



## EMIRATES NBD BANK PJSC

(incorporated with limited liability in the United Arab Emirates)

U.S.\$12,500,000,000

### Euro Medium Term Note Programme

On 20 June 2002, Emirates Bank International PJSC ("EBI") entered into a U.S.\$1,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). On 19 January 2005, the maximum aggregate nominal amount of Notes which may be outstanding under the Programme was increased from U.S.\$1,000,000,000 to U.S.\$3,500,000,000 and on 19 April 2007 such maximum aggregate nominal amount was further increased to U.S.\$7,500,000,000. On 21 November 2009, EBI was legally amalgamated with Emirates NBD Bank PJSC ("ENBD" or the "**Bank**"). As a result of the amalgamation, all of the assets and liabilities of EBI were transferred to ENBD, EBI was dissolved and ENBD is now considered to be the issuer of the Notes issued by EBI prior to the date hereof. Any Notes (as defined below) issued under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Under the Programme, ENBD (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$12,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (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 (the "**Base Prospectus**") to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes. **An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors" on pages 6 to 27.**

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Notes under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. The CSSF gives no undertaking as to the economic or financial soundness of the issue of Notes under the Programme or the quality or solvency of the Issuer. Investors should make their own assessment as to the suitability of investing in such Notes. This Base Prospectus is valid for a period of twelve months from the date of approval. Application has been made for Notes issued under the Programme to be admitted during the period of twelve months after the date hereof to listing on the official list (the "**Luxembourg Official List**") and to trading on the regulated market (the "**Regulated Market**") of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MIFID II**").

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 Notes 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 Notes to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been: (i) admitted to listing on the Luxembourg Official List and admitted to trading on the Regulated Market or, as the case may be, another regulated market for the purposes of MiFID II; and/or (ii) admitted to listing on the DFSA Official List and admitted to trading on Nasdaq Dubai.

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 ENBD. The DFSA has also not assessed the suitability of the Notes to which this Base Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether the Notes to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF and which, with respect to Notes to be listed on Nasdaq Dubai, will be delivered to the DFSA and Nasdaq Dubai.

The Programme provides that Notes 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 Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The rating of certain Tranches of Notes to be issued under the Programme and the credit rating agency issuing such rating may be specified in the applicable Final Terms. ENBD has been assigned a long term rating of A+ and a short term rating of F1 by Fitch Ratings Limited ("**Fitch**") and a long term rating of A3 by Moody's Investors Service Cyprus Limited ("**Moody's**"). The United Arab Emirates has been assigned a credit rating of Aa2 by Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**"). The rating has been endorsed by Moody's Investors Service Limited in accordance with Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**").

Moody's Singapore is not established in the European Union or in the United Kingdom and has not applied for registration under the CRA Regulation. Each of Fitch, Moody's and Moody's Investors Service Limited is established in the European Union or the United Kingdom and is registered under the CRA Regulation. Each of Fitch, Moody's and Moody's Investors Service Limited appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("**ESMA**") website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Interest or other amounts payable under the Notes 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 (the "**ESMA Benchmarks Register**") pursuant to article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"), are set out in "*Important Notices – Benchmarks Regulation*".

**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.**

Arranger

Deutsche Bank

Dealers

Barclays  
BofA Securities  
Commerzbank  
Deutsche Bank  
HSBC  
J.P. Morgan  
Nomura  
Standard Chartered Bank

BNP PARIBAS  
Citigroup  
Crédit Agricole CIB  
Emirates NBD Capital  
ING  
Morgan Stanley  
Société Générale Corporate & Investment Banking

The date of this Base Prospectus is 9 July 2020.

## 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.

ENBD accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of ENBD (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the applicable Final Terms.

Copies of the applicable Final Terms will be available from the registered office of ENBD and the specified offices of the Paying Agent (as defined below) save that, if the relevant Notes are neither admitted to trading on a regulated market for the purposes of MiFID II nor offered in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**") in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the Principal Paying Agent as to its holding of such Notes and identity.

Certain information contained in "*Risk Factors*", "*Description of the Issuer – ENBD's Competition*" and "*The United Arab Emirates Banking and Financial Services System*" (as indicated therein) has been extracted from independent, third party sources. ENBD confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, as 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.

The accuracy or completeness of the information contained in this Base Prospectus has not been independently verified by the Arranger or by the Dealers or any of their respective directors, officers, affiliates, advisers or agents. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or any of their respective directors, officers, affiliates, advisers or agents as to: (i) the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by ENBD in connection with the Programme or the Notes or their distribution; or (ii) for any acts or omissions of ENBD or any other person in connection with this Base Prospectus or the issue and offering of any Notes under the Programme. Neither the Arranger nor the Dealers accept any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by ENBD in connection with the Programme.

No person is or has been authorised by ENBD 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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by ENBD or any of the Dealers.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning ENBD is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of ENBD during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes 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 Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes 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 assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes 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 Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA, the UK, Japan, Singapore, France, the Republic of Italy, Switzerland, Hong Kong, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia and the PRC (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) (see "*Subscription and Sale*").

This Base Prospectus has not been submitted for clearance to the *Autorité des marchés financiers* in France.

The language of this 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.

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

All references in this document to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars, to "Dirham" and "AED" refer to United Arab Emirates Dirham, to "TRY" refer to Turkish lira, to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and all references to "CNY", "Renminbi" and "RMB" are to the lawful currency of the People's Republic of China (the "PRC") which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan. In addition, all references in this document to "UAE" are to the United Arab Emirates.

All references in this document to "ISDA Definitions" refer to the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series including, if specified in the applicable Final Terms, the ISDA Benchmarks Supplement (as amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series) published by the International Swaps and Derivatives Association, Inc. Investors should consult the Issuer in case they require a copy of the 2006 ISDA Definitions.

This Base Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Base Prospectus may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although ENBD believes that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes 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 Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

## BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes 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 ESMA Benchmarks Register, are set out below (for definitions of the benchmarks set out below, see Condition 4(b)(ii)).

| <b>Benchmark</b>            | <b>Administrator</b>                                                           | <b>Administrator appears on ESMA Benchmarks Register</b>                                                  |
|-----------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| AUD LIBOR                   | As far as ENBD and EGF are aware, the administrator has not yet been appointed | No                                                                                                        |
| BBSW                        | ASX Limited                                                                    | No                                                                                                        |
| EIBOR                       | UAE Central Bank                                                               | No                                                                                                        |
| EURIBOR                     | European Money Markets Institute                                               | Yes, European Money Markets Institute is authorised under Article 34 of the Benchmarks Regulation         |
| HIBOR                       | Hong Kong Treasury Markets Association                                         | No                                                                                                        |
| LIBOR (including JPY LIBOR) | ICE Benchmark Administration Limited                                           | Yes, ICE Benchmark Administration Limited is authorised under Article 34 of the 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 Benchmarks Regulation |
| SAIBOR                      | Thomson Reuters                                                                | No                                                                                                        |
| SHIBOR                      | National Interbank Funding Centre                                              | No                                                                                                        |
| TRLIBOR                     | Banks Association of Turkey                                                    | No                                                                                                        |

As at the date of this Base Prospectus, the administrators of AUD LIBOR, BBSW, EIBOR, HIBOR, SAIBOR, SHIBOR and TRLIBOR are not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as ENBD is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that ASX Limited, UAE Central Bank, Hong Kong Treasury Markets Association, Thomson Reuters, National Interbank Funding Centre and Banks Association of Turkey are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, ONE OR MORE DEALERS (THE "STABILISATION MANAGER(S)") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES DURING THE STABILISATION PERIOD AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE 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 OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

## MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (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 any Notes (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 Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## IMPORTANT – EEA AND UK RETAIL INVESTORS

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

## NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP 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).

## **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 Markets Authority**").

The Capital Markets Authority does not make any representations 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 Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.

## **NOTICE TO RESIDENTS OF JAPAN**

The Notes 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 "**Financial Instruments and Exchange Act**"). The Notes will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

## CONTENTS

|                                                                     | <b>Page</b> |
|---------------------------------------------------------------------|-------------|
| GENERAL DESCRIPTION OF THE PROGRAMME .....                          | 1           |
| RISK FACTORS .....                                                  | 6           |
| OVERVIEW OF ALTERNATIVE PERFORMANCE MEASURES .....                  | 28          |
| DOCUMENTS INCORPORATED BY REFERENCE .....                           | 29          |
| FORM OF THE NOTES .....                                             | 31          |
| APPLICABLE FINAL TERMS .....                                        | 34          |
| TERMS AND CONDITIONS OF THE NOTES .....                             | 45          |
| USE OF PROCEEDS .....                                               | 95          |
| DESCRIPTION OF THE ISSUER.....                                      | 96          |
| MANAGEMENT OF THE ISSUER.....                                       | 127         |
| THE UNITED ARAB EMIRATES BANKING AND FINANCIAL SERVICES SYSTEM..... | 133         |
| TAXATION .....                                                      | 144         |
| SUBSCRIPTION AND SALE .....                                         | 148         |
| GENERAL INFORMATION .....                                           | 155         |



## GENERAL DESCRIPTION OF THE PROGRAMME

*The following description 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 Conditions of any particular Tranche of Notes, is completed by the applicable Final Terms.*

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in the following description.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer:</b>                             | Emirates NBD Bank PJSC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Description:</b>                        | Euro Medium Term Note Programme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Arranger:</b>                           | Deutsche Bank AG, London Branch                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Dealers:</b>                            | Barclays Bank PLC<br>BNP Paribas<br>Citigroup Global Markets Limited<br>Commerzbank Aktiengesellschaft<br>Crédit Agricole Corporate and Investment Bank<br>Deutsche Bank AG, London Branch<br>Emirates NBD Bank PJSC<br>HSBC Bank plc<br>ING Bank N.V.<br>J.P. Morgan Securities plc<br>Merrill Lynch International<br>Morgan Stanley & Co. International plc<br>Nomura International plc<br>Société Générale<br>Standard Chartered Bank<br>and any other Dealers appointed in accordance with the Programme Agreement. |
| <b>Certain Restrictions:</b>               | Each issue of Notes 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 " <i>Subscription and Sale</i> ") including the restrictions applicable at the date of this Base Prospectus.                                                                                          |
| <b>Issuing and Principal Paying Agent:</b> | Deutsche Bank AG, London Branch.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Programme Size:</b>                     | Up to U.S.\$12,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.                                                                                                                                                                                                                                                             |
| <b>Distribution:</b>                       | Notes may be distributed on a syndicated or non-syndicated basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Currencies:</b>                         | Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.                                                                                                                                                                                                                                                                                                                                                                                             |

**Maturities:** Such maturities as may be agreed between the Issuer 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 Issuer or the relevant Specified Currency.

**Issue Price:** Notes may be issued at any price and either on a fully-paid or a partly-paid basis.

**Form of Notes:** The Notes will be issued in bearer or registered form, as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Each Tranche of Notes will be represented on issue by one or more Global Notes that will be held or registered in the name of a Common Depositary (or its nominee) for Euroclear and Clearstream, Luxembourg (each as defined in "*Form of the Notes*" below). Except in the circumstances described in the Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Note. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants. While Notes are represented by a Global Note, the Issuer will discharge its payment obligation under such Note by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

**Floating Rate Notes:** Floating Rate Notes will bear interest on their outstanding face amount at such floating rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.); or
- (ii) by reference to the relevant Reference Rate (as may be specified in the applicable Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the applicable Final Terms. Floating Rate Notes may have a maximum interest rate, a minimum interest rate, or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

**Reset Notes:** Reset Notes will bear interest:

- (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the

Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

- (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with Condition 4(c)(i),

payable, in each case, in arrear on the Interest Payment Dates(s) (as specified in the applicable Final Terms).

**Zero Coupon Notes:** Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption:** Notes may be redeemable at par or at such other redemption amount as may be specified in the applicable Final Terms. The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons, regulatory reasons, following an Event of Default or following the occurrence of a Change of Control Event) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

**Denomination of Notes:** Notes will be issued in such denominations as may be agreed between the Bank and the relevant Dealer save that the minimum denomination of each Note admitted to trading on a EEA or UK Exchange or offered to the public in a Member State of the EEA or in the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or its equivalent in a relevant Specified Currency), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements relating to a Specified Currency; however, for so long as any Series of Notes is represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, such Series of Notes shall be tradeable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter. If a Global Note is exchanged for a Definitive Note at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least €100,000.

