



Key Facts Statement: Overdraft and Leverage Facility

The Saudi National Bank, Kingdom of Saudi Arabia in the United Arab Emirates (“**SNB UAE**”) offers Overdraft and Leverage facility which is a lending facility granted by SNB UAE against lien marked collateral which is held by the customer with SNB UAE.

This Key Facts Statement (“**KFS**”) provides key details related to interest, fees and charges, documentation, terms and conditions, risk and other relevant information regarding the overdraft and leverage facility. You should read this document carefully and you should seek independent advice if you are unable to understand any terms.

Overdraft against Deposits of SNB UAE	Availing facility against their financial collateral (i.e. any deposits held with SNB UAE) by pledging of the collateral. Bridge temporary gaps in self-financing using existing financial collateral to utilize an overdraft facility.
Overdraft against Investment collateral with SNB UAE	Availing facility against their financial collateral (i.e. any investments held with SNB UAE) by pledging of the collateral. Bridge temporary gaps in self-financing using existing financial collateral to utilize an overdraft facility.
Leverage against Investment collateral with SNB UAE	Availing facility for reinvesting in investment collateral along with self-equity in an effort to earn return greater than the cost of facility. Enhance participation in the underlying investment collateral for enhancing return potential.

Key Product Details:

1. Overdraft is an approved revolving credit limit linked to your Bank Account.
2. Available in the following currencies – AED or USD.
3. For individual customers, age has to be minimum of 21 years and maximum of 70 years.
4. Customers with adverse history / score on Al Etihad Credit Bureau (AECB) report (if available/applicable) can get declined.
5. Overdraft facility utilized is payable on demand by the customer after receipt of demand notice from SNB UAE.
6. The customer can use the approved credit limit when the need arises. Interest charge is on utilized amount. Interest charge is applied only on the utilization of the line facility and is calculated on a daily debit balance in the “Loan against Investment” account. Interest will be accrued monthly and charged to the line of the customer. The customer will be required to pay the interest on a monthly basis.
7. The facility value is calculated using Maximum Loan Value (“**MLV**”) concept. MLV is the percentage of the collateral which determines the maximum amount which can be borrowed against the collateral. MLV percentage is determined by SNB UAE in accordance with its policies and its discretion.
8. Subject to the applicable law, SNB UAE can, from time to time, reduce or increase the agreed percentage. The difference between the collateral value and the loan amount is known as “margin”.
9. Margin amount provides the required cushion to accommodate and support the loan facility amount in case of a fall in the collateral value.

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For e.g. Investment Product Collateral Value is US\$ 1,000,000 and the MLV is 75%. The loan facility amount will be US\$ 750,000. The margin amount will be the remaining amount which is US\$ 250,000.

***Warning: The above calculation is only for illustration purpose and designed to help you understand the workings of a margin amount. Please refer to the product terms and conditions.**

Interest Rate

Interest Rate on Overdraft facility against fixed deposit collateral

- Shall be the aggregate of the rate of the fixed deposit and margin of 2.00% p.a.
- The fixed deposit shall automatically renew at the end of its term for a like term at the prevailing rate.
- Subject to the applicable law, a prior notice shall be provided to the customer regarding the change in the margin applicable to the overdraft facility.
- No withdrawal to the underlying deposit is permitted during the tenor of the Overdraft facility. If required, the client will have to settle the overdraft facility in full and release the security over the fixed deposit collateral.

Interest Rate on Overdraft or Leverage facility against investment collateral

- Shall be the aggregate of 3 month SOFR (or any equivalent benchmark rate) and margin of 2.00% p.a.
- The above benchmark rate will reset at end of every calendar quarter (i.e. Mar, April, Sept and Dec) based upon SNB UAE's discretion.
- Subject to the applicable law, a prior notice shall be provided to the customer regarding the change in the margin applicable to the leverage facility.

Illustration of Interest Calculation on utilized facility amount in case of overdraft or leverage:

- Facility Utilization Amount (A) = AED 100,000
- Total Interest Rate (B) = 4.25% per annum
- Utilized days (C) = 31 days
- Interest charged on end of the month = $A \times B \times (31/365) = \text{AED } 360.84$

*** Warning: The above example is for illustrative purposes only and is not indicative of actual or expected charge.**

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What is “Margin Call”?

If the margin of the loan facility reduces, SNB UAE will “call” for the customer for additional “margin”. This is known as “Margin Call”. In such cases, SNB UAE makes a “Margin Call” where it is required that the customer deposits more cash or collateral in order to maintain the margin requirements. Fall in the price of the underlying investment product triggers a margin call.

For e.g.

