai is a Certified Compensation Professional (CCP), Global Remuneration Professional (GRP), and a certified leadership professional of Foundation for Business Leadership FBL – IMD School, Certified Leadership Program by Michigan Ross, Business College. Engr. Fahad is also a member of the Nomination and Remuneration Committee of a Saudi public company. Engr. Fahad completed his bachelor's degree in Industrial Engineering at King Saud University, Riyadh.

***Mr. Moied Alhussain (Chief Legal Officer)***

Mr. Moied AlHussain has more than 13 years of experience in banks and investment companies. He holds LLM from La Trobe University, Melbourne, Australia and a BSc in Islamic Law from the Imam Mohammad Ibn Saud Islamic University, Riyadh.

***Mr. Mehdi Rizvi (Acting Chief Risk Officer)***

Mr. Rizvi has more than 20 years' experience in corporate & investment banking and risk management across diverse operating environments. He has led the design, development and implementation of risk management frameworks, systems, and models across credit risk, liquidity risk, market risk and operational risk. Before joining APICORP in 2019, he worked 15 years in London, United Kingdom in industry leading organisations, including Gazprom Marketing & Trading, Crédit Agricole, Standard Bank and Standard Chartered Bank, managing risks across project and trade finance, leverage finance, private equity, commodity trading, treasury and capital market portfolios.

Mr. Rizvi holds a bachelor's degree in Chemical Engineering from CCS University, India and an MBA in Finance from Charles Sturt University, UK. He also holds a postgraduate Diploma in Accounting & Finance

from the London School of Economics and Political Science (LSE), UK. In addition, he is a certified Financial Risk Manager (FRM).

***Mr. Zia Ul Rab Siddiqui (Acting Chief Investment Officer)***

Mr. Zia Ul Rab Siddiqui has over 30 years of experience in private equity, investment in funds, public equity, corporate finance and consulting. He joined APICORP in 2007 as Vice President – Structuring Group. Between 2011 and 2014, he served as Vice President – Trade Finance Group. Since 2014, he has held various positions in Investments & Partnerships. Before joining APICORP, Mr. Siddiqui worked at SABIC and was responsible for fertiliser investments.

Mr. Siddiqui holds a Bachelor's degree (Hons.) in Commerce, a postgraduate degree in International Marketing, master's degrees in Financial Analysis and International Trade. He also holds the following certifications – ICFA, CMA, CFM and IFQ.

***Management committees***

The Group has four management level committees.

***Executive Management Committee***

The Executive Management Committee's responsibilities include:

- reviewing and recommending the Group's corporate strategy, annual budget, business plan, human resource policy and corporate governance policy;
- periodically reviewing the Group's financial performance against its approved plan; and
- managing dispute solutions, crisis situations and key reputational risk events.

The Executive Management Committee comprises the Chief Executive Officer (as Chairman) and the Chiefs of Investments, Corporate Banking, Finance, Staff, Risk and Legal.

The committee generally meets monthly.

***Credit and Investment Committee***

The Credit and Investment Committee's responsibilities include:

- reviewing and recommending to the Board new debt-related transactions, equity investment proposals, and direct investment and exit guidelines;
- reviewing renewals and extensions of existing credit facilities and non-performing credit facilities;
- ensuring compliance with credit policies and procedures, and direct investments and exit guidelines; and
- reviewing joint ventures, feasibility studies and due diligence reports.

The Credit and Investment Committee comprises the Chief Executive Officer (as Chairman) and the Chiefs of Finance, Legal, Corporate Banking, Investments and Risk Management and the head of Credit Risk (which falls under Risk).

The committee met 31 times in 2022, 34 times in 2021 and 28 times in 2020.

***The Risk Management Committee***

The Risk Management Committee's responsibilities include:

- reviewing and recommending the risk appetite framework for Board approval;
- reviewing and recommending the credit, market, operational and liquidity risk management policies/manuals and procedures, including the associated methodologies. The Risk Management

Committee also reviews the stress test results provided by risk management as well as the financial planning and analytics unit on the above risk areas;

- reviewing and recommending the list of eligible instruments and respective limits, country risk profile updates and resulting exposure limit changes, any breach of limits, and assignment of financial institution and corporate limits;
- reviewing and recommending internal rating models and rating score cards for the loan portfolio and reviewing the risk reports for the equity portfolio;
- reviewing and recommending all operational risk management policies, including the business continuity policy/plan, the disaster recovery policy/plan and operational risk software;
- reviewing the exposure dashboard and approving risk exposure thresholds within limits set by the Board;
- reviewing the external rating of APICORP and providing its feedback to the ALCO on areas of improvement and the impact of changes in rating methodology;
- monitoring and reviewing all aspects of regulatory compliance;
- reporting key risk indicators and risk positions to the Board Audit & Risk Committee and provide recommendations; and
- reviewing risk management reports submitted to it.

The Risk Management Committee comprises the Chief Executive Officer (as Chairman), and the Chiefs of Finance, Banking, Investments and Risk.

The committee met three times in 2022, twice in 2021 and 13 times in 2020.

#### *The ALCO*

The ALCO's responsibilities include:

- reviewing and recommending the asset and liability management ("ALM") framework and related policies (including the liquidity policy, the hedging policy and the pricing policy);
- reviewing the balance sheet composition (including asset mix and maturity profile) and cash flows for APICORP;
- reviewing the alignment and adjustments of the annual budget/forecast vis-à-vis the ALM framework;
- reviewing and recommending the annual funding plan, including the issuance of sukuk and bonds, as well as the contingency funding plan;
- reviewing and recommending the medium-term and long-term financial strategies and projections required to adjust the assets and liabilities in order to manage liquidity, leverage, funding, earnings, pricing, hedging and off-balance sheet exposures in order to ensure long-term financial sustainability;
- reviewing the robustness of cash flow projections;
- reviewing and recommending the target prudential minimum liquidity for APICORP and monitoring the liquidity position;
- reviewing the impact of liquidity measures, funding structure and interest-bearing asset compositions to optimise the earnings (net interest income) for APICORP;
- reviewing and assessing the stress test scenarios for liquidity and ALM;

- reviewing and approving the early redemptions of medium and long-term liabilities if internal and/or market conditions so warrant;
- reviewing and approving the external asset management programme and the appointment of asset managers for treasury assets;
- reviewing and approving the fund transfer pricing model, cost and profit allocations and pricing policy for APICORP;
- reviewing APICORP's capital structure and various financial ratios, including capital adequacy;
- reviewing and recommending the calling of capital payments;
- reviewing and clearing any breaches of ALM and treasury portfolio limits; and
- ensuring that the ALCO reporting pack is presented and deliberated.

The ALCO comprises the Chief Executive Officer (as Chairman), and the Chiefs of Finance, Corporate Finance, Investments & Partnerships, and Risk.

The committee met 6 times in 2022, 5 times in 2021 and 10 times in 2020.

#### *Tender and Bid Committee*

The Tender and Bid Committee's responsibilities include:

- approving and awarding contracts within its approved budget and authority;
- reviewing and recommending tender and bid policies and procedures, including the vendor selection process;
- ensuring the development of clear guidelines for bidders;
- ensuring that ethical practices are followed and recorded; and
- facilitating purchase decisions within its authority.

The Tender and Bid Committee comprises the Chief Legal Officer (as Chairman), and the Chiefs of Finance, Shared Services and Risk.

The committee met 15 times in 2022, 14 times in 2021 and 32 times in 2020.

## **COMPENSATION**

APICORP's key management and Board benefits, fees and charges amounted to U.S.\$3.3 million in 2022, U.S.\$2.7 million in 2021 and U.S.\$3.7 million in 2020.

## **EMPLOYEES**

As at 31 December 2022, APICORP had 120 full-time employees, compared to 123 at 31 December 2021 and 127 at 31 December 2020. APICORP embraces diversity and there were 17 different nationalities among its employees as at 31 December 2022.

APICORP is a performance-driven organisation and this is reflected in its reward philosophy which links performance to rewards. It aims to pay competitive rates of remuneration and seeks to match best pay practices in the GCC markets. It offers its employees a wide range of benefits, including housing and transportation allowances and annual air flight tickets to and from their countries of origin for employees and their families on a yearly basis. It also offers relocation packages, subscription allocations, readership programmes, premium health coverage, life insurance and different work life balance programmes. It pays employee-differentiated bonuses in accordance with performance scorecards, as well as paying above market average end of service benefits. It also provides a comprehensive training and development

programme for all its employees. APICORP believes that its employees are its most important asset and focuses on ensuring optimal working conditions for its employees.

## 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 at the offices of the Principal Paying Agent. Defined terms used below have the meanings given to them in the Conditions.

### Master Purchase Agreement

The Master Purchase Agreement will be entered into on 19 July 2023 between the Trustee (in its capacity as "Purchaser") and APICORP (in its capacity as "Seller") and is governed by English law. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by English law.