**Payments:** All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 5(a) (*Method of Payment*).

**Taxation:** All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Tax Jurisdiction, subject as provided in Condition 7 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:** The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).

**Cross Default:** The terms of the Senior Notes will contain a cross default provision as further described in Condition 9(a) (*Events of Default – Events of Default for Senior Notes*).

**Status of the Notes:** The Senior Notes issued on an unsubordinated basis will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu*

amongst themselves and at least *pari passu* with the claims of the Issuer's other unsecured and unsubordinated creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

The Subordinated Notes will constitute direct, conditional (as described in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*)) and unsecured obligations of the Issuer and rank *pari passu* amongst themselves. The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors (as defined in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*)) of the Issuer and accordingly payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent (as defined in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*)) at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter.

**Substitution:** The Conditions of the Notes also provide that ENBD may at any time, without the consent of Noteholders, agree to the substitution of a member of the Group, as defined in Condition 3 (*Negative Pledge*), as principal debtor under any Notes in place of itself, in the circumstances described in Condition 17 (*Substitution*) of the Conditions.

**Ratings:** The ratings assigned to each Tranche of Notes to be issued under the Programme will be specified in the applicable Final Terms.

The Programme is expected to be assigned a long term rating of A+ and a short term rating of F1 by Fitch Ratings Limited and a long term rating of A3 by Moody's Investors Services Cyprus Limited.

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

In general, European and UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

**Listing and admission to trading:** Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Luxembourg Official List and to trading on the Regulated Market.

Application has also been made to the DFSA for the Notes 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.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series.

Notes 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 Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing  
Law and  
jurisdiction:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

The Programme Agreement, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising out of, relating to or having any connection with the Programme Agreement, the Agency Agreement and the Deed of Covenant will be governed by, and shall be construed in accordance with, English law. In respect of any dispute, claim, difference or controversy under any such Programme Agreement, Agency Agreement and Deed of Covenant, the Issuer has consented to arbitration in accordance with the LCIA Arbitration Rules unless the Issuer or any Dealer (in the case of the Programme Agreement) elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English courts will have exclusive jurisdiction to settle such dispute.

**Selling  
Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Japan, Singapore, France, the Republic of Italy, Switzerland, Hong Kong, Singapore, the UAE (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia and the PRC (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").

**United States  
Selling  
Restrictions:**

Regulation S, Category 2. TEFRA C or TEFRA D or TEFRA not applicable, as specified in the applicable Final Terms.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

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

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

*The Issuer believes that the factors described below represent all the material risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to them or which they may not currently be able to anticipate. Prospective 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.*

*Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this section. References in "Risks relating to ENBD's business which may affect ENBD's ability to fulfil its obligations in respect of Notes issued under the Programme" and "Risks relating to the UAE and the MENAT region" to "ENBD" shall be deemed to refer to the Group, unless the context otherwise requires.*

*The factors included below have been classified into the following categories: (i) Risks relating to ENBD's business which may affect ENBD's ability to fulfil its obligations in respect of Notes issued under the Programme; (ii) Risks relating to the UAE and the MENAT region; (iii) Risks relating to enforcement of ENBD's obligations under Notes issued under the Programme; (iv) Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme; and (v) Risks related to the market generally.*

### **Risks relating to ENBD's business which may affect ENBD's ability to fulfil its obligations in respect of Notes issued under the Programme**

#### ***Risks arising from ENBD's business activities***

In the course of its business activities, ENBD is exposed to a variety of risks, the most significant of which are market risks, liquidity risks, credit risks and operational risks. Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect ENBD's business.

#### ***Market risks***

ENBD is exposed to diverse financial instruments including fixed income products, foreign currencies, equities and commodities and deals in both physical as well as cash and derivative instruments. Market risk is the risk that the value of financial instruments in ENBD's and its subsidiaries' (together with ENBD, the "Group") inventories (with the inclusion of some other financial assets and liabilities) will produce a loss because of changes in future market conditions.

ENBD, in common with other financial institutions, is susceptible to changes in the macroeconomic environment and the performance of financial markets generally. Dubai enjoys a relatively diverse economy, and the three biggest sectors are wholesale and retail trade, transportation and storage and financial services and insurance (comprising 25.5 per cent., 12.7 per cent. and 10.3 per cent., respectively, of Dubai's GDP at constant prices in the first six months of 2019 (according to preliminary estimates by the Dubai Statistics Centre)). However any significant impact on international oil prices may have a negative impact on regional spending and liquidity, and consequently, is likely to affect Dubai's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular, given the openness of the economy which has no capital or exchange controls.

As at the date of this Base Prospectus, the global macroeconomic climate remains volatile. Investor confidence in international debt and equity markets (and, in turn, the performance of those markets) could

be adversely impacted by recent political events. In particular, the United Kingdom's "leave" vote in the June 2016 referendum on its membership of the European Union ("EU") and the election of Donald J. Trump as President of the United States has resulted in periods of significant under and (as applicable) over performance in financial markets including, for example, the strong performance of U.S. equities in the period since the Trump administration came into office. Additionally, the impact of "Brexit" on the general political and macro-economic conditions in the United Kingdom and across the EU is expected to continue to be significant, for instance until the precise terms of the United Kingdom exit from the EU (for example, the terms of a trade deal) become clearer.

Movements in global interest rates have also continued to be unpredictable. The decision of the U.S. Federal Reserve to increase U.S. overnight interest rates between December 2015 and December 2018 by an aggregate 225 basis points (in nine separate increments of 25 basis points each) exacerbated the reduced liquidity environment and contributed to a prevailing mood of economic uncertainty. However, in 2019 the U.S. Federal Reserve decreased U.S. overnight interest rates by an aggregate 75 basis points (in three separate increments of 25 basis points each) and in March 2020 U.S. overnight interest rates were further cut to near zero in response to the COVID-19 outbreak (discussed further below). Continued slowdown in the global economic environment, together with any reduction in Governmental spending and the likely impact on the level of economic activity in the UAE, the Republic of Turkey ("Turkey") and the wider Middle East, North Africa and Turkey ("MENAT") region may have an adverse effect on ENBD's credit risk profile.

In 2020 the macro-economic environment (both globally and within the MENAT region) has also been materially affected by the novel coronavirus which causes the disease known as COVID-19, which was first identified in Wuhan, Hubei Province, China in December 2019 and declared a pandemic by the World Health Organisation on 11 March 2020. In response to the highly contagious and sometimes fatal COVID-19 virus that infected tens of thousands of people in China, the Chinese government imposed travel restrictions and quarantines to help control its spread. However, while the spread of the COVID-19 virus has slowed in China, it has spread to many countries around the world. As it has spread, other countries, such as Belgium, France, Germany, Iran, Italy, the Netherlands, Spain, the UK and the United States, have also been similarly affected. In March 2020, the United States, certain EU countries and countries in the MENAT region, including the UAE, began imposing travel restrictions, as well as other restrictions, with the aim to reduce in-person interactions. These measures, while aimed to slow the spread of the COVID-19 virus, have significantly reduced economic activity in many countries around the world (in particular, for those businesses connected to the travel and hospitality sectors). It is currently unclear how long these restrictions will be in place and what their ultimate impact will be on global and local economies, as well as the price of oil. The economic impact of the COVID-19 virus has already included significant volatility in financial markets and reduced investment, and it may lead to lower economic growth in the GCC and globally.

In response to the impact of the COVID-19 virus on their domestic economies, various governments around the world have announced fiscal stimulus packages (see further *"The United Arab Emirates Banking Sector and Regulations – COVID 19"*) and numerous central banks have cut interest rates. Specifically, on 3 March 2020, the U.S. Federal Reserve cut its target range for the federal funds rate from between 1.50 per cent. and 1.75 per cent. to between 1.00 per cent. and 1.25 per cent. and, on 15 March 2020, the target range was cut further to between 0 per cent. and 0.25 per cent. In response to this, on 3 March 2020 the Central Bank of the UAE (the "**UAE Central Bank**") announced that it would cut the interest rate on certificates of deposit in line with the U.S. dollar rates and on 16 March 2020, the UAE Central Bank further cut the interest rate applicable to one-week certificates of deposit by 75 basis points from 1.00 per cent. to 0.25 per cent. and reduced rates applicable to the interim margin lending facility and the collateralised murabaha facility by 50 basis points to 50 basis points above the repurchase rate for UAE Central Bank certificates of deposits. Further announcements could be forthcoming and it is unclear what impact these measures will ultimately have on their respective economies.

Furthermore, the OPEC Reference Basket price has fallen to date during 2020. In early March 2020, OPEC officials proposed a plan to the members of OPEC and other non-OPEC member countries, including Russia, to cut global production by 1.5 per cent. No agreement was reached, ending a three-year partnership between OPEC and major non-OPEC oil exporters. This also resulted in 'OPEC plus' failing to extend the agreement of cutting 2.1 million barrels per day that was set to expire at the end of March 2020. In March 2020, Saudi Arabia announced that it would raise oil output and discount its oil in April 2020. In early April 2020, 'OPEC plus' announced that it had reached an agreement to cut production by 9.7 million barrels a

day, however this action failed to support sufficiently the oil market with prices falling in the days following that announcement. As a result of the above factors and the COVID-19 outbreak weakening the demand for oil, the OPEC Reference Basket price fell significantly and, as at 1 May 2020, the OPEC Reference Basket price was U.S.\$16.52. Furthermore, certain oil prices turned negative during April 2020 (with the West Texas Intermediate benchmark falling as low as minus U.S.\$37.63 a barrel), as weakened demand as a result of the COVID-19 outbreak led to buyers being paid to take oil due to storage capacity concerns. However, in June 2020, OPEC and Russia agreed to extend their oil production cuts for an additional month until the end of July 2020 following an increase in the OPEC Reference Basket price to U.S.\$33.69 as at 1 June 2020.

Prior to the oil price volatility seen to date in 2020, oil prices had been in a recovery phase following the fall in prices that started in 2014. Between July 2014 and January 2016, international crude oil prices declined dramatically (falling by approximately 75 per cent. from a high monthly average OPEC Reference Basket price per barrel of U.S.\$107.89 in July 2014, to a monthly average price of U.S.\$26.50 in January 2016). There was a partial correction in global crude oil prices through 2016 to 2018 (according to the OPEC website, the average price of the OPEC Reference Basket was approximately U.S.\$40.76 per barrel for the year ended 31 December 2016, approximately U.S.\$52.43 per barrel for the year ended 31 December 2017, approximately U.S.\$69.78 per barrel for the year ended 31 December 2018 and approximately U.S.\$64.04 per barrel for the year ended 31 December 2019). The volatility in oil prices since 2014 has affected the economies of the oil-revenue dependent GCC states, with greater budget deficits, a decrease in fiscal revenues and consequent lower public spending seen between 2016 and 2018. Government fiscal deficits have resulted in weakened net asset positions, larger external financing needs and continued lower government spending. This has resulted in the downgrading, or placing on "creditwatch", of a number of GCC sovereigns including, particularly, the Kingdom of Bahrain and the Sultanate of Oman.

In the UAE, the prevailing low oil price environment has stimulated a federal government led policy of rationalisation of fiscal spending which, in turn, has led to an ongoing transformation within the UAE economy. The federal government has scaled back capital transfers to government-related entities, cut government investment, raised electricity and water tariffs and removed fuel subsidies. Further, with effect from 1 January 2018, the federal government introduced a value-added tax ("VAT") regime in the UAE at a rate of 5 per cent.

These significant fiscal reforms have become an integral part of a broader federal government strategy aimed at reducing fiscal expenditure generally and fiscal dependency on hydrocarbon related revenues. When taken in totality with the ongoing oil price volatility (such as the significant decline as a result of the collapse of the 'OPEC plus' output cut agreement in March 2020), the diversion of significant fiscal revenues to the Saudi Arabian led military intervention in the Republic of Yemen since 2015 and domestic job losses in both the private and public sectors across the UAE (and particularly within Abu Dhabi), the impact on the UAE economy since early 2015 has been, and is expected to continue to be, significant. This ongoing transformative process in the domestic economy may have a material adverse effect on ENBD's loan portfolio and its credit risk profile generally.