- Investment Product Collateral Value is US\$ 1,000,000 and the MLV is 75%. The loan facility amount will be US\$ 750,000. The margin amount will be the remaining amount which is US\$ 250,000.
- The value of the Investment Product Collateral falls by 10% and the current value is US\$ 900,000. As the loan facility amount is US\$ 750,000, the current margin amount is the remaining amount which is US\$ 150,000.
- The margin amount has fallen from US\$ 250,000 to US\$ 150,000. This triggers a “Margin Call” by SNB UAE. Since the margin of US\$ 150,000 is not sufficient to support the loan of US\$ 750,000, SNB UAE makes a “margin call” requiring the customer to restore the margin.

***Warning: The above calculation is only for illustration purpose and designed to help you understand the workings of a margin call. Please refer to the product terms and conditions.**

Margin Call can also be triggered upon (i) Non Payment of interest and/or (ii) Reduction in the MLV percentage by SNB UAE.

What are the options to meet a margin call?

1. Provide additional collateral which is acceptable by SNB UAE.
2. Deposit funds into the Loan Account and reduce the loan amount.
3. Liquidate part of the lien marked investment collateral and deposit the sale proceeds into the Loan Account and reduce the loan amount.

For e.g.

- Since the margin of US\$ 150,000 is not sufficient to support the loan of US\$ 900,000, SNB UAE makes a “margin call” requiring the customer to provide either
 1. Additional collateral for US\$ 100,000 – Collateral Value becomes US\$ 1000,000 and MLV is 75% once again.
 2. Deposit cash of US\$ 75,000 – Loan Value reduces to US\$ 675,000 and MLV is 75% once again.
 3. Liquidate US\$ 300,000 – New collateral value is US\$ 600,000, New loan Value is US\$ 450,000 and New Margin Amount is US\$ 150,000. MLV is 75% once again.

***Warning: The above calculation is only for illustration purpose and designed to help you understand the workings of a margin call. Please refer to the product terms and conditions.**

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What is “Sell Call”?

Events that can trigger a Sell Call include:

1. If the Margin call is not settled within a prescribed time frame.
2. If the value of the collateral falls below a certain threshold beyond which the margin is no longer adequate to support the loan amount. In event of a steep fall in the value of the investment collateral, the margin call and sell call can get triggered at the same time.

In case of a “Sell Call”, the bank will liquidate the collateral and recover the loan amount along with accrued interest. Surplus funds if any will be credited to the customer’s account. In case the liquidation amount is not enough to cover the loan amount along with accrued interest, customer will need to deposit cash to cover the same.

In case of a sell call, the customer equity (margin) will decline and even erode 100% of its value. For example, the potential loss in case of a margin call or sell call is indicated in the below illustration.

For e.g.

- Investment Product Collateral Value is US\$ 1,000,000 and the MLV is 75%. The loan facility amount will be US\$ 750,000. The margin amount will be the remaining amount which is US\$ 250,000.
- The value of the Investment Product Collateral falls by 20% and the current value is US\$ 800,000. As the loan facility amount is US\$ 750,000, the current margin amount is the remaining amount which is US\$ 50,000.
- The margin amount has fallen from US\$ 250,000 to US\$ 50,000. This triggers a “Sell Call” by SNB UAE.
- Since the margin of US\$ 50,000 is not sufficient to support the loan of US\$ 750,000, SNB UAE makes a “Sell Call” and liquidates the entire collateral.
- Upon receiving the redemption funds of US\$ 800,000, SNB UAE recovers the loan of US\$ 750,000 along with accrued interest.

***Warning: The above calculation is only for illustration purpose and designed to help you understand the workings of a sell call. Please refer to the product terms and conditions.**

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Important Information:

1. Any capitalized term used in this Key Facts Statement has the meaning given to it in SNB UAE's terms and conditions applicable to this product.
2. This is a Key Facts Statement. It is not an offer from SNB UAE to provide you with Overdraft and Leverage facility. This product is offered by SNB UAE at SNB UAE's sole and absolute discretion. SNB UAE reserves the right, at any time, without liability or penalty to refuse to provide this product.
3. The Customer shall submit to SNB UAE all documents that SNB UAE may require, and must inform SNB UAE of any change in the information provided at the time of making an initial request.
4. All the information / options provided by SNB UAE are for Customers' informed decision making and will not be deemed as a specific advice or recommendation.
5. SNB UAE reserves the right, in its absolute discretion, to add, amend, delete and/or cancel any of its terms and conditions, fees and charges and interest rates and provide you with sixty (60) days' written notice prior to making such changes.
6. Consequences for failing to meet SNB UAE's terms and conditions at any point either before or during the Customer relationship may lead to rejection of request / service, imposition of penalties or closure or conversion of account as deemed suitably by SNB UAE.
7. In case of margin call, SNB UAE will notify the client in writing via email or via letter. In case of sell call, SNB UAE is contractually authorized and can at its sole discretion liquidate/sell the collateral to recover the outstanding facility and notify the customer accordingly as per the applicable law.
8. Your ATM PIN, Online Banking credentials and cheque-book must be kept safe at all times to avoid any fraud or misuse. SNB UAE staff will never contact you for your PIN, One-Time password or your online login credentials.
9. For any complaints or inquiries, please call us on 800 55000 or write to uaeservice@alahli.com.
10. The detailed terms and conditions are available on SNB UAE's website at uae.alahli.com.
11. The facility amount you are eligible for and the interest rate offered will depend on your credit profile and the eligibility assessment of the collateral by SNB UAE.
12. The Customer agrees to pay all applicable fees, costs, charges and expenses of SNB UAE in connection with the provision of such lending facility. Details of such fees, costs, charges, and expenses are set out in the relevant request, the relevant offer letter or the Schedule of Charges. The Schedule of Charges is available on SNB UAE's website at uae.alahli.com.
13. In the event of conflict between the information provided in the KFS and the terms and conditions concerning overdraft and leverage (as the case may be), the terms and conditions concerning overdraft and leverage (as the case may be) shall prevail.
14. The overdraft and leverage product (as the case may be) will be processed within 10 business days of signing the application form and submission of all required documents to us.

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⚠Attention

1. Please note that since the facility assignment may be affected by utilization, accruals of fees and lien marking / release of collateral, you will have to waive your right to a cooling-off period of five (5) business days. This means that you will have to agree to an immediate commitment to be bound by the terms and conditions concerning overdraft and leverage (as the case may be).
2. SNB UAE will only collect Data / Personal Data for a lawful purpose directly related to a function or activity in accordance with the applicable law.
3. Data collection and sharing are mandatory to execute the transaction. In case you do not want the data to be shared then the transaction should not be initiated.

⚠Attention

1. Investments using leverage facility can increase the returns from upside but it can also increase the losses from the downside. Higher the leverage ratio, the greater is the impact on the risk or return.
2. Increase in interest rates can lead to impact of the return from the portfolio and eat into the original principal value of the investment or customer contribution.
3. Liquidation of collateral can involve risk of loss on account of fluctuations of the value of the collateral, foreign currency movements and surrender / penalty charges of the collateral.
4. Such liquidation may lead to customers having to sustain losses in excess of their original collateral value. Customer liability also includes payments due on account of unpaid interest on the loan facility.
5. Hence customers should carefully consider all the risks of the investment collateral, loan facility, own financial position and liquidity situation.

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⚠ Warning

- Pledged / Lien marked Investment products (collateral) are subject to investment risks and fluctuations in value which is dependent upon market conditions. Please refer to the respective product key fact statement available at uae.alahli.com
- Prices / Net Asset Value (NAV) can go up or down and past performance is not in any manner indicative of the funds future performance. Such movements in the value of the collateral may result in a fall in the value of the underlying collateral.
- This leads to a “margin call” situation and requires that customer place additional collateral or cash to restore the loan value to the collateral value.
- If the “margin call” is not met and/or the value of the collateral falls further it leads to a “sell call” situation and requires SNB UAE to liquidate the pledged / lien marked collateral.
- The Facilities are granted for an unspecified period, however, SNB UAE shall have the right to nullify the Facilities or reduce the same at any time at its absolute discretion and request the Borrower to fully settle the Facilities and the interests on the date determined by SNB UAE provided the Borrower has been given a prior notice for such cancellation or reduction in accordance with the applicable law.
- SNB UAE may utilize the account balance to set-off any indebtedness or amounts due on any product that the customer holds with SNB UAE.
- Currency conversion service may be affected by changes in foreign currency exchange rates.
- SNB UAE has the right to refuse any pending or future transaction on the account for any breach of the terms and conditions applicable to overdraft and leverage (as the case may be) by the customer.
- If you do not meet the repayments/payments on your loan/financing, your account will go into arrears. This may affect your credit rating, which may limit your ability to access financing in the future.
- Refinancing your loans/financing may take longer to pay off than your previous loan/financing and may result in paying more in interest/profit.
- Overdraft against Deposits of SNB UAE operates as an auto-renewal product. Upon entering into this product, your consent for the auto-renewal will be required. The fixed deposit will be renewed based on the rates determined by SNB UAE at its sole discretion as per the applicable market rates on the date of the renewal.

Customer Acknowledgement

By signing this Key Fact Statement below, I hereby acknowledge that I have read, reviewed and understood the terms of the Overdraft & Leverage Key Facts Statement, the Schedule of Charges and the terms and conditions document in connection with the above-mentioned Overdraft & Leverage facility.

Customer Name	
Customer CIF #	
Signature & Date	

Nov 2023