Pursuant to the Master Purchase Agreement, the Seller may, from time to time, agree to sell, transfer and convey to the Purchaser, and the Purchaser may, from time to time, agree to purchase and accept the transfer and conveyance from the Seller of all of the Seller's rights, title, interests, benefits and entitlements, present and future, in, to and under, the Initial Assets for the Purchase Price specified in the applicable Final Terms, which will be payable on the Issue Date of the relevant Series. The relevant Initial Assets will be set out in the schedule to the relevant Supplemental Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Initial Asset shall be an amount equal to the Total Value of that Asset.

### Servicing Agency Agreement

The Servicing Agency Agreement will be entered into on 19 July 2023 between the Trustee and APICORP (in its capacity as Service Agent) and is governed by English law.

Pursuant to the Servicing Agency Agreement, the Trustee will appoint the Service Agent to manage the Assets relating to each Series. In particular, the Service Agent, in relation to each Series:

- (a) shall complete the Services Schedule on the Issue Date of the first Tranche of the Series;
- (b) if the Trustee issues additional trust certificates in respect of an existing Series, it shall as soon as practicable after such issuance, amend the Services Schedule for that Series to take into account the issuance of such additional trust certificates;
- (c) shall service the relevant Assets in accordance with the Services Schedule and the terms of the Servicing Agency Agreement;
- (d) shall ensure on and from the Issue Date of the first Tranche of a Series, the appointment of a *Shari'a* adviser (the "*Shari'a* Adviser") to monitor the compliance by APICORP (acting in any capacity) with the terms of the Transaction Documents to which it is a party;
- (e) shall ensure that the Tangibility Ratio shall, at all times on and after the Issue Date, be more than 50 per cent. and if, at any time, the Tangibility Ratio, other than as a result of the occurrence of a total loss or expropriation of the Ijara Assets comprising the Portfolio, falls:
  - (i) to 50 per cent or less (but is 33 per cent. or more), the Service Agent shall take any and all steps (in its capacity as Service Agent) (in consultation with the *Shari'a* Adviser) as may be required to ensure such Tangibility Ratio is restored to more than 50 per cent. within the time period determined by the *Shari'a* Adviser; and
  - (ii) below 33 per cent. (such event, being a "**Tangibility Event**"), within 10 Business Days of the Service Agent becoming aware of the occurrence of the Tangibility Event, the Service Agent shall send a Tangibility Event Trustee Notice notifying the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a Tangibility Event Notice to the relevant Certificateholders in accordance with Condition 8.5 specifying that:
    - (A) a Tangibility Event has occurred together with an explanation of the reasons for, and evidence of, such occurrence;

- (B) as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);
- (C) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing or if such date is not a business day, the next following business day ("business day" being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and
- (D) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Certificates.

Any breach of paragraph (e), other than the failure by the Service Agent to deliver a Tangibility Event Trustee Notice, will not constitute an APICORP Event;

- (f) shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) in accordance with its usual practices that it considers reasonably necessary to ensure the assumption of, and compliance by each Asset Obligor with its covenants, undertakings or other obligations under the relevant Asset in accordance with applicable law and the terms of the Asset;
- (g) shall discharge or procure the discharge of all obligations to be discharged by APICORP (in whatever capacity) in respect of any of the Assets;
- (h) shall pay on behalf of the Trustee any actual costs, expenses, actual losses and Taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Assets and such actual costs, expenses, actual losses and Taxes shall be reimbursed in accordance with the terms of the Service Agency Agreement;
- (i) shall use its reasonable endeavours to ensure the timely receipt of all Asset Revenues (free and clear of, and without withholding or deduction for, Taxes), investigate non-payment of Asset Revenues and generally make reasonable efforts to collect or enforce the collection of such Asset Revenues under all Assets as and when the same shall become due including so that the Income Revenues are at least equal to the Expected Income Revenues Amount;
- (j) shall maintain the Collection Accounts and the Reserve Account, in each case in accordance with the terms of the Servicing Agency Agreement;
- (k) if, following payment of amounts standing to the credit of the Reserve Account as described in clause 5.5(a) of the Servicing Agency Agreement, a Shortfall Amount remains on any Distribution Determination Date, it may provide either: (i) *Shari'a*-compliant funding to the Trustee; or (ii) procure *Shari'a*-compliant funding from a third party, in each case to the extent necessary to ensure that the Trustee receives on each Distribution Determination Date the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same into the Transaction Account and on terms that such funding is to be settled: (i) in accordance with the terms of the Servicing Agency Agreement; or (ii) on the relevant Dissolution Date from the relevant exercise price payable pursuant to the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, or from the insurance proceeds, as applicable (such funding in relation to a Series, a "Liquidity Facility"); and
- (l) if at any time there are Principal Revenues standing to the credit of the Principal Collection Account then, to the extent that APICORP has further Eligible Assets available for sale to the Trustee (the "Further Eligible Assets"), the Service Agent shall notify the Trustee in writing of:
  - (i) the Principal Revenues standing to the credit of the Principal Collection Account which can be used for the purposes of purchasing such Further Eligible Assets as selected by the Company; and
  - (ii) the details and Total Value of such Further Eligible Assets.

Following receipt of the notice referred to in paragraph (l) above, the Trustee shall pay, or procure the payment by the Service Agent of, a purchase price (the "**Further Asset Purchase Price**") (which amount shall not be greater than the Total Value of such Further Eligible Assets) to or to the order of APICORP against the sale, transfer and conveyance to, or for the benefit of, the Trustee of all of APICORP's rights, title, interests, benefits and entitlements, present and future, in, to and under such Further Eligible Assets subject to the execution, and pursuant to and on the terms, of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement, provided that the Further Asset Purchase Price shall be debited (or equivalent) by the Service Agent from the Principal Collection Account on the date of such sale, transfer and conveyance and such debiting (or equivalent) of the Additional Asset Purchase Price from the Principal Collection Account shall constitute full discharge of the obligation of the Trustee to pay the Further Asset Purchase Price under this paragraph.

In relation to each of the Ijara Assets comprised in a Portfolio and subject always to clause 4.3 of the Service Agency Agreement, the Service Agent will ensure that:

- (a) such Ijara Assets are insured at all times against total loss and expropriation in an amount at least equal to the Total Value of that Ijara Asset (the "**Insurance Coverage Amount**") and that such insurance policies are maintained, to the extent available on commercially viable terms, on a *Shari'a*-compliant takaful basis and with reputable insurers in good financial standing;
- (b) in the event of a total loss or expropriation of any such Ijara Assets, the insurance policies relating to such Ijara Assets provide for an amount at least equal to the Insurance Coverage Amount of the relevant Ijara Asset to be paid to the Service Agent to the Principal Collection Account in the Specified Currency by no later than close of business on the date falling 60 calendar days after the occurrence of such total loss or expropriation; and
- (c) if within 60 days of the Issue Date and for any reason, the Service Agent is not in compliance with paragraph (a) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

The delivery of the notice referred to in paragraph (c) above to the Trustee and/or the Delegate in relation to non-compliance with paragraph (a) above shall constitute a Dissolution Event.

In the event that (i) the relevant insurance company fails to pay the Insurance Coverage Amount relating to an Ijara Asset to the Service Agent, by crediting such amount to the Principal Collection Account, within 60 calendar days of a total loss or expropriation of that Ijara Asset or (ii) the Service Agent has failed to maintain or ensure the maintenance of any insurances over the Ijara Assets or is otherwise in breach of its obligations in the abovementioned paragraph, and unless the Service Agent proves beyond any doubt that any shortfall in the Insurance Coverage Amount is neither attributable to its negligence or its failing to comply with the terms of this Agreement relating to insurance, amongst other things, the Service Agent shall irrevocably and unconditionally undertake to pay in the Specified Currency on the 61st calendar day after the occurrence of the total loss or expropriation, in same day funds (free and clear of any withholding or deduction or any set off or any counterclaim), an amount equal to the difference between the insurance proceeds credited to the Principal Collection Account and the Insurance Coverage Amount, in each case, in respect of the relevant Ijara Asset, directly into the Principal Collection Account (the "**Insurance Shortfall Amount**").

If, following the occurrence of a total loss or expropriation of any Ijara Assets comprising the Portfolio, and the ratio of: (i) the aggregate Total Value of the Assets (excluding any Principal Revenues, Intangible Sukuk Assets and the Ijara Assets subject of such total loss or expropriation) comprising the relevant Sukuk Assets to; (ii) the aggregate Total Value of the relevant Sukuk Assets, at such time, falls below 33 per cent., the Service Agent shall immediately notify the Trustee and the Delegate and the Trustee shall promptly notify Certificateholders of the occurrence of such event and that, from the date of the notice to Certificateholders, and until any further notice from the Trustee stating otherwise, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Following any replacement of the Ijara Assets in accordance with, and subject to, the Servicing Agency Agreement, the Service Agent shall notify the Trustee and the Delegate and the Trustee shall promptly give notice to Certificateholders from the date of that notice that the Certificates may be traded at any price.