Further, and in response to the ongoing volatility through 2015 and 2016, certain regional oil producing countries that have traditionally "pegged" their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange "pegs". During 2015, each of Kazakhstan and Azerbaijan chose to unwind the U.S. dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear the UAE Central Bank has, as recently as June 2016, re-iterated its intention to retain the UAE dirham peg against the U.S. dollar, there remains a risk that any such future de-pegging by the GCC states (in the event that the current challenging market conditions or the volatility in global crude oil prices seen since mid-2014 persist for a prolonged period) would pose a systemic risk to the regional banking systems by virtue of the inevitable de-valuation of any such de-pegged currency against the U.S. dollar and the impact this would have on the open cross-currency positions held by regional banks, including ENBD.

These volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in global credit and capital markets. For instance, economic growth in the UAE has fluctuated from 5.1 per cent in 2015 and 3.0 per cent in 2016 to 2.4 per cent in 2017, 1.2 per cent in 2018 and 1.7 per cent. in 2019, falling below the estimated growth of 2.0 per cent for 2019 (*source*: Bloomberg and ENBD internal research (real GDP%)). Non-oil growth in the UAE slowed as external demand softened and lower oil prices led to a slowdown in government spending. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and



exchange rates. The business, results of operations, financial condition and prospects of ENBD may be materially adversely affected by a continuation of the general unfavourable economic conditions in the MENAT region and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

Whilst ENBD believes that it has implemented the appropriate policies, systems and processes to minimise these risks (please see "*Description of the Issuer – Risk Management*"), investors should note that a worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility, further economic disruption and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of ENBD (including, for example, ENBD's net interest margin) irrespective of steps currently taken to adequately control these risks.

The business, results of operations, financial condition and prospects of ENBD has been materially adversely affected by these trends and may be further materially adversely affected by a continuation of the general unfavourable economic conditions in the markets in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

#### *Liquidity risks*

Liquidity risk refers to the inability of ENBD to fund an increase in assets and meet obligations as they become due (structural funding risk), or the inability to convert assets into cash at reasonable prices (market liquidity risk). The risk arises from mismatches in the amount and timings of cash flows.

In the second half of 2008, a liquidity crisis arose in the global credit markets due to a large number of borrower defaults in the sub-prime mortgage loan market in the United States of America. The crises expanded to affect all levels of the international economy.

In particular, and in part reflecting the effects of the global economic crisis, the UAE financial markets experienced comparatively reduced levels of liquidity from the third quarter of 2008 and throughout 2009. Liquidity is essential to the performance of the banking sector and the business of ENBD, and during this period, a number of measures were taken in an attempt to improve the liquidity levels in the UAE by the UAE Ministry of Finance and the UAE Central Bank, including, but not limited to, regular contact and intervention with respect to UAE banks to provide liquidity to the market (UAE Ministry of Finance deposits and UAE Central Bank funding support).

While the liquidity situation in the UAE improved from 2010 to 2014, it did deteriorate in 2015 and 2016 as the system experienced a decrease in the level of government deposits and increased competition for liquidity from regional banks, which resulted in an increase in the loan to deposit ratio across the UAE banking system before improving again in 2017 and 2018. Whilst ENBD does not materially rely on government deposits, and generally enjoys healthy levels of liquidity, there is no guarantee that this trend will persist or that any improvement in liquidity will continue in the future.

In response to the COVID-19 pandemic, the UAE Central Bank implemented the Targeted Economic Support Scheme (as amended from time to time, the "**TESS**") which, amongst other things, provides UAE banks, including ENBD, with access to zero cost funding with a view to improving market liquidity (see further "*The United Arab Emirates Banking Sector and Regulations – COVID 19*").

Any future shortage of liquidity in the UAE and the MENAT region financial markets could have an adverse effect on the businesses, financial condition, results of operations and prospects of ENBD.

#### *Credit risks*

Credit risk is defined as risk of financial loss arising from the failure of the customer or counterparty, to meet its contractual obligations to ENBD. It can arise from both funded and non-funded transactions that are contingent in nature.

As mentioned above under "*Risks arising from ENBD's business activities – Market risks*", the UAE economy was negatively impacted by the global economic downturn, which affected some of the UAE's key economic sectors including trade, tourism, real estate and commerce. As a result of these adverse market conditions, certain of the customers to which ENBD directly extends credit, as well as counterparties of ENBD, experienced decreased revenues, financial losses, insolvency, difficulty in obtaining access to

financing, increased funding costs and problems servicing their debt obligations or other expenses as they became due. Although ENBD did experience improving credit quality ratios in recent years, the current uncertainty in the global markets could have a material adverse effect on its financial condition, prospects and results of operations. For example, ENBD increased its non-performing loan coverage, through higher provisioning, in the three months ended 31 March 2020 to address expected increases in non-performing loans in 2020 as a result of the COVID-19 pandemic. However, uncertainty remains as to the full extent of the impact of COVID-19 on credit quality and further provisioning may be required in subsequent financial periods.

#### *Operational risks*

Operational risk at ENBD is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks. Although ENBD has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate any of the operational risks entirely, which could have a material adverse effect on its financial condition and results of operations.

This risk factor should not be taken as implying that ENBD will be unable to comply with its obligations as a company with securities: (i) admitted to the Luxembourg Official List and its obligations as a supervised firm regulated by the CSSF; and/or (ii) admitted to the DFSA's Official List.

#### *Concentration risk*

Concentrations in the loan/financing receivable and deposit portfolio of ENBD subject it to risks from default by its larger borrowers, from exposure to particular sectors of the UAE economy and from withdrawal of large deposits. The loans and receivables/financing receivables portfolio of ENBD shows industry and borrower concentration.

ENBD's loan portfolio is concentrated, geographically, in the UAE. The ten largest private sector borrowers (which excludes those borrowers which are either wholly or majority owned by the Government of Dubai or the Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum) of the Group represented 3.8 per cent. of its total gross loans and receivables as at 31 December 2019. As at 31 December 2019, ENBD's largest funded exposure to a private sector borrower was AED 2.5 billion, which constitutes 0.6 per cent. of its total gross loans and receivables (as at 31 December 2019) and 3.2 per cent. of its total regulatory capital (total regulatory capital being AED 79.4 billion as at 31 December 2019).

In terms of the industry concentration of the Group's total credit risk portfolio, pertaining to conventional loans and receivables as at 31 December 2019, financial institutions and investment companies accounted for 3.8 per cent., construction and real estate combined accounted for 14.5 per cent., trade and manufacturing combined accounted for 10.2 per cent., sovereign accounted for 39.8 per cent., personal finance accounted for 13.9 per cent. and other sectors accounted for 17.8 per cent.

As at 31 December 2019, the Group's corporate banking customers represented 40.9 per cent. of the sum of customer deposits and Islamic customer deposits.

#### *Real estate exposure*

As at 31 December 2019, exposures to real estate and construction constituted 9.8 per cent. and 3.3 per cent., respectively, of the Group's total credit risk exposure. The Group's total funded real estate and construction exposure stood at AED 69.7 billion as at 31 December 2019.

Although Dubai witnessed increased activity across all segments of the real estate market since 2013 due to favourable rebalancing of the underlying demand/supply dynamics and improved investor interest, more restrictive mortgage regulations and higher transaction taxes introduced during 2014 contributed to a reduction of activity in the real estate market. Slower price growth in the real estate market became evident from April 2014, as the stronger U.S. dollar contributed to weaker demand from foreign investors. According to Cavendish Maxwell's property monitor report, apartment and villa/townhouse prices in Dubai registered a 12 month average decline of 16.5 per cent. from December 2018 to December 2019. The challenging economic situation since mid-2014, coupled with the strength of the U.S. dollar, may have affected demand from investors. Although, it is anticipated that Dubai's successful Expo 2020 bid will encourage an upwards trend in real estate prices, nevertheless, a further real estate correction or default of

ENBD's main real estate-related clients in the future could have a material adverse effect on the financial condition, results of operation and prospects of ENBD.

#### *Changes in accounting policies*

Potential future changes to accounting policies or reclassifications could have a material adverse effect on the financial condition or results of operation of ENBD.

#### ***Principal shareholder and governmental support***

As at the date of this Base Prospectus, the Government of Dubai indirectly holds 55.76 per cent. of the share capital of ENBD. Investment Corporation of Dubai ("ICD"), which is wholly-owned by the Government of Dubai, holds shares in ENBD directly. However, the Government of Dubai does not explicitly or implicitly guarantee the financial obligations of ENBD (including in respect of the Notes to be issued under the Programme) nor does it, like any other shareholder (acting through ICD), have any legal obligation to provide any support or additional funding for any of ENBD's future operations.

Neither the Government of Dubai nor the UAE Federal Government are under any obligation to invest in, make deposits with, do business with or otherwise support ENBD. The Government of Dubai and the UAE Federal Government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support ENBD. The reduction or elimination of governmental support could have a material adverse effect on the business, results of operations, financial condition and prospects of ENBD.

#### ***Competition***

ENBD faces high levels of competition for all products and services. ENBD competes primarily with a large number of other domestic banks in the UAE, some of which are also owned, directly or indirectly, by the governments of the relevant Emirates, government-related entities or members of the ruling families of the relevant Emirates. As at 31 December 2019, there were a total of 59 banks registered in the UAE (*source*: the UAE Central Bank). ENBD's main domestic competitors in terms of size of banking franchise and product and customer segments are First Abu Dhabi Bank P.J.S.C., Abu Dhabi Commercial Bank P.J.S.C., Dubai Islamic Bank P.J.S.C., Mashreqbank PSC, Abu Dhabi Islamic Bank P.J.S.C. and HSBC Bank Middle East. Amongst banks in the UAE market, as at 31 December 2019, ENBD ranked second in terms of total assets, deposits and loans (*source*: year-end financials for each of the aforementioned banks). However, there can be no assurance that ENBD will be able to maintain this ranking in the future.

In addition to the local commercial banks in the UAE, ENBD competes with a number of international banks in investment advisory, investment banking, corporate advisory, finance and other services. In the large corporate and government client segments, ENBD faces competition from international banks and such competition is expected to increase in the UAE over time. Although ENBD seeks to cooperate with some of the top-tier international banks, especially in securities underwriting and distribution, it will also compete with them in other areas, particularly in corporate advisory and treasury operations in which these banks have a long history of successful operations in other regions.

Further, the UAE could be viewed as an over-banked market, even by regional standards, with 59 different banks (comprising 21 locally incorporated banks and 38 foreign banks) licensed to operate inside the UAE as at 31 December 2019, based on preliminary data, serving a population estimated to be in the region of 9.8 million in mid-2019 (*source*: Statistical Yearbook 2019 edition, United Nations Department of Economic and Social Affairs, Statistics Division). There has traditionally been little impetus for consolidation. However, the merger between National Bank of Abu Dhabi and First Gulf Bank, which was consummated on 30 March 2017, has stimulated further moves towards greater consolidation amongst UAE banks. In 2019, Abu Dhabi Commercial Bank P.J.S.C., Union National Bank P.J.S.C. and Al Hilal Bank P.J.S.C. agreed a merger to create the third largest bank in the UAE, which was completed in May 2019 (*source*: Bloomberg). In January 2020, Dubai Islamic Bank P.J.S.C also announced the completion of its acquisition of Noor Bank P.J.S.C (*source*: Reuters).

While any such attempts at further consolidation would reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure

and resources with which to absorb capital costs, such as information technology system development (see *"The United Arab Emirates Banking and Financial Services System – Principal Banks in the UAE – Characteristics of the Banking System"*).

Generally, the banking market in the UAE has been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the **"WTO"**), the GCC or any other similar entities, it is likely to lead to a more competitive environment for ENBD and other domestic financial institutions. Such increase in competition could have a material adverse effect on the businesses, results of operations, financial condition and prospects of ENBD.

ENBD's Turkish subsidiary, DenizBank A.Ş (**"DenizBank"**), competes with both state owned banks and, more recently, international banks with banking operations in Turkey. As at 31 December 2019, there were a total of 51 banks (excluding the Central Bank of the Republic of Turkey (**"CBT"**)), 21 of which were banks with foreign ownership (source: Banking Regulation and Supervision Agency). The entry of foreign-owned banks to the Turkish market, either directly (such as MUFG Bank Turkey A.Ş. which commenced operations in November 2013) or indirectly through collaborations with existing Turkish banks, may increase the already significant competition for DenizBank in the market.

Although DenizBank has been adapting to changing conditions to limit the effects of competition on its operations (for instance through its focus on digitalisation and the introduction of its "fastPay" digital wallet application), competitive pressures could result in margin compression or DenizBank being unable to keep pace with competitors' development of new products and services, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***Foreign exchange movements may adversely affect the profitability of ENBD***

ENBD maintains its accounts and reports its results in AED. The UAE dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980. ENBD is exposed to the potential impact of any alteration to or abolition of this foreign exchange peg. (see also *"– Risks arising from ENBD's business activities – Market risks"*).

