

### **Message pertaining to Online Secondary Account Opening**

- As per the preamble paragraph of the Account Opening Agreement concluded with Alinma Bank, which read as follows:
- (whereas these terms and conditions shall apply to all current accounts to be opened as well as the banking products and services to be provided by the Bank to the Customer).

Therefore, this notice shall act as a confirmation from your side of your acceptance of the secondary account opening in accordance with the above-mentioned terms and conditions. Your signature will be automatically copied from the primary account and added to the secondary account. If you wish to change your signature, please, visit the nearest branch to you.

### **Terms and Conditions of a Savings Account Opening**

#### **1. Definitions**

**1.1 Modaraba Capital:** The balance available in the Savings Account during the investment term; provided that the daily balance of such account shall not be for any reason less than the minimum balance eligible for entering the investment pool in accordance with the specifications of the selected package.

**1.2 Expected Profit:** the profit, which the Bank expects that the Customer will obtain due to its capital during the investment term. This profit shall be announced and updated periodically through the channel/channels stipulated herein.

#### **2. Purpose**

**2.1** These terms and conditions govern the contractual relationship between the Bank and the Customer. By mixing its funds with the Modaraba Capital in the investment pool, the Bank shall become: [a] a partner with its funds; and [b] Modareb with the Customer's funds.

**2.2** The above mixed funds shall be invested in the daily investment activities of the Bank related to a given pool and approved by the Sharia'h Committee.

**2.3** The profit generated from the investment pool shall be divided between the Bank and the Customer as specified in the "Specifications of a Savings Account Package" form annexed herein.

**2.4** The objective of the investment pool is to effectively manage the Customer's funds and generate a return from the Shari'ah-compliant investment.

#### **3. Subject-Matter of these Terms and Conditions**

The parties agreed to conclude a Modaraba contract whereby the Bank shall invest the balance of the savings account, which represents the Modaraba capital and shall constitute part of the Bank's funds, in accordance with these terms and conditions.

#### **4. Investment Pool**

The Bank shall accumulate its own funds with that of the Savings Accounts in a single investment pool to be used for investment and financing operations.

## **5. Investment Term**

The investment term shall commence upon the availability of the Modaraba capital according to the term specified in the “Specifications of a Savings Account Package” form annexed herein.

## **6. Profit Rate of the Modaraba Parties**

The Savings Accounts profit shall be distributed between the Bank and holders of such accounts as per the rate provided for in the “Specifications of a Savings Account Package” form annexed herein and the amount of such rate shall then be distributed to accounts based on the contribution of each party to the investment pool.

## **7. Criteria for Calculating and Distributing Profits and Losses**

7.1 Savings Accounts holders shall be entitled to a share in the revenues generated from investment and financing operations (not from banking services).

7.2 Direct expenses (i.e. the actual spending of investment and financing operations) shall be incurred by the revenues of the investment pool, whereas general and administrative expenses shall be incurred by the Bank.

7.3 The following represents the direct expenses:

7.3.1 Property evaluation expenses.

7.3.2 Treasury operations fees.

7.3.3 Fees paid to Collection Companies in relation to Ijara financing.

7.3.4 Currency exchange expenses.

7.3.5 Provisions for investment and financing products.

7.4 When necessary and as applicable, reserves for investment and financing products shall be deducted from the profit.

7.5 In the event of losses during the investment term, the losses of savings account holders shall be incurred by the investment pool in pro rata basis with the invested funds.

## **8. Method of Profit or Loss Calculation**

8.1 The parties agreed that profit/loss calculation shall be as follows:

8.2 All direct expenses of investment and financing operations shall be deducted from the pool revenues during the investment term in order to identify the investment pool's total profit.

8.3 Assets of the investment pool shall be evaluated at the end of each investment term and profits or losses shall be distributed on ... day of each Gregorian month after auditing and revision. If the date of profit/losses distribution coincides with an official holiday, the distribution shall be conducted on the following business day.