The Service Agent shall perform its duties under the Servicing Agency Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

APICORP is entitled to receive a fee for acting as Service Agent which comprises a fixed fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Service Agent under the Servicing Agency Agreement) and may also receive incentive payments as described in the Servicing Agency Agreement.

The Service Agent shall undertake to the Trustee, in relation to each Series, that it shall maintain actual or constructive possession, custody or control of all of the Assets comprising the Portfolio at all times during the Ownership Period provided that: (i) it is legally possible for the Service Agent to so maintain; and (ii) such maintenance shall not result in a breach of the terms of the relevant Asset Contracts. The Service Agent shall also undertake to the Trustee, in relation to each Series, that it shall not take any steps during the Ownership Period that will result in the Portfolio not comprising any Assets at any time.

The Trustee and the Service Agent shall agree in the Servicing Agency Agreement that, in relation to each Series and provided no Tangibility Event, Dissolution Event or Potential Dissolution Event has occurred and is continuing:

- (a) APICORP may at any time exercise its rights under the Sale Undertaking to substitute any one or more Assets for New Assets, as it may select in accordance with, and subject to, the conditions of this Agreement and the Sale Undertaking; and
- (b) if, at any time, an Impaired Asset Event has occurred, the Service Agent shall notify the Trustee in writing of the occurrence of an Impaired Asset Event and, subject to the availability of New Assets for replacement of the Impaired Assets, APICORP shall notify the Service Agent in writing of the same. Following the delivery of such notice from APICORP to the Service Agent, the Service Agent shall promptly deliver a Substitution Request to the Trustee. Upon receipt of the Substitution Request, the Trustee shall be entitled to exercise its right under the Purchase Undertaking.

The Service Agent will maintain, in relation to each Series, three book-entry ledger accounts (referred to as the "**Income Collection Account**", the "**Principal Collection Account**" and the "**Reserve Account**"), each of which shall be denominated in the Specified Currency.

All Asset Revenues relating to a Series will be recorded as follows:

- (a) if any such amounts comprise Income Revenues, in the Income Collection Account; and
- (b) if any such amounts comprise Principal Revenues, in the Principal Collection Account.

In relation to each Series, amounts standing to the credit of the Income Collection Account will be applied by the Service Agent on each Distribution Determination Date in the following order of priority:

- (a) *first*, in payment to the Service Agent of any amounts advanced by it to the Trustee by way of a Liquidity Facility;
- (b) *second*, in payment to the Service Agent on behalf of the Trustee of any due but unpaid Service Agent Liabilities Amounts in respect of the Distribution Period ending immediately before the immediately following Distribution Date and (if applicable) any Service Agent Liabilities Amounts for any previous Distribution Period that remain unpaid;
- (c) *third*, in payment into the Transaction Account an amount equal to the Required Amount payable on the Periodic Distribution Date falling one Business Day after such Distribution Determination Date; and
- (d) *fourth*, to the Reserve Account.

On a Dissolution Date where all of the Certificates of a Series are being redeemed in full, the Service Agent shall transfer all amounts standing to the credit of the relevant Principal Collection Account to the Transaction Account.

If on the Business Day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are less than the relevant Required Amount, the Service Agent shall deduct amounts standing to the credit of the Reserve Account towards funding such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient for such purpose, the Service Agent may provide to the Trustee a Liquidity Facility to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from Income Revenues in accordance with paragraph (a) above or on the Dissolution Date.

The Service Agent is entitled to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, **provided that** such amounts shall be immediately repaid by it if so required to fund any shortfall as described above. Following payment of all amounts due and payable under the Certificates of a Series, the Service Agent shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for that Series for its own account as an incentive payment for acting as Service Agent.

Any amounts outstanding in respect of a Liquidity Facility and any Service Agent Liabilities Amounts, which in each case have not previously been paid or reimbursed pursuant to the application of the provisions of the Servicing Agency Agreement, shall on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all the Certificates of the relevant Series are to be redeemed in full) be set-off against payment by APICORP of the relevant Purchase Undertaking Exercise Price or the relevant Sale Undertaking Exercise Price (as the case may be) upon exercise of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be.

The Service Agent shall use its best endeavours to keep detailed records of all movements in the Collection Accounts and Reserve Account for each Series and, if so requested, and except to the extent it is under any duty or obligation imposed by applicable law or regulation to keep such information confidential, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts and Reserve Account as the Trustee may request.

The Service Agent will agree in the Servicing Agency Agreement (and except as provided herein) that all payments by it under the Servicing Agency Agreement will be made without any withholding or deduction for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any such withholding or deduction, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Service Agent will agree in the Servicing Agency Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates. The payment obligations of the Service Agent under the Servicing Agency Agreement will be direct, unsubordinated and unsecured obligations of the Service Agent and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Service Agent, present and future.

### **Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 19 July 2023 by APICORP as obligor in favour of the Trustee and the Delegate and is governed by English law.

APICORP will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate to purchase and accept the transfer and conveyance of all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Assets on the Scheduled Dissolution Date or any earlier due date for dissolution following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price by entering into a transfer agreement.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Certificateholder Put Right Date or a Tangibility Event Put Right Date, as the case may be, in which case APICORP will be required to purchase and accept the transfer and conveyance of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Assets not exceeding such proportion as is determined by dividing (i) the Tangibility Event Certificates, by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series, at the Certificateholder Put Right Exercise Price or the Tangibility Event Exercise Price.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking if the Trustee has received a Substitution Request from the Service Agent, in which case APICORP shall purchase and accept the transfer and conveyance from the Trustee on the relevant Impaired Asset Exercise Date (as specified in the Impaired Asset Exercise Notice) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the relevant Impaired Assets against the transfer and conveyance to the Trustee of all of APICORP's rights, title, interests, benefits and entitlements, present and future, in, to and under certain New Assets, provided that:

- (a) no Tangibility Event, Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series;
- (b) the New Assets are of a Total Value which: (i) is equal to or greater than the Total Value of the Impaired Assets; and (ii) when aggregated with the Total Value of any Assets not substituted on the Impaired Asset Exercise Date, the Tangibility Ratio shall be more than 50 per cent.;
- (c) immediately following such substitution, the aggregate Total Value of the Assets shall be at least equal to the aggregate face amount of the Certificates then outstanding, less the aggregate amount of Deferred Sale Price (which for the purposes of this paragraph shall exclude all Murabaha Profit Instalments forming part of such Deferred Sale Price) then outstanding; and
- (d) in respect of the Impaired Assets (or any of them) no Exercise Notice has been delivered under the Purchase Undertaking nor has any Exercise Notice (as defined in the Sale Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions,

in each case, with regard to such Assets and New Assets, on an "as is" basis and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

In relation to any Series: (i) if, at the time of delivery of an Exercise Notice, APICORP remains in actual or constructive possession, custody or control of all or any part of the relevant Assets; and (ii) if, following delivery of an Exercise Notice, APICORP fails to pay the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Exercise Price, as the case may be, in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purposes of redemption in full of the outstanding Certificates of such Series, the Certificateholder Put Right Certificates or the Tangibility Event Certificates, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Exercise Price, as the case may be.

APICORP will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any withholding or deduction for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any withholding or deduction, APICORP shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), APICORP will agree in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates. The payment obligations of APICORP under the Purchase Undertaking will be direct, unsubordinated and unsecured obligations of APICORP and shall, save for such exceptions as may be provided by applicable legislation

and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.

In the Purchase Undertaking, APICORP will undertake to comply with all provisions of the Conditions and the Transaction Documents to which it is a party and which are expressed to be applicable to it including, without limitation the negative pledge provisions described in Condition 6.2 (*Negative Pledge*).