In addition, the depreciation of the Turkish Lira against the U.S. dollar or other major currencies might adversely affect the financial condition of DenizBank which would in turn affect the financial condition of the Group.

***A negative change in credit ratings could limit ENBD's ability to raise funding and may increase its borrowing costs***

ENBD currently has a long-term foreign currency issuer default rating of A+ with stable outlook from Fitch and a long-term foreign currency issuer default rating of A3 with negative outlook from Moody's. These ratings, which are intended to measure ENBD's ability to meet its debt obligations as they mature, are an important factor in determining ENBD's cost of borrowing funds. ENBD's ratings could be affected by any changes in the ratings of the UAE.

On 26 March 2019, Moody's Investors Service Singapore Pte. Ltd (**"Moody's Singapore"**) affirmed the UAE's long-term credit rating of Aa2 (with a stable outlook). The rating has been endorsed by Moody's Investors Service Limited in accordance with the CRA Regulation. Moody's Singapore is not established in the European Union or the UK and is not registered under the CRA Regulation. A principal reason cited for this high investment grade rating is the assumption that the obligations of the UAE Federal Government will be unconditionally supported by Abu Dhabi. The UAE is not rated by any other rating agency.

DenizBank currently has a long-term foreign currency issuer default rating of B+ with a negative outlook and a long-term local currency issuer default rating of BB- with a stable outlook from Fitch. These ratings, which are intended to measure DenizBank's ability to meet its debt obligations as they mature, are an important factor in determining DenizBank's cost of borrowing funds. DenizBank's ratings could be affected by any changes in the ratings of the Government of Turkey.

On 14 June 2019, Moody's Investors Service Inc. (**"Moody's Inc."**) downgraded the Government of Turkey's long-term issuer rating to B1 with a negative outlook. Moody's Inc. cited the prolonged period of

acute economic and financial volatility in Turkey and Turkey's reliance on external capital flows. Moody's Inc. is not established in the European Union or the UK and is not registered under the CRA Regulation.

An announcement of a negative ratings outlook of ENBD's or DenizBank's credit rating may also limit the Group's ability to raise capital. Moreover, actual or anticipated changes in ENBD's credit rating may affect the market value of the Notes.

### ***Importance of key personnel***

ENBD's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. ENBD may face challenges in recruiting and retaining qualified personnel to manage its business from time to time and, if it is to continue to grow, will need to continue to increase its employee numbers.

Additionally, the UAE Federal Government has a recommended policy that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year (see "*The United Arab Emirates Banking and Financial Services System – Expatriate Workforce*"). In common with other banks in the UAE, ENBD experiences a shortage of, and competition to recruit and retain, qualified UAE national employees. If ENBD is unable to meet or exceed the UAE Federal Government's recommended policy for recruiting UAE nationals, it may be subject to legal penalties including with respect to its current licences, and may be prevented from obtaining additional licences necessary in order to allow it to expand its business.

While ENBD currently meets (and exceeds) the UAE Federal Government's "Emiratisation" requirements (in particular, see "*Management of the Issuer – Emiratisation*") and believes that it has effective staff recruitment, training and incentive programmes in place, if it was unable to retain key members of its senior management and/or remove underperforming staff and/or hire new qualified personnel in a timely manner, this could have a material adverse effect on its business, results of operations, financial condition and prospects.

### ***ENBD's business is dependent on its information and technology systems which are subject to potential cyber-attack***

In common with other financial institutions based in the MENAT region and elsewhere in the world, there is a growing threat to the security of ENBD's information and customer data from cyber-attacks. Activists, rogue states and cyber criminals are amongst those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could have an adverse effect on ENBD's business, results of operations, financial condition and prospects.

## **Risks relating to the UAE and the MENAT region**

### ***Political, economic and related considerations***

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that ENBD's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the MENAT region. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the GCC and the UAE, especially in Dubai. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates, could be adversely affected by any future slowdown.

No assurance can be given that the UAE Government will not implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have an adverse effect on ENBD's business, financial condition, results of operations, prospects or ability to perform its obligations under the Programme, or which could adversely affect the market price and liquidity of the Notes.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the MENAT region are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the MENAT region may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the MENAT region, including Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, Tunisia, Turkey and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. Additionally, in June 2017 a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and Egypt severed diplomatic relations with the State of Qatar, citing the State of Qatar's alleged support for terrorism and accusing the State of Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans. There are also ongoing tensions between the United States and Iran, which were heightened in January 2020 following the killing of Iranian General Qasem Soleimani by a United States drone strike and retaliatory attacks by Iran on United States military bases in the Republic of Iraq.

These situations have caused significant disruption to the economies of affected countries and may have had a destabilizing effect on international oil and gas prices. For instance, between July 2014 and January 2016, international crude oil prices declined dramatically (falling by approximately 75 per cent. from a high monthly average OPEC Reference Basket price per barrel of U.S.\$107.9 in July 2014, to a monthly average price of U.S.\$26.50 in January 2016) (see further "*Risk Factors – Risks relating to ENBD's business which may affect its ability to fulfil its obligations in respect of Notes issued under the Programme – Risks arising from ENBD's business activities – Market risks*").

Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENAT region could adversely impact the UAE although to date there has been no significant impact on Dubai or the UAE.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate. These steps make it potentially more vulnerable should regional instability increase. In addition, the continued instability affecting countries in the MENAT region could negatively impact the number of foreign businesses seeking to invest in the UAE, whilst also affecting the number of tourists visiting the UAE.

A general downturn, political instability or instability in certain sectors of the UAE or the regional economy could have an adverse effect on ENBD's businesses, financial condition, results of operations and prospects.

#### ***Impact of regulatory changes in the UAE***

ENBD is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure its compliance with economic, social and other objectives and limit its exposure to risk. These regulations include UAE federal laws and regulations (particularly those of the UAE Federal Government and the UAE Central Bank, as well as the laws and regulations of the other countries in which ENBD operates) (in particular, see "*The United Arab Emirates Banking and Financial Services System – Recent Trends in Banking*"). Such regulations may, amongst other things, limit ENBD's ability to increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business.

Any changes in the laws and regulations and/or the manner in which they are interpreted or enforced may have a material adverse effect on ENBD's business, results of operations, financial condition and prospects. In particular, any changes in UAE Central Bank regulations or policy may affect ENBD's reserves, provisions, impairment allowances and other applicable ratios. For example, in accordance with Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27

May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**"), ENBD must comply with certain qualitative and quantitative liquidity requirements (see "*The United Arab Emirates Banking and Financial Services System*").

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are supported by accompanying standards, including the Standard for Capital Adequacy of Banks in the UAE issued on 7 January 2020 (the "**Capital Standards**"). The Capital Standards elaborate on the supervisory expectations of the UAE Central Bank, as set out in the February 2017 Regulations, with respect to the relevant Basel III capital adequacy requirements and how they will be applied by the UAE Central Bank to banks in the UAE. This impacts the capital requirements of UAE banks, including ENBD. Any failure by ENBD to maintain required regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on the Issuer's business, financial condition, results of operations and prospects.

In addition, Federal Law No. (14) of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities (the "**2018 Federal Law**") (Article 116) indicates that the UAE Central Bank shall establish a resolution framework for financial institutions, pursuant to which, in the case of a deficiency in an institution's financial position, the UAE Central Bank may take certain actions for the protection of the concerned institution and its depositors. These may include (without limitation) requesting a court to liquidate or declare bankrupt such institution, or prepare a plan for transfer of its assets and liabilities, in accordance with established laws. The timing and content for any such framework are uncertain. The exercise (or perceived likelihood of exercise) of any such action by the UAE Central Bank or any suggestion of such exercise could materially adversely affect the value of any Notes issued under the Programme and could lead to holders losing some or all of their investment in such Notes.

Furthermore, non-compliance with regulatory guidelines could expose ENBD to potential liabilities and fines. Although ENBD works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

#### ***Terrorism and political conflicts relating to Turkey***

DenizBank primarily operates in Turkey. Turkey is located in a region which has been subject to ongoing political and security concerns, especially in recent years. As a result of the conflict in Syria, more than three million Syrian refugees have fled to Turkey and more can be expected to cross the Turkish-Syrian border if the unrest in Syria continues or escalates. The ongoing conflict in Syria has been the subject of significant international attention and its impact and resolution is difficult to predict. Any continuation or escalation of political instability or international military intervention in Syria and/or a more aggressive stance by the allies of Bashar al-Assad (the President of Syria) against Turkey may act as a destabilising factor for Turkey. The high number of refugees within Turkey's borders and foreign agents infiltrating both refugee camps and local communities remain current threats. Unrest in other countries may affect Turkey's relationships with its neighbours, have political implications in Turkey or otherwise have a negative impact on Turkey's economy which may impact DenizBank's profitability.

In recent years, Turkey has also experienced a number of terrorist incidents. These incidents have contributed to a significant reduction in levels of tourism and tourism receipts in 2016, which led to a decrease in GDP in the third quarter of 2016. Although, tourism receipts increased by 56 per cent. from 2016 to 2019 (source: Republic of Turkey Ministry of Culture and Tourism), Turkey's GDP has continued to decline from U.S.\$863.7 billion in 2016 to U.S.\$771.4 billion in 2018 (source: World Bank). If additional attacks occur in the future, Turkey's capital markets, levels of tourism and foreign investment, among other things, may suffer, or may suffer further.

The above factors may have a material adverse effect on DenizBank's business, financial condition, results of operations and prospects which could negatively impact DenizBank's contribution to ENBD's consolidated financial position.

#### ***Changes in the policy of the CBT on reserve requirements and interest rates in Turkey***

In order to simplify the structure of reserve requirements that are used as monetary and macro prudential policy tools, the CBT adopted a new approach in 2010 to reduce macro financial risk. In early 2017, the CBT took a number of measures against soaring exchange rates, with limited success. In light of the CBT

being unable to achieve the desired levels of exchange rates, it took steps to tighten the Turkish lira liquidity and suggested using a late liquidity window, which is a measure used only in exceptional circumstances. As a consequence, in 2017, instead of borrowing from 8 per cent. of the weekly repo auction and 8.5 per cent. interest from the overnight borrowing facility, Turkish banks had to borrow overnight at an interest rate of 8.5 per cent. and borrow at a late liquidity window interest rate of 10 per cent. Since 2017, the late liquidity window interest rate has increased, reaching 27.0 per cent. in July 2019 before falling to 13.8 per cent. in February 2020. Similarly, the overnight interest rate has increased, reaching 25.5 per cent. in September 2018 before falling to 12.25 per cent. in February 2020. DenizBank may not be able to pass on any increased costs associated with such regulatory changes to its customers, particularly given the high level of competition in the Turkish banking market and as such DenizBank's profitability might be materially adversely impacted.

Changes in CBT policy and new laws or regulations may increase DenizBank's cost of doing business or limit its activities and might be adopted, enforced or interpreted in a manner that could have an adverse effect on DenizBank's business, financial condition, cash flows and results of operations. In addition, such measures could also limit or reduce growth of the Turkish economy and consequently the demand for DenizBank's products and services. Such increased costs, limitations in the business activities of DenizBank or reduced demand for DenizBank's products and services could negatively impact the contribution DenizBank makes to the consolidated financial position of ENBD.

#### ***The GCC may enter into a monetary union and potential removal of the peg to the U.S. dollar***

There is the possibility that some countries in the GCC may abandon their respective national currencies in favour of a single GCC currency. If a single GCC currency is adopted, the necessary convergence of laws, policies and procedure will bring significant changes to the economic and political infrastructure in each of the GCC states. As yet there has been no announcement of any monetary union and there are currently no details of new legislation or policies. There is also the possibility that some countries in the GCC could remove or devalue their currency peg to the U.S. dollar. Investors should, however, be aware that new legislation and any resulting shift in policy and procedure in the UAE, including currency de-pegging or devaluation, could affect the ability of ENBD to perform its obligations in respect of the Programme and any issue of Notes thereunder.

#### **Risks relating to enforcement of ENBD's obligations under Notes issued under the Programme**

##### ***UAE bankruptcy law***

In the event of the insolvency of ENBD, UAE bankruptcy law may adversely affect the ability of ENBD to perform its obligations under the Notes issued by it. There is little precedent to predict how a claim on behalf of Noteholders against ENBD would be resolved in the case of the insolvency of ENBD (including the approach that would be adopted by a liquidator or analogous insolvency official in respect of any subordination agreed as a matter of contract between ENBD and any of its creditors).