8.4 Profit shall be calculated based on the Modaraba capital available on the account balance during the investment term; provided that such balance shall not be for any reason less than the minimum balance eligible for entering the investment pool in accordance with the specifications of the selected package.

8.5 The total profit of the investment pool collected on the maturity date shall be distributed to the Bank and the Savings Accounts holders in accordance with their pro rata capital in the investment pool.

8.6 The Modareb's share shall be deducted from the profit as per the agreed upon rate.

8.7 The remaining profit after deducting the Modareb's share is the distributable, profit which shall be distributed to Savings Accounts holders in pro rata basis with the contribution of each party in the investment pool.

8.8 If the Customer's profit of the Modaraba capital is greater than the anticipated profit, the Bank shall get the amount above the anticipated profit as a performance incentive.

8.9 If the Customer's profit of the Modaraba capital is less than the anticipated profit, the Customer shall get the actual profit only and the Bank shall cover the difference between the actual profit and the anticipated profit according to its discretion and without obligation.

## **9. Customer's Obligations**

9.1 The Customer shall open a current account with the Bank before opening a Savings Account.

9.2 The Customer shall deliver its funds to the Bank to invest them as it deems appropriate. The Customer may have access to published financial statements of the Bank.

## **10. Investment Terms and Conditions**

10.1 The Bank neither guarantees profit generation for the investment term nor retention of the Customer's capital. The Bank shall not be liable for losses of investment operations except in cases of infringement, negligence, fraudulence, willful misconduct or violation of these terms and conditions. The estimation of the foregoing shall be subject to the consideration of competent judicial authorities according to Article 13.2 hereof.

10.2 If the Customer deposits funds into the Savings Account during the investment term, such funds shall be added to the investment on the next investment term.

10.3 Pursuant to the Bank's approval, the Customer may execute withdrawal transactions during the investment term and this shall then be deemed an exit and the amount withdrawn shall be deducted from the Modaraba capital unless the Bank's approval includes otherwise. Accordingly, the Customer shall not be allowed thereafter to claim any amounts or profits for the investment term that precedes the withdrawal transaction and the Bank shall not have the right to recourse to the Customer with respect to any losses that may appear at the end of the investment term.

10.4 The Bank shall have the right to amend the profit rate of the Modaraba parties, the rate of expected profit, the balance qualifying to get profit or the maximum/minimum limit of invested funds or any of these terms and conditions; provided that the Bank shall inform the Customer of such amendment through its e-channels before the commencement of the investment term in which such amendment shall come into full force and effect. If the Bank does not receive a request from the Customer to cancel the account before the amendment

enters into force, this shall be deemed an acceptance by the Customer of such amendment and shall be binding on it.

10.5 The Bank may establish the investment's policies and programs for the funds of the Savings Accounts, including amounts to be invested during the investment term and amounts that will be held as liquidity to meet withdrawals whether from invested amounts or financing from other entities. The Bank shall also have the right to terminate the investment, temporarily or permanently, according to its discretion.

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

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

10.8 The legal Persons customer shall be liable for the payment of the Zakat of this account balance

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

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

## **11. Upgrade and Downgrade of the Savings Package**

11.1 Without prejudice to the provisions of paragraph 10.4 of clause (10) "Investment Terms and Conditions", the Bank and the Customer have agreed to amend the saving package automatically, according to the following:

11.1.1 If during the investment term the Customer deposits any additional amounts in its savings account, and the balance reaches the minimum for the monthly higher balance package, then the Modaraba capital will be invested in the higher balance package in next investment term;

and the Customer shall be entitled to get the amount invested in the higher balance package at the end of the next investment term, automatically without any additional action by it.

11.1.2 If the Customer withdraws any amounts from its savings account during the investment term and the balance does not fall below the minimum balance eligible for investment in the relevant package, then this shall be deemed a partial exit; and the Customer shall be entitled to get the profit of the amount invested in such package, automatically and without any additional action by it.