### **Sale Undertaking**

The Sale Undertaking will be executed as a deed on 19 July 2023 by the Trustee in favour of APICORP and is governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to APICORP the right:

- (a) on the conditions described in Condition 8.2 (*Early Dissolution for Taxation Reasons*), to require the Trustee to sell, transfer and convey to APICORP on the Early Tax Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Assets at the Exercise Price by executing a transfer agreement;
- (b) if and to the extent that any Certificates have been purchased by APICORP or its Subsidiaries and are to be cancelled pursuant to Condition 8.9 (*Cancellation*), to require the Trustee to sell, transfer and convey to APICORP on the Cancellation Date all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be cancelled pursuant to Condition 8.9 (*Cancellation*); by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series (the "**Cancellation Proportion**"), following the delivery of the aggregate face amount of Certificates specified in the Cancellation Notice (the "**Cancellation Certificates**") to the Registrar for cancellation and subject to: (i) the Total Value of the Cancellation Assets not being greater than the aggregate face amount of the Cancellation Certificates less the Cancellation Proportion of the aggregate amount of Deferred Sale Price (which for the purposes of the Sale Undertaking, shall exclude all Murabaha Profit Instalments forming part of such Deferred Sale Price) then outstanding; and (ii) no Exercise Notice has been delivered under the Sale Undertaking nor has any Exercise Notice (as defined in the Purchase Undertaking) where such Exercise Notice (as defined in the Purchase Undertaking) remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions;
- (c) provided that Optional Dissolution Right is specified as applicable in the applicable Final Terms and APICORP has exercised the Optional Dissolution Right in accordance with the Conditions, to require the Trustee to sell, transfer and convey to APICORP all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Assets not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Optional Dissolution Right by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series, at the Optional Dissolution Exercise Price by executing a transfer agreement;
- (d) if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 8 (*Redemption of the Trust*), to require the Trustee to sell, assign, transfer and convey to APICORP on the Clean Up Call Right Dissolution Date (as defined in the Sale Undertaking) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Assets comprised in the Portfolio applicable to the relevant Series at the Exercise Price;
- (e) if and to the extent the Trustee has exercised its rights under Condition 20 (*Further Issues*) to issue an additional Tranche of Certificates in respect of a Series, to require the Trustee to accept the transfer of all of APICORP's rights, title, interests, benefits and entitlements, present and future, in, to and under certain additional Eligible Assets (the "**Additional Assets**") at the Additional Exercise Price by executing a transfer agreement, **provided that**

- (i) the Total Value of the Additional Assets is no less than the face amount of the Certificates issued pursuant to such additional Tranche; and
- (ii) no less than 51 per cent. of the Additional Assets comprise of Ijara Assets and/or Tangible Sukuk Assets; and
- (f) to require the Trustee to assign, transfer and convey all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under any or all of the Assets (the "**Substituted Assets**") to it in exchange for New Assets of a Total Value which is equal to or greater than the Total Value of the Substituted Assets (as certified by APICORP in the relevant Substitution Notice), and **provided that** no Tangibility Event, Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series; the New Assets are of a Total Value which: (i) is equal to or greater than the Total Value of the Substituted Assets, and (ii) when aggregated with the Total Value of any Assets not substituted on the Substitution Date, the Tangibility Ratio shall be more than 50 per cent.; (iii) immediately following such substitution, the aggregate Total Value of the Assets shall be at least equal to the aggregate face amount of the Certificates then outstanding, less the aggregate amount of Deferred Sale Price (which for the purposes of this paragraph shall exclude all Murabaha Profit Instalments forming part of such Deferred Sale Price) then outstanding; and (iv) in respect of the Substituted Assets (or any of them) no Exercise Notice has been delivered under the Sale Undertaking nor has any Exercise Notice (as defined in the Purchase Undertaking) been delivered under the Purchase Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions. The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the substitution notice to be delivered by APICORP and, following the exercise of such right, the substitution of the Substituted Assets for New Assets shall occur by the execution of a transfer agreement between the Trustee and APICORP. The New Assets and any Assets not replaced on the Substitution Date will constitute the Assets for the relevant Series for the purposes of the Servicing Agency Agreement.

Upon exercise of the rights granted to APICORP under the Sale Undertaking and outlined above, APICORP will agree in the relevant Exercise Notice that it will make payment of the Exercise Price or Optional Dissolution Exercise Price (as applicable) in full made without any withholding or deduction for or on account of any Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off (except pursuant to the terms of the Sale Undertaking) or counterclaim of any kind and, in the event that there is any withholding or deduction, APICORP shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made.

### **Master Murabaha Agreement**

In connection with each Series of Certificates, the Trustee may desire to enter into a Commodity Murabaha Investment with APICORP (in its capacity as buyer, the "**Buyer**") using a portion of the issue proceeds of the Series as specified in the applicable Final Terms.

Pursuant to the Master Murabaha Agreement, the Trustee (acting through the Commodity Agent) may, on receipt of a Notice of Request to Purchase from the Buyer, purchase the relevant Commodities on or before 1:00 p.m. London time on the relevant Murabaha Transaction Date from a Commodity Supplier on a spot basis at the relevant Commodity Purchase Price.

Following the purchase of the Commodities by the Trustee (acting through the Commodity Agent) **provided that** the Trustee has acquired title to, and (actual or constructive) possession of, the Commodities, the Trustee may deliver to the Buyer a duly completed Offer Notice on or before 3:00 p.m. London time on the relevant Murabaha Transaction Date indicating the Trustee's acceptance of the terms of the relevant Notice of Request to Purchase.

Pursuant to the Master Murabaha Agreement, the Buyer will irrevocably and unconditionally undertake to accept the terms of, countersign and deliver to the Trustee any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase the Commodities acquired by the Trustee (acting through the Commodity Agent) from the Trustee for the Deferred Sale Price (to be paid in the

Specified Currency and amounts and on the dates as specified in the relevant Offer Notice) in accordance with the terms of the Master Murabaha Agreement, in each case, by countersigning and delivering to the Trustee the Offer Notice on or before 3:30 p.m. London time on the relevant Murabaha Transaction Date.

As soon as the Buyer has countersigned the Offer Notice, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement, ownership of and (upon delivery) all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, and the Trustee shall procure actual or constructive possession of the relevant Commodities to the Buyer, and all risks in and to the relevant Commodities shall thereupon pass to and be vested in the Buyer together with all rights and obligations relating thereto.

The Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement will be made without any withholding or deduction for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any withholding or deduction, the Buyer shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made and accordingly the Buyer undertakes to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the Specified Currency and in the manner prescribed in the Master Murabaha Agreement. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Buyer will agree in the Master Murabaha Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates.

The payment obligations of the Buyer under the Master Murabaha Agreement and each Murabaha Contract will be direct, unsubordinated and unsecured obligations of the Buyer and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Buyer, present and future.

### **Master Trust Deed**

The Master Trust Deed will be entered into on 19 July 2023 between the Trustee, APICORP and the Delegate and is governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Series of Certificates and will also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), amongst other things, the cash proceeds of the issue of the Certificates, the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Sukuk Assets from time to time (other than in relation to any representations given by APICORP to the Trustee and/or the Delegate under any documents constituting the Sukuk Assets from time to time) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5.1 (*Trust Assets*).

Pursuant to the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries in respect of that Series only; 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 Master Trust Deed as supplemented by the relevant Supplemental Trust Deed.

The Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the

power to sub-delegate), rights, authorities and discretions vested in the Trustee by the Master Trust Deed that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to exercise all of the rights of the Trustee under the Transaction Documents, take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Trust Deed will specify that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Certificateholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing Transaction Account maintained in London will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise revenues from the Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by APICORP pursuant to a Commodity Murabaha Investment (see "*Summary of the Principal Transaction Documents – Servicing Agency Agreement*" and "*Summary of the Principal Transaction Documents – Master Murabaha Agreement*"). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2 (*Application of Proceeds from Trust Assets*).

In relation to any Series:

- (a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, APICORP remains in actual or constructive possession, custody or control of all or any part of the Assets; and
- (b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, APICORP fails to pay the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Exercise Price, as the case may be, in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of such Series, the Certificateholder Put Right Certificates or the Tangibility Event Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Exercise Price, as the case may be.

APICORP will further covenant and undertake that if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

### ***Shari'a Compliance***

Each Transaction Document to which it is a party provides that each of the Trustee and APICORP will agree 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 to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding,

declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which is a party are not compliant with the principles of *Shari'a*.