##### ***Enforcing foreign arbitration awards and foreign judgments in Dubai***

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

ENBD has irrevocably agreed to the Notes, the Agency Agreement, the Deed of Covenant (each as defined in the terms and conditions (the "**Conditions**")) and the Programme Agreement (as defined in "*Subscription and Sale*") being governed by English law. Unresolved disputes in relation to the Notes, the Agency Agreement, the Deed of Covenant and/or the Programme Agreement (as applicable) will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised, any dispute may also be referred to the courts of England (or another court of competent jurisdiction as the relevant party may elect). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court there is no assurance that ENBD has or would at the relevant time have assets in the United Kingdom against which such arbitral award or judgment could be enforced. ENBD is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE. To the extent that the enforcement of remedies must be pursued in the



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

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

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

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration, or enforcement would be contrary to the public policy of the UAE. How the New York Convention provisions would be interpreted and applied by the Dubai courts in practice and whether the Dubai courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention) remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards. Article 86 of Cabinet Resolution No. (57) of 2018 Concerning the Executive Regulations of the Civil Procedure Law ("**Cabinet Resolution 57 of 2018**") states that Article 85 applies to foreign arbitration awards, although Article 88 states that Articles 85 to 87 do not prejudice the provision of treaties and agreements entered into by the UAE with other States (which includes the New York Convention). Under Article 85 of Cabinet Resolution 57 of 2018, a judgment or order of a non-UAE court may be enforced by the Dubai courts without further consideration of the merits of the case if, amongst other considerations, there is reciprocity of enforcement between the UAE and the country in which the non-UAE judgment or order has been granted. If the UAE courts decide to apply Article 86 of Cabinet Resolution 57 of 2018 in any action to enforce a foreign arbitration award in the UAE, it is likely that a foreign arbitration award would be refused enforcement.

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

Without prejudice to the limited nature of the remedies set out in Condition 9 (*Events of Default*), in the event that ENBD fails to perform its obligations under the Notes, the potential remedies available to the Noteholders may include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. An order for specific enforcement is at the discretion of the court and there is no assurance that a court will provide such an order. The amount of damages which a court may award in respect of a breach may depend upon a number of factors including Condition 9 (*Events of Default*) and an obligation on the Noteholders to mitigate any loss arising as a result of the breach. No assurance is provided as to the extent to which a court may award damages in the event of a failure by ENBD to perform its obligations as set out in the Notes.

### ***Sovereign immunity***

Under the Notes ENBD has waived its rights in relation to sovereign immunity in respect of such documents. However, there can be no assurance as to whether such waivers of immunity from suit, execution or attachment or other legal process by ENBD under the Notes are legal, valid, binding and enforceable under the laws of the UAE and applicable in Dubai.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Notes subject to early redemption for tax reasons***

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes as set out in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction 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 Notes, the Issuer may redeem all but not some only of the outstanding Notes of such Tranche in accordance with Condition 6(b) (*Redemption and Purchase – Redemption for Tax Reasons*).

#### ***Partly paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### ***Regulation and reform of "benchmarks" may adversely affect the trading market for, value of and return on Notes based on such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, the London interbank offered rate ("**LIBOR**") and the euro interbank offered rate ("**EURIBOR**")) 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.

The Benchmarks Regulation became applicable from 1 January 2018. The 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 or the UK. Among other things it requires benchmark administrators to be authorised or registered (by a national regulator, unless an exception applies) (or, if they are not based in the EU or the UK, to be subject to an equivalent regime otherwise recognised or endorsed) and prevents certain uses by EU or UK supervised entities of benchmarks administered by administrators that are not authorised or registered (or, if they are not based in either the EU or the UK, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a benchmark. In particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmarks Regulation and such changes could, among 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 or 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.

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it would no longer persuade or compel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after the end of 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmarks Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk-free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("SONIA") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

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. On 13 September 2018, the working group on euro risk-free rates recommended the Euro Short-Term Rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of any benchmark, the transition of an existing benchmark to an alternative benchmark or a risk-free overnight rate or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 4(k) (*Benchmark Replacement*)), or result in adverse consequences to holders of any Notes linked to such benchmark. 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 Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative 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 Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes (as defined in the Conditions) 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), the relevant fallback provisions may not operate as intended at the relevant time.

Additionally, in order to facilitate the calculation of a Successor Rate or Alternative Reference Rate, and in each case, the applicable Adjustment Spread, the Conditions provide that ENBD may vary the Conditions and/or the Agency Agreement without any requirement for the consent or approval of the Noteholders.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark and the material adverse effect these may have on the value or liquidity of, and return on, any Notes which reference any such benchmark.

*The market continues to develop in relation to risk-free rates (including overnight rates) which are possible reference rates for the Notes*

Investors should be aware that the market continues to develop in relation to risk-free rates such as SONIA, the Secured Overnight Financing Rate ("SOFR") and €STR as reference rates in the capital markets for sterling, U.S. dollar or euro bonds, respectively, and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, including term SONIA, SOFR and €STR reference rates (which seek to measure the market's forward expectation of an average SONIA rate, SOFR or €STR over a designated term).

The use of SONIA, SOFR and €STR as a reference rate for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. In particular, investors should be aware that several different SOFR methodologies have been used in SOFR linked notes issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference such risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA, SOFR or €STR that differ materially in terms of interest determination when compared with any previous SONIA, SOFR or €STR referenced Notes issued by it under the Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes that reference a risk-free rate issued under the Programme from time to time. In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates 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 Notes referencing such risk-free rates.

*Risk-free rates differ from LIBOR and EURIBOR in a number of material respects and have a limited history*

Risk-free rates may differ from LIBOR, EURIBOR or other interbank offered rates in a number of material respects, including (without limitation) by, in most cases, being backwards-looking, calculated on a compounded or weighted average basis and risk-free overnight rates, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term and include a risk-element based on interbank lending. As such, investors should be aware that LIBOR, EURIBOR and other interbank offered rates and any risk-free rates may behave materially differently as interest reference rates for the Notes.

Interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-linked Notes or EURIBOR-linked Notes, if Notes referencing backwards-looking SONIA, SOFR or €STR become due and payable under Condition 9 (*Events of Default*) or are otherwise redeemed early on a date

which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The use of risk-free rates as a reference rate for Eurobonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such risk-free rates.

Notes referencing risk-free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of subsequently issued indexed debt securities as a result. Further, if the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any Notes.

*The administrator of SONIA, SOFR or €STR may make changes that could change the value of SONIA, SOFR or €STR or discontinue SONIA, SOFR or €STR*

The Bank of England, The New York Federal Reserve (or a successor) or the European Central Bank, as administrator of SONIA, SOFR and €STR respectively, may make methodological or other changes that could change the value of SONIA, SOFR or €STR, including changes related to the method by which SONIA, SOFR or €STR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA, SOFR or €STR.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Fixed Rate Notes*

An investment in Fixed Rate Notes involves the risk that subsequent changes in market rates may materially and adversely affect the value of such Fixed Rate Notes.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*The Issuer's obligations under Subordinated Notes are subordinated and in the event that the Issuer is not solvent at the time of payment, the entitlement of holders of Subordinated Notes to receive any amounts under the Subordinated Notes could be affected*

The Issuer's obligations under the Subordinated Notes issued by it will be unsecured and will be subordinated to all unsubordinated payment obligations of the Issuer as set out in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*).

Payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon:

- (a) the Issuer being solvent (as defined in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*)) at the time of such payment; and
- (b) the Issuer being capable of making such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still being solvent immediately thereafter.

If the Issuer is wound up, liquidated or dissolved (or any other analogous action was taken), the relevant liquidator (or analogous insolvency official appointed in relation to the Issuer), may apply the assets of the Issuer to satisfy all claims of the Senior Creditors (as defined in Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*)). In such a situation, and if the condition as to solvency set out above is not satisfied, the holders of the Subordinated Notes may not be entitled to receive any amounts under the Subordinated Notes.

*Changes to the Basel regulatory framework as implemented in the UAE may have an effect on the Subordinated Notes*

The Basel Committee on Banking Supervision (the "**Basel Committee**") has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued guidance (the "**Basel III Reforms**") on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**").

The Basel III Reforms provide that instruments, such as the Subordinated Notes, which do not contain any contractual terms providing for, at the option of the relevant authority, the writing off of the principal amount of such instruments or the conversion of such instruments into ordinary shares upon the occurrence of a Non-Viability Event (as defined below), will, subject to implementation of the Basel III Reforms and to applicable transitional provisions, cease to be eligible to count in full as regulatory capital from 1 January 2013 unless, among other things, the jurisdiction of the relevant bank has in place laws that: (i) require such instruments to be written down upon the occurrence of a Non-Viability Event; or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss.

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are supported by accompanying standards, including the Standard for Capital Adequacy of Banks in the UAE issued on 7 January 2020 (the "**Capital Standards**"). The Capital Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements and how they will be applied by the UAE Central Bank to banks in the UAE. This impacts the capital requirements of UAE banks, including ENBD. Any failure by ENBD to maintain required regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on ENBD's business, financial condition, results of operation and prospects.

As at the date of this Base Prospectus, the UAE has not implemented a law that would require loss absorbency for bank capital instruments on the occurrence of a Non-Viability Event. While the February 2017 Regulations and Capital Standards confirm that any capital instruments issued by UAE banks must contain a loss absorption feature on the occurrence of a Non-Viability Event in order to achieve Regulatory Capital classification from the UAE Central Bank, this loss absorption feature must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus. To the extent that the UAE introduces a statutory resolution regime to implement loss absorbency upon the occurrence of a Non-Viability Event, either through the writing off of the principal amount of the instruments or the conversion of such instruments into ordinary shares, it is unclear how such a regime will apply to banks in the UAE or how it may be interpreted within the UAE and whether and to what extent it will affect any Subordinated Notes issued from time to time under the Programme.

If the implementation by the UAE of any such statutory loss absorption regime or any other relevant laws, rules or guidelines gives rise to a Regulatory Redemption Event (as defined and more particularly described in Condition 6(c) (*Redemption for regulatory reasons (Regulatory Call)*)), in respect of the Subordinated Notes, the Subordinated Notes may be redeemed pursuant to Condition 6(c) (*Redemption for regulatory reasons (Regulatory Call)*) without the consent of the Noteholders at any time after the applicable notice period to the Noteholders. See "*The Subordinated Notes may be redeemed prior to their final maturity date due to the occurrence of a Regulatory Redemption Event*".

As used herein, "**Non-Viability Event**" means the earlier of: (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would become non-viable, in each case as determined by the relevant authority. This definition is for illustrative purposes only and may not necessarily reflect the meaning ascribed to the term "Non-Viability Event" (or any term equivalent thereto) pursuant to any law or regulation implementing the loss absorbency requirement in the UAE as part of the Basel III Reforms.

*The Subordinated Notes may be redeemed prior to their final maturity date due to the occurrence of a Regulatory Redemption Event*

Upon the occurrence and continuation of a Regulatory Redemption Event, the Subordinated Notes may be redeemed, together with any accrued but unpaid interest, in accordance with the Conditions but without the consent of the Noteholders (as more particularly described in Condition 6(c) (*Redemption for regulatory reasons (Regulatory Call)*)). In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the Early Redemption Amount. Potential investors should consider re-investment risk in light of other investments available at that time.

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

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

*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 Renminbi Notes*

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

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on

the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Although Renminbi was added to the Special Drawing Rights basket created by the IMF in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBoC**") in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that 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. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. 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 Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes*

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.

While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong; has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement, and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business-participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*Investment in the Renminbi Notes 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. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to the Renminbi Notes unless otherwise specified. 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 Notes in that foreign currency will decline.



*An investment in Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest 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 Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in Renminbi interest rates. If holders of the Renminbi Notes try to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

*Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes*

All payments to investors in respect of the Renminbi Notes will be made solely: (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary for Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong; (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures; or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws*

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident enterprise from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual resident Holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual Holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

*Risks related to Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

*Modification and substitution*

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Agent and the Issuer may agree, without the consent of Noteholders, to any modification of any Notes, in the circumstances specified in Condition 14.