11.1.3 If the Customer withdraws any amounts from its savings account during the investment term and the balance drops by no less than the minimum balance eligible for investment in the monthly minimum balance package, then this shall be deemed a partial exit; and the Customer shall be entitled to get the profit of the amount invested in such package, automatically and without any additional action by it.

11.2 If the Customer withdraws any amounts from its savings account during the investment term and the balance does not reach the minimum of any of the savings account packages, then this shall be deemed a total exit according to the provisions of paragraph 10.3 of clause (10) "Investment Terms and conditions".

## **12. General Terms and Conditions**

12.1 These terms and conditions shall come into full force and effect as of the date of the Bank's approval of opening this account until such time as either party (the Bank or Customer) terminates it, or until the Bank closes the savings account.

12.2 The Bank may close the Customer's account and liquidate its balance in the following cases:

12.2.1 If no deposit transaction is executed into this account for 90 days from the date of opening the account.

12.2.2 If there is a dispute between the Bank and the Customer.

12.2.3 If the Customer, or any of its authorized representatives, violates any of these terms and conditions.

12.2.4 The Customer's death.

12.2.5 If the account becomes, after being opened, subject to problems related to identity verification, jurisdictions or banking relations or if the Customer fails to provide the documents requested by the Bank.

12.3 If the Bank decides to close the Customer's account pursuant to the cases provided for in paragraph (12.2) hereof, it should send a notice to the Customer through its approved address stating its intention to close the account. The Customer should visit the Bank within 30 days from the notice date to finalize the account-closing procedures. If the Customer fails to finalize the required procedures and the aforementioned period expires, the Bank may close such account while related balance (if any) shall remain as it is on the date of closure and shall be

payable to the Customer upon request. The closure of the account does not lead to canceling any claims or charges payable to the Bank by the Customer.

12.4 The Customer shall settle all amounts and fees payable to the Bank, if any, free and clear of any burdens, taxes or fees of any kind or source.

12.5 The Customer shall be liable for the payment of the Zakat of this account balance.

### **13. General Terms**

13.1 If it becomes evident that any of these terms and conditions violate applicable regulation, or becomes so pursuant to regulation or court order, the invalidity shall be applied only to that provision or condition and shall not affect the validity of the remaining provisions and conditions.

13.2 These terms and conditions shall be governed by and construed and executed in accordance with Sharia'h and Sharia'h-compliant rules, regulations and instructions applicable in Saudi Arabia.

13.3 Each dispute arising between the parties shall be adjudicated by the competent judicial authority in Saudi Arabia, if no amicable solution is reached.

13.4 These terms and conditions have been drawn up in (2) two counterparts in Arabic and English, and the Arabic version shall prevail in the execution and interpretation of the same.

13.5 The Customer acknowledges that it has read and agreed to these terms and conditions; and committed to act accordingly. The Customer also confirms the validity of the data herein contained.

### **Customer's Approval**

## Annex (1)

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

#### Financing Assets:

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

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

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

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

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

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

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

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

#### Investment Held at FVOCI:

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

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

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

### **Investments held at Amortized Cost:**

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

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

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



## Specifications of a Savings Account Package

Date:

**Package Name:**

( ) Daily Balance.

(X) Minimum Balance ]

Dear customer,

Reference is made to the [Savings Account Opening Agreement/Terms and Conditions of the Savings Account] concluded with you. Please, find hereunder the specifications pertaining to the package of your choice:

**Package Specifications:**

**Expected Profit Rate:** As specified on the Alinma website

**Profit Rate of Modaraba Parties:**

**The Bank:** 1 %

**Savings Accounts Holders:** 99%

**Investment Term:**

( ) **Daily Balance Package:** “the investment term begins at 12:00 p.m. on the first business day following the deposit and shall be renewed automatically at the same time on the following days upon availability of the Modaraba capital”.

( X ) **Minimum Balance Package:** “the investment term begins on the second day of the Gregorian month and ends on the second day of the Gregorian next month and shall be renewed automatically at the same time on the following days upon availability of the Modaraba capital”.]

Minimum Investment Balance: One SAR

Maximum Investment Balance: ----

**Alinma Bank**