## Defined Terms

**"Additional Certificates Issue Date"** means, in relation to the issue of additional trust certificates in connection with a Series pursuant to Condition 20 (*Further Issues*), each date on which additional trust certificates are issued;

**"Additional Exercise Price"** means in relation to the issue of an additional Tranche of Certificates in respect of a Series, an amount equal to the proceeds of issue of such additional Tranche of Certificates less, if applicable, the Murabaha Investment Amount associated with such additional Tranche of Certificates;

**"Assets"** means, in relation to each Series:

- (a) the Initial Assets related to that Series;
- (b) any Eligible Assets acquired by the Trustee or on the Trustee's behalf in accordance with the terms of the Sale Undertaking or the Purchase Undertaking; and
- (c) any Principal Revenues related to that Series standing to the credit of the Principal Collection Account,

but excluding any Asset that has been substituted, sold or transferred and conveyed to APICORP in accordance with the terms of the Master Purchase Agreement, the Sale Undertaking or the Purchase Undertaking;

**"Asset Contract"** means an Ijara Contract and/or other contracts, agreements and/or documents evidencing or otherwise related to or associated with an Asset, as the case may be;

**"Asset Obligor"** means the entity or entities obliged to make payments in respect of an Asset in accordance with applicable laws and the terms of the Asset;

**"Asset Revenues"** means, in relation to a Series, all Income Revenues and all Principal Revenues relevant to that Series;

**"Cancellation Assets"** means in respect of an exercise of the right granted under the Sale Undertaking, the Assets specified as such in the relevant Cancellation Notice;

**"Cancellation Date"** means, in respect of an exercise of the right granted under the Sale Undertaking, the date specified as such in a Cancellation Notice;

**"Certificateholder Put Right Certificates"** means, in relation to a Series in respect of an exercise of the right granted under the Purchase Undertaking, the Certificates specified as such in the relevant Exercise Notice;

**"Certificateholder Put Right Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholder Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of the relevant Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) if all of the Certificates of the relevant Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Service Agent Liabilities Amounts and any other Priority Amounts which remain outstanding at the Certificateholder Put Right Date); plus

(e) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Certificateholder Put Right as specified in the applicable Final Terms;

*less*

(f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the Certificateholder Put Right Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Certificateholder Put Right; and

(g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Servicing Agency Agreement and which shall be available on the applicable Certificateholder Put Right Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Certificateholder Put Right;

**"Collection Accounts"** means the Income Collection Account and the Principal Collection Account;

**"Commodities"** means any of the commodities traded over the counter, which comprise any *Shari'a*-compliant London Metal Exchange approved non-ferrous base metals, platinum group metals (excluding gold and silver), or other *Shari'a* compliant commodities acceptable to the Buyer and the Seller, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults as set out in the relevant Supplier for On-Sale's Offer and Acceptance;

**"Commodity Murabaha Investment"** means, in relation to a Murabaha Contract, the sale of certain Commodities by the Trustee to the Buyer, which Commodities were initially purchased by the Trustee using a proportion of the proceeds of the issue of the Certificates, pursuant to the terms of the Master Murabaha Agreement and having the terms set out in the relevant Murabaha Contract;

**"Commodity Purchase Price"** means, in relation to each Series and the corresponding Murabaha Contract, the aggregate amount payable to the relevant Commodity Supplier by or on behalf of the Trustee for the purchase of the Commodities from the relevant Commodity Supplier by the Trustee, specified as such in the relevant Notice of Request to Purchase and which amount shall be equal to the relevant Murabaha Investment Amount;

**"Commodity Supplier"** means the vendor of Commodities as specified in the relevant Notice of Request to Purchase;

**"Deferred Sale Price"** means, in relation to a Murabaha Contract, the aggregate of the applicable Commodity Purchase Price and Murabaha Profit and specified as such in the Offer Notice and Notice of Request to Purchase;

**"Distribution Determination Date"** means, in relation to a Series, the Business Day immediately preceding each Distribution Date;

**"Distribution Period"** means, in relation to a Series, the period beginning on (and including) the Issue Date and ending on (but excluding) the First Distribution Date and each successive period beginning on (and including) a Distribution Date and ending on (but excluding) the next succeeding Distribution Date;

**"Eligibility Criteria"** means, in respect of any Ijara Assets or Tangible Sukuk, the relevant Ijara Asset or Tangible Sukuk is an asset:

(a) which constitutes legal, valid, binding and enforceable obligations of the Asset Obligor thereof in the jurisdiction in which such Asset Obligor is located and, in the case of an Ijara Asset, in the jurisdiction in which the related asset in respect of such Ijara Asset is located;

(b) in respect of which the Seller is entitled to receive all payments or proceeds of sale (as the case may be);

- (c) in respect of which there has not occurred and is continuing an expropriation, total loss or destruction;
- (d) in respect of which, there has not occurred any event of default, any acceleration or analogous event;
- (e) in respect of which the Seller's rights, title, interests, benefits and entitlements therein are capable of being sold, transferred and assigned by the Seller to the Purchaser in accordance with all applicable laws, its own terms and the terms set out in the Master Purchase Agreement; and
- (f) in respect of which the relevant Asset Obligor under the related Asset Contract is not in breach of its payment obligations in respect of that Asset Contract;

**"Eligible Asset"** means Ijara Assets or Tangible Sukuk which comply with the Eligibility Criteria on the date on which such Eligible Asset was acquired by the Trustee as set out in the relevant Supplemental Purchase Agreement and/or Additional Transfer Agreement and/or New Asset Transfer Agreement and/or Transfer Agreement, as the case may be;

**"Exercise Notice"** means:

- (a) in connection with the Purchase Undertaking, a notice substantially in the form set out in Schedule 1 (*Form of Exercise Notice*) of the Purchase Undertaking; and
- (b) in connection with the Sale Undertaking, a notice substantially in the form set out in Schedule 1 (*Form of Exercise Notice*) of the Sale Undertaking;

**"Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; plus
- (b) all due but unpaid Periodic Distribution Amounts (if any) relating to such Certificates; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Service Agent Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Dissolution Event Redemption Date or Scheduled Dissolution Date (as the case may be)); plus
- (e) any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms;

less

- (f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the applicable Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates; and
- (g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Servicing Agency Agreement and which shall be available on the applicable Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates;

**"Expected Income Revenues Amount"** means, in relation to each Series, the amount specified as such in the Services Schedule;

**"Final Terms"** means, in relation to each Series, the applicable final terms of that Series as completed by the Trustee at the time of issue of that Series;

**"First Distribution Date"** means, in relation to each Series, the date specified as such in the relevant Services Schedule;

**"Ijara Asset"** means an asset in relation to which APICORP or any person on its behalf has entered into an Ijara Contract (and includes that Ijara Contract and all rights of the lessor under such Ijara Contract); **provided, however, that** such asset is in existence on the date on which it forms part of the relevant Portfolio;

**"Ijara Contract"** means:

- (a) an *ijara* contract entered into by APICORP or any person on its behalf (as lessor) and another person (as lessee) pursuant to which the lessor leases an asset to the lessee, and in respect of which payments are due from the lessee to the lessor, including any other agreements or documents associated with that contract; and
- (b) any arrangement similar in economic effect to that described in paragraph (a) above including, for the avoidance of doubt, a forward lease contract based on *ijara mousoofah fizzimmah* where the relevant asset has been delivered to, or to the order of, the relevant lessee under that contract;

**"Impaired Asset"** means the Assets in respect of which an Impaired Asset Event has occurred and specified as such in a Substitution Request;

**"Impaired Asset Event"** shall occur if, at any time: (a) the Tangibility Ratio falls to 50 per cent. or less (but is 33 per cent. or more); or (b) any Asset ceases to be an Eligible Asset, and, in each case, the Service Agent has received a notice in writing from APICORP confirming the availability of New Assets in replacement of the relevant Assets subject of substitution pursuant to the occurrence of either such event;

**"Impaired Asset Exercise Notice"** means, in relation to a Series, a notice substantially in the form set out in Schedule 2 (*Form of Impaired Asset Exercise Notice*) of the Purchase Undertaking;

**"Income Revenues"** means, in relation to a Series, all revenues in respect of the relevant Assets other than Principal Revenues and all payments of the Murabaha Profit component of the relevant Deferred Sale Price under the relevant Commodity Murabaha Investment;

**"Initial Assets"** means, in relation to each Series, the Eligible Assets specified as such in the relevant Supplemental Purchase Agreement;

**"Issue Date"** has the meaning given to it in the applicable Final Terms;

**"Intangible Sukuk Asset"** means, in relation to Tangible Sukuk, the intangible portion of such Tangible Sukuk that does not comprise the Tangible Sukuk Assets of such Tangible Sukuk;

**"Murabaha Contract"** means, in relation to each relevant Tranche, an individual contract for the sale of Commodities at a deferred sale price and made pursuant to the Master Murabaha Agreement by the delivery of both an Offer Notice by the Trustee to the Buyer and the subsequent countersignature of such Offer Notice by the Buyer in accordance with the terms of the Master Murabaha Agreement;

**"Murabaha Investment Amount"** means, in relation to each relevant Tranche, the relevant amount as specified in the applicable Final Terms to be applied in the acquisition of Commodities by or on behalf of the Trustee for the purposes of the entry into of a Murabaha Contract pursuant to the terms of the Master Murabaha Agreement, and which shall be equal to (a) the Intangible Asset Percentage (being no more than 49 per cent.) as specified as such in the applicable Final Terms of the aggregate face amount of the Certificates of that Tranche; less (b) the Total Value of the Intangible Sukuk Assets (if any) comprising the Assets on the Issue Date of that Tranche;

**"Murabaha Profit"** means, in relation to each Murabaha Contract, the amount specified as such in the Notice of Request to Purchase and the Offer Notice;

**"New Assets"** means Eligible Assets specified as such in a Substitution Notice or Substitution Request (as the case may be), the identity of which shall be determined by APICORP in its sole and absolute discretion subject to the terms of the Purchase Undertaking or Sale Undertaking (as applicable);