The Conditions also provide that ENBD may at any time, without the consent of Noteholders, agree to the substitution of a member of the Group, as defined in Condition 3 (*Negative Pledge*), as principal debtor under any Notes in place of itself, in the circumstances described in Condition 17 (*Substitution*) subject, in particular, to ENBD obtaining appropriate confirmation that the substitution will not (or would not) result in a downgrade of the then current credit ratings afforded to the Notes (the "**ratings test**").

Accordingly, investors should be aware that ENBD's substitution may be effected without the consent of Noteholders and will only be subject to the ratings test being satisfied. Such investors should also be aware that: (i) any rating agency which has rated (or may be asked to rate) any Notes as part of the ratings test will not take the interests of such investors into account when so doing; (ii) any such rating will be focussed solely on a credit analysis of the Notes and may not address any other particular areas of concern for such investors; and (iii) any such rating may subsequently be downgraded or withdrawn within a very short time period without investors having any rights as a result.

#### *No third-party guarantees*

Investors should be aware that no guarantee is given in relation to the Notes by the Government of Dubai (see also "*Principal shareholder and governmental support*" above) or any other third parties.

#### *Trading in the clearing systems*

In relation to any issue of Notes 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 Notes may be traded in amounts 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 at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

If a Noteholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Noteholder may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Note.

#### *Conflicts of interest – Calculation Agent*

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

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

##### *Absence of secondary market/limited liquidity*

There is no assurance that a market for the Notes of any Series will develop or, if it does develop, that it will continue for the life of such Notes. Accordingly, a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. The market value of the Notes may fluctuate and a lack of liquidity, in particular, can have a severe adverse effect on the market value of the Notes. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes 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. 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 Notes; (b) the Investor's Currency-equivalent value of the principal payable on the Notes; and (c) the Investor's Currency-equivalent market value of the Notes.

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

### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer or to the Notes. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above, or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

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

If the status of the rating agency rating the Notes changes, European and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European and UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

## OVERVIEW OF ALTERNATIVE PERFORMANCE MEASURES

The list below presents "Alternative Performance Measures" as defined in the European Securities and Markets Authority Guide to Alternative Performance Measures. These financial measures presented by ENBD in this Base Prospectus provide useful supplementary information for management, as they facilitate the evaluation of company performance and should be read in conjunction with ENBD's financial statements in this Base Prospectus. The basis of calculating these performance measures along with the rationale for including them is explained below. As companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies.

| Metric                             | Calculation                                                                                                                                                                                                                                                                   | Rationale for inclusion                                                                                                                                                                                                       |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cost to income ratio               | Calculated as general and administrative expenses divided by total operating income                                                                                                                                                                                           | Also called efficiency ratio; it is used to assess the amount of cost spent to earn income expressed as a percentage. It compares total cost with income                                                                      |
| Impairment coverage ratio          | Expected credit losses divided by total of credit impaired loans and receivables and credit impaired Islamic financing receivables                                                                                                                                            | This measures the sufficiency of provisions set aside to cover impaired loans and receivables and impaired Islamic financing receivables. This is a widely used measure to assess the asset quality of banks                  |
| Loans to deposit ratio             | Calculated as the sum of loans and receivables and Islamic financing receivables divided by the sum of customer deposits and Islamic customer deposits                                                                                                                        | This is a measure of a bank's ability to fund its loan portfolio through its deposit base. A ratio of 100 per cent. or less shows that a bank is funding all its loans from deposits rather than relying on wholesale funding |
| Net interest margin                | Calculated as yield minus cost of funds. Yield is calculated as interest and similar income divided by the daily average of interest bearing assets. Cost of funds is calculated as interest and similar expense divided by the daily average of interest bearing liabilities | This measures the spread a bank makes on its lending activities. This is a critical success factor for banks as it will have a significant impact on a bank's profitability                                                   |
| Net loan growth                    | This is the percentage increase in the sum of loans and receivables and Islamic financing receivables over the period                                                                                                                                                         | This is a measure of a bank's ability to grow its loan portfolio                                                                                                                                                              |
| Non-performing/impaired loan ratio | Calculated as impaired loans divided by gross loans (where gross loans is calculated as the sum of the total gross loans and receivables to customers and total gross Islamic financing receivables)                                                                          | This measures bad loans as a percentage of total loans. This is a widely used measure to assess the asset quality of banks                                                                                                    |

## 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 CSSF and the DFSA shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the unaudited condensed consolidated interim financial statements of ENBD as at and for the three months ended 31 March 2020 ([http://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates\\_NBD\\_Financial\\_Statements\\_Q1\\_2020\\_English2.pdf](http://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates_NBD_Financial_Statements_Q1_2020_English2.pdf)), including:
  - (i) consolidated interim statement of financial position (page 2);
  - (ii) consolidated interim income statement (page 3);
  - (iii) consolidated interim statement of comprehensive income (page 4);
  - (iv) consolidated interim statement of cash flows (pages 5-6);
  - (v) consolidated interim statement of changes in equity (page 7);
  - (vi) notes to the consolidated interim financial statements (pages 8-34); and
  - (vii) independent auditors' review report (page 1); and
- (b) the audited consolidated financial statements of ENBD as at and for the year ended 31 December 2019 ([https://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates\\_NBD\\_Financial\\_Statements\\_FY\\_2019\\_English.pdf](https://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates_NBD_Financial_Statements_FY_2019_English.pdf)), including:
  - (i) consolidated statement of financial position (page 9);
  - (ii) consolidated income statement (page 10);
  - (iii) consolidated statement of comprehensive income (page 11);
  - (iv) consolidated statement of cash flows (page 12);
  - (v) consolidated statement of changes in equity (pages 13-14);
  - (vi) notes to the consolidated financial statements (pages 15-125); and
  - (vii) independent auditors' report (page 1-8);
- (c) the audited consolidated financial statements of ENBD as at and for the year ended 31 December 2018 ([https://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates\\_NBD\\_Financial\\_Statements\\_FY\\_2018\\_English.pdf](https://www.emiratesnbd.com/plugins/FinanceManagement/QuarterlyReports/FinancialEng/Emirates_NBD_Financial_Statements_FY_2018_English.pdf)), including:
  - (i) consolidated statement of financial position (page 7);
  - (ii) consolidated income statement (page 8);
  - (iii) consolidated statement of comprehensive income (page 9);
  - (iv) consolidated statement of cash flows (page 10);
  - (v) consolidated statement of changes in equity (pages 11-12);
  - (vi) notes to the consolidated financial statements (pages 13-125); and
  - (vii) independent auditors' report (page 1-6);

- (d) the Terms and Conditions of the Notes contained in the Base Prospectus dated 25 July 2018, pages 41 to 80 (inclusive) ([https://www.emiratesnbd.com/en/assets/File/InvestorRelations/Base\\_Prospectus\\_2018.pdf](https://www.emiratesnbd.com/en/assets/File/InvestorRelations/Base_Prospectus_2018.pdf)); and
- (e) the Terms and Conditions of the Notes contained in the Base Prospectus dated 4 July 2019, pages 48 to 91 (inclusive) ([https://www.emiratesnbd.com/en/assets/File/InvestorRelations/Base\\_Prospectus\\_2019.pdf](https://www.emiratesnbd.com/en/assets/File/InvestorRelations/Base_Prospectus_2019.pdf)).

In addition, copies of documents incorporated by reference in this Base Prospectus can be obtained from the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu) and, upon request, free of charge, from the registered office of ENBD and from the specified offices of the Paying Agents for the time being in London and Luxembourg.

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

Following the publication of this Base Prospectus a supplement may be prepared by ENBD and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation and the DFSA. 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.

Any information contained in or incorporated by reference in any of the documents specified in (a) – (e) 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.

For the avoidance of doubt, unless specifically incorporated by reference herein, information contained on any websites referenced herein does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF or the DFSA.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons and talons attached, or registered form, without interest coupons attached. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**").

### **Bearer Notes**

Each Tranche of Bearer Notes will initially be issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Final Terms, a permanent Global Note (a "**Permanent Bearer Global Note**") which, in either case, will be delivered on or prior to the original issue date of the Tranche (as defined under "*Terms and Conditions of the Notes*") to a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/ or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (a) interests in a Permanent Bearer Global Note of the same Series; or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender specified in the applicable Final Terms.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either: (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein; or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have 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 no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The option for a Temporary Bearer Global Note to be exchangeable for definitive Bearer Notes by giving notice should not be expressed to be applicable under applicable Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples

of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes. For the avoidance of doubt, if Notes are to be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof as specified in the applicable Final Terms, the Notes cannot be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

In the event that a Permanent Bearer Global Note is exchanged for definitive Bearer Notes, such definitive Bearer Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Bearer Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. For the avoidance of doubt, Notes will only be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof if the applicable Final Terms specifies in the limited circumstances described in the Permanent Global Note. For the avoidance of doubt, if Notes are to be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof as specified in the applicable Final Terms, the Notes cannot be represented on issue by a Permanent Bearer Global Note exchangeable for Definitive Notes.

The following legend will appear on all Permanent Bearer Global Notes and definitive Bearer Notes where TEFRA D is specified in the applicable Final Terms receipts and interest coupons and talons relating to such Bearer Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

Each Tranche of Registered Notes will initially be represented by a global note in registered form (a "**Registered Global Note**"). Registered Global Notes will be deposited with the Common Depositary and registered in the name of the Common Depositary or its nominee. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(d)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Payments of principal, interest or any other amount in respect of the Registered Global Note 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 (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Registered Global Note is being held is open for business.



Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

## **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point in time after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and International Securities Identification Number ("**ISIN**") which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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 as may be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 9 July 2020 and executed by ENBD.

## APPLICABLE FINAL TERMS

**[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 Notes has led to the conclusion that: (i) the target market for the Notes 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 Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS]** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "**MiFID II**")][**MiFID II**]; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[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 (Chapter 289 of Singapore) (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes 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.)

Final Terms dated [●]

**EMIRATES NBD BANK PJSC**  
**(LEI CODE: 54930029BCN8HF3B1286)**  
**(the "Issuer")**

**Issue of [●] [●]**  
**under the U.S.\$12,500,000,000**

### **EURO MEDIUM TERM NOTE PROGRAMME**

#### **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated 9 July 2020 [and the supplement[s] to the base prospectus dated [●] [and [●]]] which [together] constitute[s] a Base Prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus.]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated [25 July 2018][4 July 2019], which are incorporated by reference into the Base Prospectus dated 9 July 2020. These Final Terms contain the final terms of the Notes and must be read in conjunction with the base prospectus dated 9 July 2020 [and the supplement[s] to the base prospectus dated [●] [and [●]]] which [together] constitute[s] a Base Prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation, save in respect of the Conditions which are set forth in the Base Prospectus dated [25 July 2018][4 July 2019] and are incorporated by reference in the

---

<sup>1</sup> Include where Part B item 7(g) of the Final Terms specifies "Applicable".

Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu>, the website of Nasdaq Dubai at <http://www.nasdaqdubai.com> and during normal business hours from the registered office of the Issuer at Baniyas Road, Deira, P.O. Box 777, Dubai, UAE and the specified office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

1. (a) Series Number: [●]
  - (b) [Tranche Number: [●]]
  - (c) [Date on which the Notes become fungible: [●]]
  2. Specified Currency: [●]
  3. Aggregate Nominal Amount: [●]
  - (a) [Series: [●]]
  - (b) [Tranche: [●]]
  4. Issue Price: [●] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [●]]
  5. (a) Specified Denominations: [●]
  - (b) Calculation Amount: [●]
  6. (a) Issue Date: [●]
  - (b) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
  7. Maturity Date: [●]
- [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]*
- (Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification in accordance with a Business Day Convention, it will be necessary to use the following wording:*
- "Interest Payment Date falling in or nearest to [specify month]"*)
8. Interest Basis: [[●] per cent. Fixed Rate]
  - [[●] +/- [●] per cent. Floating Rate]
  - [Zero Coupon]
  - (further particulars specified below)

9. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Regulatory Call]  
[Change of Control Put]

10. (a) Status of the Notes: [Senior/Subordinated]  
(b) [Date of [Board/Shareholder] [●]]  
approval for issuance of Notes  
obtained:

# **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

11. Fixed Rate Note Provisions [Applicable/Not Applicable]  
(a) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]  
(b) Interest Payment Date(s): [●] in each year [up to and including the Maturity Date]

*(For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification, specify a Business Day Convention in paragraph 11(g) below (which is expected to be the Modified Following Business Day Convention) and add the words", subject to adjustment in accordance with the Business Day Convention. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●]" after "Maturity Date" in this subparagraph (b))*

- (c) Fixed Coupon Amount(s): [[●] per Calculation Amount/See Condition 4(a)(B)]

In respect of Notes in global form, see Condition 4(a)(A)

*(Applicable to Notes in definitive form)*

*(For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification in accordance with a Business Day Convention, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.")*

- (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]

- (e) Day Count Fraction: [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed) (*Applicable for Renminbi denominated Fixed Rate Notes*)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360]  
 [30E/360]  
 [30E/360 (ISDA)]  
 [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year]/[Not Applicable]
- (g) Business Day Convention: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *[specify other]*]
12. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [•] in each year, subject to adjustment in accordance with (c) below
- (b) First Interest Payment Date: [•]/[Not Applicable]
- (c) Effective Interest Payment Date: [The date falling [•] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption (include for Payment Delay only)] / [Not Applicable]<sup>2</sup>
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (e) Additional Business Centre(s): [[•]/Not Applicable]
- (f) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (g) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Principal Paying Agent): [•]

<sup>2</sup> *Effective Interest Payment Dates should be at least 5 Business Days after the Interest Payment Dates, unless otherwise agreed with the Principal Paying Agent.*

- (h) Screen Rate Determination:
- Reference Rate: [AUD  
LIBOR/BBSW/EIBOR/€STR/EURIBOR/HIBOR  
/JPY LIBOR/  
LIBOR/PRIBOR/SAIBOR/SHIBOR/ SONIA/  
SOFR/ TRLIBOR]
  - Interest Determination Date(s): [•]/[The date falling [•] Business Days prior to the first day of each Interest Period]/[First day of each Interest Period]/[The [first/second/third/[•]] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][provide details]/[The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]]<sup>3</sup>
  - Relevant Screen Page: [•]
  - Relevant Financial Centre [•]
  - Relevant Time [•]
  - Calculation Method: [Compounded Daily]/[Weighted Average]/[Not Applicable]
  - Observation Method: [Lag]/[Lock-out]/[Observation Shift]/[Payment Delay]/[Not Applicable]
  - Observation Look-back Period: [•]/[Not Applicable]<sup>4</sup>
  - D: [365]/[360]/[•]/[Not Applicable]
  - Rate Cut-off Date: [The date falling [•] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – *used for Payment Delay only*]<sup>5</sup>/[Not Applicable]
- (i) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]

<sup>3</sup> To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR.

<sup>4</sup> The length of the Observation Look-back Period should be at least as many Business Days as the period between the Interest Payment Date and the Interest Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".

<sup>5</sup> The Rate Cut-off Date should be at least 5 Business Days before the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Principal Paying Agent.

|     |                                                             |                                                                                                                                                                                                               |
|-----|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | • [ISDA Supplement]:                                        | Benchmarks [Applicable] [Not Applicable]                                                                                                                                                                      |
| (j) | Linear Interpolation:                                       | [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )] |
| (k) | Margin(s):                                                  | [+/-][●] per cent. per annum                                                                                                                                                                                  |
| (l) | Minimum Rate of Interest:                                   | [●] per cent. per annum                                                                                                                                                                                       |
| (m) | Maximum Rate of Interest:                                   | [●] per cent. per annum                                                                                                                                                                                       |
| (n) | Day Count Fraction:                                         | [Actual/Actual (ISDA)]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360]<br>[30E/360]<br>[30E/360 (ISDA)]<br>[Actual/Actual (ICMA)]                                              |
| 13. | Zero Coupon Note Provisions                                 | [Applicable/Not Applicable]                                                                                                                                                                                   |
| (a) | Accrual Yield:                                              | [●] per cent. per annum                                                                                                                                                                                       |
| (b) | Reference Price:                                            | [●]                                                                                                                                                                                                           |
| (c) | Day Count Fraction in relation to Early Redemption Amounts: | [●]<br>[30/360]<br>[Actual/360]<br>[Actual 365]                                                                                                                                                               |
| 14. | Details relating to Partly Paid Notes:                      | [Applicable/Not Applicable]                                                                                                                                                                                   |
| (a) | Instalment Amounts:                                         | [[●],[●],[●]]                                                                                                                                                                                                 |
| (b) | Instalment Dates:                                           | [[●],[●],[●]]                                                                                                                                                                                                 |
| 15. | Reset Note Provisions:                                      | [Applicable/Not Applicable]                                                                                                                                                                                   |
| (a) | Initial Rate of Interest:                                   | [●] per cent. per annum [payable [annually/semiannually/ quarterly/monthly] in arrear]                                                                                                                        |
| (b) | Interest Payment Date(s):                                   | [●] in each year [up to and including the Maturity Date]                                                                                                                                                      |
| (c) | Day Count Fraction:                                         | [Actual/Actual (ISDA)]<br>[Actual/365 (Fixed)]                                                                                                                                                                |

|     |                                    |                 |                                                                                                                 |
|-----|------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------|
|     |                                    |                 | [Actual/365 (Sterling)]                                                                                         |
|     |                                    |                 | [Actual/360]                                                                                                    |
|     |                                    |                 | [30/360]                                                                                                        |
|     |                                    |                 | [30E/360]                                                                                                       |
|     |                                    |                 | [30E/360 (ISDA)]                                                                                                |
|     |                                    |                 | [Actual/Actual (ICMA)]                                                                                          |
| (d) | Determination Date(s):             |                 | [[●] in each year/Not Applicable]                                                                               |
| (e) | Reset Date(s):                     |                 | [●]                                                                                                             |
| (f) | Subsequent Rate(s)                 | Reset Reference | Subsequent Reset Reference Rate: [Mid Swaps Reference Bond]                                                     |
| (g) | Mid Swap Benchmark Rate:           |                 | [AUD<br>LIBOR/BBSW/EIBOR/€STR/EURIBOR/HIBOR<br>/JPY<br>LIBOR/LIBOR/PRIBOR/SAIBOR/SHIBOR/SO<br>NIA/SOFR/TRLIBOR] |
| (h) | Relevant Financial Centre:         |                 | [●]                                                                                                             |
| (i) | Reset Margin:                      |                 | [●]                                                                                                             |
| (j) | Subsequent Reset Rate Screen Page: |                 | [●]                                                                                                             |
| (k) | Mid Swap Maturity:                 |                 | [●]                                                                                                             |
| (l) | Reset Determination Date:          |                 | [●]                                                                                                             |
| (m) | Subsequent Reset Rate Time:        |                 | [●]                                                                                                             |
| 16. | Issuer Call:                       |                 | [Applicable/Not Applicable]                                                                                     |
| (a) | Optional Redemption Date(s):       |                 | [●]                                                                                                             |
| (b) | Optional Redemption Amount:        |                 | [●] per Calculation Amount                                                                                      |
| (c) | If redeemable in part:             |                 |                                                                                                                 |
|     | (i) Minimum Redemption Amount:     |                 | [●] per Calculation Amount                                                                                      |
|     | (ii) Maximum Redemption Amount:    |                 | [●] per Calculation Amount                                                                                      |
| 17. | Investor Put:                      |                 | [Applicable/Not Applicable]                                                                                     |
| (a) | Optional Redemption Date(s):       |                 | [●]                                                                                                             |
| (b) | Optional Redemption Amount:        |                 | [●] per Calculation Amount                                                                                      |
| 18. | Regulatory Call:                   |                 | [Applicable/Not Applicable]                                                                                     |
| 19. | Change of Control Put:             |                 | [Applicable/Not Applicable]                                                                                     |



- (a) Change of Control Redemption Amount: [●] per Calculation Amount
20. Final Redemption Amount: 100 per cent. of nominal amount
21. Early Redemption Amount payable on redemption for taxation reasons, regulatory reasons or on event of default: [Not Applicable/Final Redemption Amount/[●] per Calculation Amount]
22. Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]]
- [Registered Notes:
- Registered Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]
- [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[●]/[London]/[Dubai]]
24. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of Emirates NBD Bank PJSC as Issuer:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. ADMISSION TO TRADING

(a) Admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example, the Regulated Market of the Luxembourg Stock Exchange or Nasdaq Dubai) and, if relevant, listing on an official list (for example the Official List of the Luxembourg Stock Exchange or the Official List maintained by the Dubai Financial Services Authority)]* with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example, the Regulated Market of the Luxembourg Stock Exchange or Nasdaq Dubai) and, if relevant, listing on an official list (for example the Official List of the Luxembourg Stock Exchange or the Official List maintained by the Dubai Financial Services Authority)]* with effect from [●].]

(b) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

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

[Fitch: [●]]

[Moody's: [●]]

[Fitch]/[Moody's] is established in the EEA or the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

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

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] [The [Managers/Dealers] and [their/its] 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 Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. **YIELD (Fixed Rate Notes only)** [●] per cent. per annum or a [quarterly]/[semi-annual] basis/[Not Applicable]
5. **OPERATIONAL INFORMATION**
- (a) ISIN: [●]
- (b) Common Code: [●]
- (c) Additional identification code: [CFI Code: [●]/[As set out on the website of the Association of Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]
- [FISN: [●]/[As set out on the website of the Association of Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]
- [●]
- (d) Delivery: [Delivery [against/free of] payment]
- (e) Names and addresses of additional Paying Agent(s) (if any): [●]
6. **THIRD PARTY INFORMATION**
- [[*relevant third party information*] has been extracted from [*specify source*]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not applicable]
7. **DISTRIBUTION**
- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/●]
- (c) Date of [Subscription] Agreement: [●]
- (d) Stabilisation Manager(s) (if any): [Not Applicable/●]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable/●]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (g) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

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 NOTES

The following are the terms and conditions (the "**Conditions**") of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "*Form of the Notes*" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Emirates NBD Bank PJSC ("**ENBD**" and the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 9 July 2020 and made between ENBD, Deutsche Bank AG, London Branch in its capacity as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor such agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and Deutsche Bank Luxembourg S.A. in its capacity as registrar (the "**Registrar**", which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents). The Issuer may appoint a calculation agent pursuant to the provisions of a calculation agency agreement (substantially in the form scheduled to the Agency Agreement) (the "**Calculation Agent**", which expression shall include any additional or successor calculation agent).

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Conditions.

References to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

As used herein, "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 9 July 2020 and made by ENBD. The original Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the specified office of the Principal Paying Agent, the Registrar and each of the other Paying Agents and Transfer Agent (such Agents and the Registrar being together referred to as the "**Agents**"). Copies of the applicable Final Terms may be obtained, upon request, free of charge, from the registered office of ENBD and the specified offices of the Paying Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area or in the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a Base Prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If this Note is admitted to trading on the Luxembourg Stock Exchange's regulated market, the applicable Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). If this Note is admitted to trading on Nasdaq Dubai, the applicable Final Terms will also be available for viewing on the website of Nasdaq Dubai at <http://www.nasdaqdubai.com>. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement (excluding Schedule 2 thereto) or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. **FORM, DENOMINATION, TITLE AND TRANSFER OF REGISTERED NOTES**

### (a) ***Form and denomination***

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Reset Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

This Note is a Senior Note or a Subordinated Note depending upon the Status specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

(b) ***Title***

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**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 nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes 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 Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note, as the case may be, shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

(c) ***Transfer of interests in Global Notes***

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

(d) ***Transfer of Registered Notes in definitive form***

Subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of 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 (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(e) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 6 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(f) ***Costs of registration***

Noteholders 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 mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(g) ***Other***

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 as may be approved by the Issuer and the Principal Paying Agent.

2. **STATUS OF THE NOTES**

2.1 **Status of the Notes**

(a) ***Status of the Senior Notes***

The Senior Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* amongst themselves and at least *pari passu* with the claims of the Issuer's other unsecured and unsubordinated creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

(b) ***Status of the Subordinated Notes***

The Subordinated Notes and any relative Receipts and Coupons are direct, conditional (as described below) and unsecured obligations of the Issuer and rank *pari passu* amongst themselves.

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer and accordingly payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter. For this purpose the Issuer shall be solvent if: (i) it is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities, and, in this Condition 2.1(b) (*Status of the Notes – Status of the Subordinated Notes*) the following expressions shall have the following meanings:

"**Assets**" means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Issuer a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;



**"Liabilities"** means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Issuer) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine; and

**"Senior Creditors"** shall mean creditors of the Issuer (including depositors) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of Subordinated Notes issued by the Issuer.

Each holder of a Subordinated Note unconditionally and irrevocably waives 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 Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under any Subordinated Notes issued by the Issuer.