**"New Asset Transfer Agreement"** means an agreement substantially in the form set out in Schedule 4 (*Form of New Asset Transfer Agreement*) of the Purchase Undertaking;

**"Notice of Request to Purchase"** means the Notice of Request to Purchase to be delivered by the Buyer to the Trustee substantially in the form set out in Schedule 1 (*Form of Purchase Order*) of the Master Murabaha Agreement;

**"Offer Notice"** means the letter to be issued by the Trustee to the Buyer substantially in the form set out in Schedule 2 (*Form of Offer Notice*) of the Master Murabaha Agreement;

**"Optional Dissolution Certificates"** means, in respect of an exercise of an Optional Dissolution Right, the Certificates which are the subject of the relevant Exercise Notice;

**"Optional Dissolution Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Optional Dissolution Certificates; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Optional Dissolution Certificates; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Service Agent Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Optional Dissolution Date); plus
- (e) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Optional Dissolution Right as specified in the applicable Final Terms;

less

- (f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the Optional Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Optional Dissolution Right; and
- (g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Servicing Agency Agreement and which shall be available on the Optional Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following the exercise of the Optional Dissolution Right;

**"Outstanding Liquidity Amount"** means, in relation to each Series, the amount (if any) of funding provided under a Liquidity Facility pursuant to the terms of the Servicing Agency Agreement for the relevant Series and which has not been settled in accordance with the provisions of the Servicing Agency Agreement;

**"Ownership Period"** means, in relation to each Series, the period commencing on the relevant Issue Date and ending on the date on which all of the Certificates of that Series are redeemed in full;

**"Principal Revenues"** means, in relation to a Series, all revenues in respect of the relevant Assets which comprise amounts in the nature of sale, capital or principal payments (including, without limitation, any total loss and expropriation related insurance proceeds and indemnity payments) and including any amounts payable by the Service Agent under certain provisions of the Servicing Agency Agreement;

**"Portfolio"** means, in relation to each Series, the Assets held by the Trustee and the Commodity Murabaha Investment, in each case, in relation to the relevant Series;

**"Priority Amounts"** means any amounts described in Condition 5.2(a) and/or 5.2(b);

**"Required Amount"** means, in relation to each Series and each relevant Periodic Distribution Date, an amount equal to the Periodic Distribution Amount payable on the relevant Periodic Distribution Date in respect of the Certificates of such Series, together with an amount equal to the amounts payable pursuant to Condition 5.2(a) and Condition 5.2(b), as the case may be;

**"Service Agent Liabilities Amount"** means, in relation to each Series and each corresponding Distribution Determination Date, the amount of any claims, actual losses, actual costs and expenses (excluding cost of funding, opportunity costs and interest) properly incurred or suffered by the Service Agent or other payments made by the Service Agent on behalf of the Trustee, in each case in providing the Services during the Distribution Period ending on such Distribution Determination Date, but, for the avoidance of doubt, does not include any amount due to the Service Agent under the Servicing Agency Agreement in respect of any Liquidity Facility;

**"Services Schedule"** means, in relation to a Series, the services schedule substantially in the form set out in Schedule 1 (*Services Schedule*) of the Servicing Agency Agreement;

**"Shortfall Amount"** means, in relation to a shortfall on a Distribution Determination Date, the difference between the amount standing to the credit of the Transaction Account and the Required Amount payable on the Periodic Distribution Date falling one Business Day after such Distribution Determination Date;

**"Substituted Assets"** means any or all of the Assets specified as such in a Substitution Notice;

**"Substitution Date"** means the date specified as such in a Substitution Notice;

**"Substitution Notice"** means, in relation to a Series, a notice substantially in the form set out in Schedule 3 (*Form of Substitution Notice*) of the Sale Undertaking;

**"Substitution Request"** means, in relation to a Series, a notice substantially in the form set out in Schedule 3 (*Form of Substitution Request*) of the Servicing Agency Agreement;

**"Sukuk Assets"** means, in relation to each Series, the Assets and the Commodity Murabaha Investment (if any) in respect of that Series;

**"Supplemental Purchase Agreement"** means, in respect of a Series, an agreement substantially in the form set out in Schedule 1 of the Master Purchase Agreement;

**"Tangible Sukuk"** means Sukuk certificates that are owned by the Seller and meet the *Shari'a* requirements of tradability, as determined by AAOIFI;

**"Tangible Sukuk Asset"** means, in relation to Tangible Sukuk, the portion of such Tangible Sukuk corresponding to, where in the case of the underlying assets associated with such Tangible Sukuk: (a) all of such underlying assets are comprised of tangible assets, 100 per cent. or (b) some but not all of such underlying assets are comprised of tangible assets, the minimum tangibility requirement (expressed as a percentage) that: (i) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (ii) was required to be satisfied on the relevant issue date of such Tangible Sukuk, if there is no such requirement referred to in (i), in the case of each of (i) or (ii), as further detailed in the relevant legal documentation relating to such Tangible Sukuk;

**"Tangibility Event Certificates"** means, in relation to a Series in respect of an exercise of the right granted under the Purchase Undertaking, the Certificates specified as such in the relevant Exercise Notice;

**"Tangibility Ratio"** means in respect of a Series of Certificates, the ratio of: (i) the aggregate Total Value of the Assets (excluding any Principal Revenues and Intangible Sukuk Assets) comprising the relevant Sukuk Assets to; (ii) the aggregate Total Value of the relevant Sukuk Assets;

**"Taxes"** means any tax, levy, impost, duty or other charge or withholding of a similar nature;

"**Total Value**" means, on any date, the amount in the Specified Currency determined by the Service Agent on the relevant date as being equal to:

- (a) in respect of an Ijara Asset which is leased on an *ijara muntahiah bittamleek* basis, the aggregate of all outstanding fixed rentals;
- (b) in respect of an Ijara Asset which is not leased on an *ijara muntahiah bittamleek* basis, the outstanding base amounts;
- (c) in respect of Tangible Sukuk:
  - (i) in the case of the Tangible Sukuk Assets comprising such Tangible Sukuk, the product of (A) the outstanding face amount of such Tangible Sukuk; and (B) where, in the case of the underlying assets associated with such Tangible Sukuk: (i) all of such underlying assets are comprised of tangible assets, 100 per cent.; or (ii) some but not all of such underlying assets are comprised of tangible assets, the minimum tangibility requirement (expressed as a percentage) that: (x) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (y) was required to be satisfied on the relevant issue date of such Tangible Sukuk, if there is no such requirement referred to in (i), in the case of each of (x) or (y), as further detailed in the relevant legal documentation relating to such Tangible Sukuk; and
  - (ii) in the case of the Intangible Sukuk Assets (if any) comprising such Tangible Sukuk: (A) (if a proportion of the proceeds of the issue of such Tangible Sukuk was utilised by the issuing entity of such Tangible Sukuk to enter into a commodity murabaha transaction and provided that the murabaha profit instalment amount(s) (or equivalent term detailed in the relevant Asset Contract) relating to such commodity murabaha transaction can be determined by the Service Agent from, to the extent relevant, any publicly available offering document (or related document) prepared by the issuing entity in connection with the issue of such Tangible Sukuk), the amount equal to the aggregate of: (x) the outstanding face amount of such Tangible Sukuk less the aggregate amount calculated in accordance with paragraph (i) above (the "**Intangible Face Amount**"); and (y) the aggregate outstanding murabaha profit instalment amount(s) (or equivalent term detailed in the relevant Asset Contract) relating to such commodity murabaha transaction; and (B) in all other cases, the Intangible Face Amount;
- (d) in respect of any Principal Revenues, the amount of such Principal Revenues outstanding to the credit of the Principal Collection Account; and
- (e) a Commodity Murabaha Investment, the aggregate of all outstanding amounts of Deferred Sale Price remaining to be paid in respect of such Commodity Murabaha Investment on or after the relevant date; and

"**Transfer Agreement**" means a transfer agreement in the form set out in the relevant schedules of the Purchase Undertaking and Sale Undertaking.

## 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. Prospective purchasers of any 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 the relevant Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of the Certificates should, however, be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the 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 any 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.

### FATCA

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 UAE and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Certificates 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. However, if additional Certificates (as described under "*Terms and Conditions of the Certificates—Further Issues*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the "Programme Agreement") dated 19 July 2023, agreed with the Trustee and APICORP a basis upon which they or any of them may from time to time agree to purchase Certificates. In accordance with the terms of the Programme Agreement, each of the Trustee and APICORP has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

## SELLING AND TRANSFER RESTRICTIONS

### United States

The Certificates have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States 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) except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S under the Securities Act or pursuant to an available exemption from, or in a transaction not subject to, registration under the Securities Act, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto, a confirmation or notice setting forth 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, as further specified in the Programme Agreement.

In addition, until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche, as described above, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

### United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK except that it may make an offer of such Certificates to the public in the UK:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (iii) at any time in any other circumstances falling within section 86 of the FSMA,

**provided that** no such offer of Certificates referred to in (i) to (iii) above shall require the Trustee or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe

for the Certificates and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### *Other UK regulatory restrictions*

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) **No deposit-taking:** in relation to any Certificates having a maturity of less than one year:
  - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (b) it has not offered or sold and will not offer or sell any Certificates other than to persons:
    - (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
- where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (ii) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Trustee; and
- (f) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

#### **European Economic Area**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Certificates to the public in that Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

**provided that** no such offer of Certificates referred to above shall require the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

## **Kingdom of Bahrain**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and will not offer or sell any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more (excluding that person's principal place of residence);
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

## **Cayman Islands**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that no invitation or offer, whether directly or indirectly, to subscribe for any Certificates has been or will be made to the public in the Cayman Islands.

## **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

## **Dubai International Financial Centre**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the DIFC unless such offer is:

- (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority rulebook (the "**DFSA Rulebook**"); and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

## **Japan**

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and that it will not offer or sell, directly or indirectly, any Certificates in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws, and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and

each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell 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 Base 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 Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each terms as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **Hong Kong**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"), other than: (a) to **"professional investors"** as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, in each case, 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 any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to **"professional investors"** as defined in the SFO and any rules made under the SFO.

## **Malaysia**

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Market and Services Act 2007 of Malaysia (the "CMSA"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), and 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 CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

## **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 CMA resolution number 3-123-2017 dated 27 December 2017 as amended by CMA resolution number 8-5-2023 dated 18 January 2023 (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "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 by, the KSA Regulations. Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates by it 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.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

## **State of Qatar (including the Qatar Financial Centre)**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

## **Sultanate of Oman**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) this Base Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law (SD 80/98) (Article 3), will not be offered or sold as an offer of securities in Oman as contemplated by the Commercial

Companies Law of Oman (Sultani Decree 18/19, as amended) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and

- (b) the Certificates issued under the Programme will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

### **People's Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Certificates in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Certificates.

### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, APICORP, the Delegate nor any of the other Dealer shall have any responsibility therefor. Each new Dealer so appointed will be required to represent and agree to the foregoing selling restrictions as part of its appointment.

None of the Trustee, APICORP, the Delegate and any of the Dealers represents, warrants and agrees that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Trustee, APICORP and the relevant Dealer and set out in the subscription agreement or dealer accession letter (as applicable).

## BENCHMARK REGULATION

Amounts payable under the Certificates may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation (the "ESMA Benchmarks Register") are set out below.

<b>BENCHMARK</b>	<b>ADMINISTRATOR</b>	<b>ADMINISTRATOR APPEARS ON ESMA BENCHMARKS REGISTER?</b>
EURIBOR	European Money Markets Institute	Yes, European Money Markets Institute is authorised under Article 34 of the EU Benchmarks Regulation
SHIBOR	The National Interbank Funding Center	No
HIBOR	Treasury Markets Association	No
CNH HIBOR	Treasury Markets Association	No
TRLIBOR or TRYLIBOR	Banks Association of Turkey	No
SIBOR	ABS Benchmarks Administration Co Pte Ltd	Yes, ABS Benchmarks Administration Co Pte Ltd has equivalence under Article 30 of the EU Benchmarks Regulation
EIBOR	UAE Central Bank	No
TIBOR	JBA TIBOR Administration	No
SAIBOR	Saudi Arabia Monetary Authority	No
BBSW	ASX Benchmarks Limited	Yes, ASX Benchmarks Limited has equivalence under Article 30 of the EU Benchmarks Regulation
PRIBOR	Czech Financial Benchmark Facility s.r.o.	Yes, Czech Financial Benchmark Facility s.r.o. is authorised under Article 34 of the EU Benchmarks Regulation
SOFR	The Federal Reserve Bank of New York	No

As at the date of this Base Prospectus, the administrators of SHIBOR, HIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR, EIBOR, TIBOR, SOFR and SAIBOR are not included in ESMA's register of administrators under Article 36 of the EU Benchmarks Regulation. As far as the Trustee is aware, EIBOR does not fall within the scope of the EU Benchmarks Regulation by virtue of Article 2 of that regulation. As far as the Trustee and APICORP are aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that The National Interbank Funding Center, Treasury Markets Association, Banks Association of Turkey, Association of Banks in Singapore, JBA TIBOR Administration, Saudi Arabia Monetary Authority or The Federal Reserve Bank of New York are not currently required to obtain

authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## GENERAL INFORMATION

### AUTHORISATION

The update of the Programme and the issue of Certificates thereunder have been duly authorised by a resolution of the board of directors of the Trustee dated 17 July 2023. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents. The entry into the Transaction Documents to which it is a party has been duly authorised by resolutions 185/2/2019 and 58/1/2021 of the board of directors of APICORP dated 13 April 2019 and 27 February 2021, respectively.

### LISTING OF CERTIFICATES

It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on Euronext Dublin's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Certificates initially representing the Certificates of such Tranche. Application has been made to Euronext Dublin for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to be admitted to trading on Euronext Dublin's regulated market.

Application has been made to the DFSA for Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Tranche of Certificates to be admitted to trading on Nasdaq Dubai.

### LISTING AGENT

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 Euronext Dublin's regulated market.

### DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, physical copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of the Principal Paying Agent in London:

- (a) the Master Trust Deed and the Agency Agreement;
- (b) the Memorandum and Articles of Association of the Trustee;
- (c) the Establishing Agreement;
- (d) APICORP registration certificate number 2050003977 dated 5/11/1396H (corresponding to 29 October 1976);
- (e) this Base Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda, supplements and applicable Final Terms to this Base Prospectus and any other documents incorporated herein or therein.

The document(s) listed above in:

- paragraph (a) will also be available for viewing on the website of APICORP at: <https://www.apicorp.org/investor-relations/>;
- paragraph (b) will also be available for viewing at: <https://www.apicorp.org/wp-content/uploads/2015-05-04-Memorandum-and-Articles-of-Association-ROC-APICORP-Sukuk-Limited.pdf>;

- paragraph (c) will also be available for viewing at: <https://www.apicorp.org/wp-content/uploads/APICORP-EAS-G-EN.pdf>;
- paragraph (d) will also be available for viewing at: <https://www.apicorp.org/wp-content/uploads/APICORP-CR-ENG-2020.10.pdf>; and
- paragraph (e) will also be available for viewing on the website of Nasdaq Dubai at: [www.nasdaqdubai.com](http://www.nasdaqdubai.com).

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, the information contained on any websites referred to in this Base Prospectus does not form part of this Base Prospectus.

## **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 appropriate common code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and/or Classification of Financial Instruments (CFI) code (as applicable) will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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, L-1855 Luxembourg.

## **THE LEGAL ENTITY IDENTIFIER**

The Trustee's Legal Entity Identifier ("LEI") code is 549300ULCH8IWYBS5X93.

APICORP's LEI code is 213800A54KIUYH5YD185.

## **SIGNIFICANT OR MATERIAL CHANGE**

There has been no significant change in the financial performance or financial 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 of APICORP or of the Group and there has been no material adverse change in the prospects of APICORP or of the Group since 31 December 2022.

## **LITIGATION**

None of the Trustee, APICORP or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or APICORP is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Trustee, APICORP or the Group.

## **INDEPENDENT AUDITORS**

The Trustee is not required by Cayman Islands law to publish audited financial statements or appoint any auditors.

The 2022 Financial Statements and the 2021 Financial Statements have been audited without qualification by KPMG Fakhro. KPMG Fakhro conducted its audits in respect of the 2022 Financial Statements and 2021 Financial Statements in accordance with the International Standards on Auditing issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board.

The business address of KPMG Fakhro is Fakhro Tower, 12<sup>th</sup> Floor, P.O. Box 710, Manama, Kingdom of Bahrain. KPMG Fakhro is registered with the Ministry of Industry, Commerce and Tourism in Bahrain. Some of the professionals of KPMG Fakhro are members in the Bahrain Accountants Association and/or international other professional bodies.

## **ISSUER WEBSITE**

APICORP's website is <https://www.apicorp.org/>. Unless specifically incorporated by reference into this Base Prospectus, information contained on this website does not form part of this Base Prospectus.

## **SHARI'A ADVISERS**

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Executive *Shari'a* Committee of HSBC Saudi Arabia, the Global *Shari'a* Supervisory Committee of Standard Chartered Bank and the Emirates NBD Islamic Internal *Shariah* Supervision Committee. Further information on the composition of each of these is disclosed below.

### **Executive *Shari'a* Committee of HSBC Saudi Arabia**

- 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 the McGill University, Canada. He has 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. Yaquby has taught Tafsir, Hadith and Fiqh in Bahrain and is a *Shari'a* Advisor to several international and local financial institutions world-wide. He has also published several articles and books on various Islamic subjects including on banking and finance.

- Dr. Mohamed Ali ElGari

Dr. Mohamed holds a PhD in Economics from the University of California. He is a professor of Islamic Economics at King Abdul Aziz University. He is an expert at the Islamic Jurisprudence Academies of the Organisation of Islamic Countries and has published several articles and books on Islamic Finance. Dr. Elgari is a member of the *Shari'a* Board of many Islamic banks and on the Takaful companies including that of Dow Jones International Islamic Fund Market. He also sits on the *Shari'a* Board of AAOIFI and is a member of the Advisory Board of Harvard Series on Islamic Law.

- Dr. Aznan Hasan

Dr. Aznan Hasan is an Associate Professor in Islamic Law at Ahmad Ibrahim Kulliyyah of Laws, International Islamic University Malaysia. He has been teaching Islamic law at the University since 2003. He is also President of the Association of Shariah Advisors in Islamic Finance and has been Deputy Chairman of the Shariah Advisory Council, Securities Commission of Malaysia since July 2010. He was previously a member of the Shariah Advisory Council, Bank Negara Malaysia (November 2006-August 2008, November 2010-October 2013). He is also the Chairman of the Shariah Supervisory Board, Shariah Advisory Committee, Barclays DIFC (April 2011-present). He is Shariah adviser to Maybank Islamic in Malaysia and has been advising ABSA Islamic Banking, South Africa since July 2010.

### **Global *Shari'a* Supervisory Committee of Standard Chartered Bank**

- Dr. Nizam Yaquby

See the description of Dr. Nizam Yaquby set out above.

- Dr. Mohamed Ali ElGari

See the description of Dr. Mohamed Ali ElGari set out above.

- Dr. Aznan Hasan

See the description of Dr. Aznan Hasan set out above.

#### **Emirates NBD Islamic Internal *Shariah* Supervision Committee**

- Dr. Mohammad Abdul Rahim Sultan Al Olama

Sheikh Dr. Mohammed is a member of the Grand Islamic Scholars Body in Dubai, an Associate Professor of the School of *Shari'ah* at the United Arab Emirates University in Al Ain and an acknowledged expert in *Shari'ah* finance. Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the United Arab Emirates. Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences. He currently serves on a number of *Shari'ah* boards representing Islamic financial institutions and Takaful companies. Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qura University in Mecca, Saudi Arabia.

- Dr. Salim Ali Al-Ali

Dr. Salim Ali Al-Ali is an assistant professor at the Department of *Shari'ah* and Islamic Studies at the College of Law at the United Arab Emirates University. He was educated in the United Kingdom, where he had received his PhD in Financial Law from University of London. He holds a bachelor in *Shari'ah* (Jurisprudence and its Fundamentals) and a master in Islamic Banking and finance. Dr. Al-Ali was also a part-time lecturer for the LLM program at the BPP Law School, BPP University based in London, where he lectured on a broad spectrum of jurisprudence including Islamic, English, and comparative laws. Dr. Salim Ali Al-Ali is a member of internal *Shari'ah* supervision committee for a number of institutions offering Islamic financial services including HSBC Bank plc, Abu Dhabi First Bank and Emirates NBD Bank PJSC. He is an author of a book entitled "Raising capital on sukuk markets: structural, legal and regulatory issues".

- Dr. Mohamed Ali ElGari

See the description of Dr. Mohamed Ali ElGari set out above.

- Dr Amin Fateh Amer

Dr. Amin Fateh holds a bachelor's and master's degree in honorable Hadith, and a PhD in Islamic studies. He has been part of the Islamic Banking industry ever since its early stages in 1988, initially contributing to the *Shari'ah* compliance function of Kuwait Finance House. For more than a decade he has lead Islamic *Shari'ah* advisory company called Minhaj. He is currently a member of a number of *Shari'ah* boards and committees in the UAE and across the world. He has lectured in many universities.

- Dr Muhammad Qaseem

Dr. Muhammad Qaseem is a well-known *Shari'a* scholar and Islamic banking expert. He is the Chairman of the *Shari'a* Board of Deutsche Bank Malaysia and Emaan Islamic Banking of Silk Bank Ltd. He is also a member of the ISSC of Dubai Islamic Bank and ENBD. Dr. Qaseem has also served as *Shari'a* Board member of Central Bank of Pakistan, DFM, ADCB etc. the State Bank of Pakistan and many other Islamic banks. Dr. Qaseem has taught at the University of Islamabad for more than two decades.

#### **DEALERS TRANSACTING WITH THE TRUSTEE AND APICORP**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Trustee or APICORP (and its affiliates) in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, APICORP or their respective affiliates. Certain of the Dealers or their affiliates that have a financing relationship with the Trustee, APICORP or their

respective affiliates routinely hedge their credit exposure to the Trustee, APICORP or their respective affiliates, as the case may be, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates. Any such short positions could adversely affect future trading prices of the Certificates. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **DELEGATE'S ACTION**

The Conditions and the Master Trust Deed provide for the Delegate to take action on behalf of the Certificateholders in certain circumstances, but only if the Delegate is indemnified and/or secured and/or pre-funded to its satisfaction. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Certificates or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the relevant Transaction Documents and the applicable law, it will be for the holders of the relevant Certificates to take such actions directly.

#### **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.

Potential 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](mailto: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.

**ISSUER AND TRUSTEE**

**APICORP Sukuk Limited**

MaplesFS Limited  
P.O. Box 1093  
Queensgate House  
Grand Cayman  
KY1-1102  
Cayman Islands

**APICORP**

**Arab Petroleum Investments Corporation**

Head Office Building  
Dammam Coastal Road  
Al Rakkah  
PO Box 9599  
31423 Dammam  
Kingdom of Saudi Arabia

**DELEGATE**

**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**PRINCIPAL PAYING AGENT AND  
CALCULATION AGENT**

**The Bank of New York Mellon, London  
Branch**  
160 Queen Victoria Street  
London EC4V 4LA  
England

**REGISTRAR AND TRANSFER AGENT**

**The Bank of New York Mellon SA/NV,  
Luxembourg Branch**  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

## AUDITOR TO APICORP

**KPMG Fakhro**  
Fakhro Tower  
12th Floor  
P.O. Box 710  
Manama  
Kingdom of Bahrain

## LEGAL ADVISERS

*To the Issuer and Trustee as to Cayman Islands law*

**Maples and Calder (Dubai) LLP**  
Level 14, Burj Daman  
Dubai International Financial Centre  
P.O. Box 119980  
Dubai  
United Arab Emirates

*To APICORP as to English law*

**Allen & Overy LLP**  
11<sup>th</sup> Floor  
Burj Daman Building  
Al Mustaqbal Street  
Dubai International Financial Centre  
P.O. Box 506678  
Dubai  
United Arab Emirates

*To the Arrangers and Dealers as to English law*

**Clifford Chance LLP**  
Level 32, ICD Brookfield Place  
Dubai International Financial Centre  
P.O. Box 9380  
Dubai  
United Arab Emirates

*To the Delegate as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

## IRISH LISTING AGENT

**Arthur Cox Listing Services Limited**  
Ten Earlsfort Terrace  
Dublin 2  
Ireland

## ARRANGERS

**Crédit Agricole Corporate and Investment Bank**  
Broadwalk House  
5 Appold Street  
London, EC2A 2DA  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**Standard Chartered Bank**  
7<sup>th</sup> Floor Building One, Gate Precinct  
Dubai International Financial Centre  
P.O. Box 999, Dubai  
United Arab Emirates

## DEALERS

**Arab Banking Corporation (B.S.C.)**  
PO Box 5698  
Diplomatic Area, Manama  
Kingdom of Bahrain

**Crédit Agricole Corporate and Investment Bank**  
Broadwalk House  
5 Appold Street  
London, EC2A 2DA  
United Kingdom

**Emirates NBD Bank PJSC**  
c/o Emirates NBD Capital Limited  
L07-04 Level 7, ICD Brookfield Place  
Dubai International Financial Centre, Dubai  
P.O. Box: 506710

**First Abu Dhabi Bank PJSC**  
FAB Building  
Khalifa Business Park – Al Qurm District  
P.O. Box 6316, Abu Dhabi  
United Arab Emirates

**Gulf International Bank B.S.C.**  
3 Palace Avenue  
P.O. Box 1017  
Manama  
Kingdom of Bahrain

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**SNB Capital**  
King Saud Road  
SNB Regional Building  
Tower B  
4th Floor  
P.O. Box 22216  
Riyadh 11495  
Kingdom of Saudi Arabia

**Standard Chartered Bank**  
7<sup>th</sup> Floor Building One, Gate Precinct  
Dubai International Financial Centre  
P.O. Box 999, Dubai  
United Arab Emirates