### 3. **NEGATIVE PLEDGE**

This Condition 3 (*Negative Pledge*) only applies to Senior Notes.

The Issuer undertakes that, so long as any Note is outstanding it shall not and will ensure that none of its Relevant Subsidiaries will create, or have outstanding, any Security Interest upon the whole or any part of its or their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto creating and according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purposes of these Conditions:

**"Auditors"** means a firm of independent auditors of good repute appointed by ENBD;

**"Indebtedness"** means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any liability arising under bonds, sukuk or other securities or any moneys raised under any transaction having the commercial effect of borrowing or raising money including any *Shari'a* compliant alternative of the foregoing;

**"Non-recourse Project Financing Indebtedness"** means any Indebtedness incurred in connection with 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 the Issuer 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 the Issuer in respect of any default by any person under the financing;

**"Permitted Indebtedness"** means Non-recourse Project Financing Indebtedness and Securitisation Indebtedness;

**"Relevant Indebtedness"** means any Indebtedness other than Permitted Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, sukuk certificates or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

**"Relevant Subsidiary"** shall mean a company or corporation:

- (i) 75 per cent. or more of the issued capital of which is beneficially owned, directly or indirectly, by the Issuer; and

- (ii) the book value of the assets of which exceeds 25 per cent. of the book value of the assets of the Group taken as a whole or the revenues of which exceed 25 per cent. of the revenues of the Group taken as a whole and, for these purposes:
- (A) the book value of the assets and revenues of such company or corporation shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and
- (B) the book value of the assets and revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,
- in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared.

A report of the Auditors that in their opinion a company or corporation is or is not or was or was not at any particular time or throughout any specified period a Relevant Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Securitisation Indebtedness"** means any Indebtedness incurred in connection with any securitisation of existing or future assets and/or revenues, provided that: (i) any Security Interest given by the Issuer or any of its Relevant Subsidiaries in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each party participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised; and (iii) there is no other recourse to the Issuer or any of its Relevant Subsidiaries in respect of any default by any person under the securitisation; and

**"Security Interest"** means any mortgage, charge, lien or other security securing any obligation of any party.

#### 4. INTEREST

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

If the Notes are in definitive form and an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, the amount of interest payable on: (a)

each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount; and (b) any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

In the case of a Fixed Rate Note where the Specified Currency is Renminbi and the applicable Final Terms specifies a Business Day Convention to be applicable (an "**Adjusted Renminbi Fixed Rate Note**"), each Interest Payment Date (and, accordingly, the relevant Fixed Rate Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. For this purpose, the provisions relating to the application of a Business Day Convention set out in Condition 4(b)(b)(i) (*Interest – Interest on Floating Rate Notes – Interest Payment Dates*) below shall apply to this Condition 4(a) (*Interest – Interest on Fixed Rate Notes*), *mutatis mutandis*, save that, for the purposes of the Conditions relating to an Adjusted Renminbi Fixed Rate Note, the term "**Business Day**" shall mean a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a) (*Interest – Interest on Fixed Rate Notes*):

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period is divided by 365.

In the Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **"Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) (*Interest – Interest on Floating Rate Notes – Interest Payment Dates*) above, the Floating Rate Convention, such Interest Payment Date: (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on LIBOR or on the Euro-zone inter-bank offered rate EURIBOR, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes not referencing SONIA, SOFR or €STR*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the applicable Final Terms as being a Reference Rate other than SONIA, SOFR or €STR, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In the Conditions, "**Reference Rate**" means any one of the following benchmark rates or such other benchmark rate specified in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms:

- (a) Australian dollar LIBOR ("**AUD LIBOR**");
- (b) Australia Bank Bill Swap ("**BBSW**");
- (c) Emirates interbank offered rate ("**EIBOR**", available on the Relevant Screen Page as EIBOR=);
- (d) Euro Short-Term Rate ("**€STR**");
- (e) Euro-Zone interbank offered rate ("**EURIBOR**");
- (f) Hong Kong interbank offered rate ("**HIBOR**", available on the Relevant Screen Page as HKABHIBOR);
- (g) Japanese Yen LIBOR ("**JPY LIBOR**");
- (h) London interbank offered rate ("**LIBOR**");
- (i) Prague interbank offered rate ("**PRIBOR**");

- (j) Saudi Arabia interbank offered rate ("**SAIBOR**", available on the Relevant Screen Page as SAIBOR=);
- (k) Shanghai interbank offered rate ("**SHIBOR**");
- (l) Sterling Overnight Index Average ("**SONIA**");
- (m) Secured Overnight Financing Rate ("**SOFR**"); and
- (n) Turkish Lira interbank offered rate ("**TRLIBOR**", available on the Relevant Screen Page as TRLIBOR01).

"**Relevant Time**" means the time specified as such in the applicable Final Terms.

(C) *Screen Rate Determination For Floating Rate Notes referencing SONIA, SOFR or €STR*

- (1) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being SONIA, SOFR or €STR:
  - (a) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being "**Compounded Daily**", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 4(d) and Condition 4(k) and 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 Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and
  - (b) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being "**Weighted Average**", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 4(d) and Condition 4(k) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.
- (2) Where "**SONIA**" is specified as the Reference Rate in the applicable Final Terms, subject to Condition 4(k), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:
  - (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on

the relevant Business Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (b) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, "r" shall be interpreted accordingly.

- (3) Where "SOFR" is specified as the Reference Rate in the applicable Final Terms, subject to Condition 4(k), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SOFR rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page (and "r" shall be interpreted accordingly).
- (4) Where "€STR" is specified as the Reference Rate in the applicable Final Terms, subject to Condition 4(k), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the €STR rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page (and "r" shall be interpreted accordingly).
- (5) In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions, subject to Condition 4(k), the Rate of Interest for such Interest Period shall be: (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).
- (6) If the relevant Series of Notes become due and payable in accordance with Condition 9 (*Events of Default*), the last Interest



Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as the Notes remain outstanding, be that determined on such date

(7) For the purposes of this Condition 4(b)(ii)(C):

If "**Payment Delay**" is specified in the applicable Final Terms as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as references to interest on the Notes being payable on an Effective Interest Payment Date instead;

"**Applicable Period**" means:

- (a) where "**Lag**", "**Lock-out**" or "**Payment Delay**" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; and
- (b) where "**Observation Shift**" is specified as the Observation Method in the applicable Final Terms, the Observation Period relating to such Interest Period;

"**Business Day**" or "**BD**", means,

- (a) where "SONIA" is specified as the Reference Rate in the applicable Final Terms, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
- (b) where "SOFR" is specified as the Reference Rate in the applicable Final Terms, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and
- (c) where "€STR" is specified as the Reference Rate in the applicable Final Terms, a day on which TARGET2 System is open for settlements of payments in euro;

"**Compounded Daily Reference Rate**" means, with respect to an Interest Period, the rate of return of a daily compound interest 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 interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

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

"**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>0</sub>**" means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

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

"**€STR**" means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the "**ECB's Website**") in each case, on or before 9:00 a.m., (Central European Time) on the Business Day immediately following such Business Day;

"**i**" means, for the relevant Applicable Period, a series of whole numbers from one to d<sub>0</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 Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**n<sub>i</sub>**", 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 Federal Reserve'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 the relevant Interest Period, the period from, and including, the date falling "p" Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period:

- (a) 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 (which shall not be less than five Business Days without the consent of the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms));
- (b) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero; and

- (c) where "Observation Shift" 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 Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms)));

"r" means:

- (a) where in the applicable Final Terms "SONIA" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (b) where in the applicable Final Terms "SOFR" is specified as the Reference Rate and 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;
- (c) where in the applicable Final Terms "€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (d) where in the applicable Final Terms "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
  - a. in respect of any Business Day "i" that is a Reference Day, the SONIA rate 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 SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (e) where in the applicable Final Terms "SOFR" is specified as the Reference Rate and "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 Interest Period

(such last Reference Day coinciding with the Interest Determination Date);

- (f) where in the applicable Final Terms "€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
  - a. in respect of any Business Day "i" that is a Reference Day, the €STR 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 €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (g) where in the applicable Final Terms "SONIA" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SONIA rate in respect of the Rate Cut-off Date;
- (h) where in the applicable Final Terms "SOFR" is specified as the Reference Rate and "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 Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SOFR in respect of the Rate Cut-off Date; and
- (i) where in the applicable Final Terms "€STR" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the €STR in respect of the Rate Cut-off Date;

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

**"Reference Day"** means each Business Day in the relevant Interest 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, in the applicable Final Terms, "Lag" is specified as the Observation Method, 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 Federal Reserve'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**");

"**SONIA**" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day;

"**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 (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; 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 Interest 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 Interest Period, provided however that for any calendar day of such Interest 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.

(c) ***Interest on Reset Notes***

(i) ***Rates of Interest***

Each Reset Note bears interest:

- (a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
- (b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with this Condition 4(c)(i) (*Interest – Interest on Reset Notes – Rates of Interest*),

payable, in each case, in arrear on the Interest Payment Dates(s) (as specified in the applicable Final Terms).

As used in this Condition 4(c)(i) (*Interest – Interest on Reset Notes – Rates of Interest*):

**"Day Count Fraction"** and related definitions have the meanings given in Condition 4(a) (*Interest – Interest on Fixed Rate Notes*);

**"Initial Rate of Interest"** has the meaning specified in the applicable Final Terms;

**"Mid Swap Benchmark Rate"** means:

- (a) Australian dollar LIBOR ("**AUD LIBOR**");
- (b) Australia Bank Bill Swap ("**BBSW**");
- (c) Emirates interbank offered rate ("**EIBOR**", available on the Relevant Screen Page as EIBOR=);
- (d) Euro Short-Term Rate ("**€STR**");
- (e) Euro-Zone interbank offered rate ("**EURIBOR**");
- (f) Hong Kong interbank offered rate ("**HIBOR**", available on the Relevant Screen Page as HKABHIBOR);
- (g) Japanese Yen LIBOR ("**JPY LIBOR**");
- (h) London interbank offered rate ("**LIBOR**");
- (i) Prague interbank offered rate ("**PRIBOR**");
- (j) Saudi Arabia interbank offered rate ("**SAIBOR**", available on the Relevant Screen Page as SAIBOR=);
- (k) Shanghai interbank offered rate ("**SHIBOR**");

- (l) Sterling Overnight Index Average ("**SONIA**");
- (m) Secured Overnight Financing Rate ("**SOFR**"); and
- (n) Turkish Lira interbank offered rate ("**TRLIBOR**", available on the Relevant Screen Page as TRLIBOR01);

"**Mid Swap Maturity**" has the meaning specified in the applicable Final Terms;

"**Mid Swap Rate**" means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg, payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Principal Paying Agent), of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the applicable Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Principal Paying Agent);

"**Reference Bond**" means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

"**Reference Bond Price**" means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Principal Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"**Reference Government Bond Dealer**" means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors or (B) market makers in pricing corporate bond issues;

"**Reference Government Bond Dealer Quotations**" means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Principal Paying Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Principal Paying Agent by such Reference Government Bond Dealer;

"**Reset Date(s)**" means the date(s) specified in the applicable Final Terms;

"**Reset Determination Date**" means for each Reset Period the date as specified in the applicable Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined;

"**Reset Margin**" means the margin specified in the applicable Final Terms;

**"Reset Period"** means the period from (and including) the first Reset Date to (but excluding) the Maturity Date if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date;

**"Subsequent Reset Rate"** for any Reset Period means the sum of (i) the applicable Subsequent Reset Reference Rate and (ii) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down);

**"Subsequent Reset Rate Screen Page"** has the meaning specified in the applicable Final Terms;

**"Subsequent Reset Rate Time"** has the meaning specified in the applicable Final Terms; and

**"Subsequent Reset Reference Rate"** means either:

- (A) if **"Mid Swaps"** is specified in the applicable Final Terms, the Mid Swap Rate displayed on the Subsequent Reset Rate Screen Page at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (B) if **"Reference Bond"** is specified in the applicable Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

The Principal Paying Agent will calculate the amount of interest (the **"Interest Amount"**) payable on the Reset Notes for the relevant period by applying the Initial Rate of Interest or the applicable Subsequent Reset Rate (as the case may be) to:

- (A) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or
- (B) in the case of Reset Notes in definitive form, the Calculation Amount; and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Reset Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Reset Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(ii) *Subsequent Reset Rate Screen Page*

If the Subsequent Reset Rate Screen Page is not available, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as



appropriate) the applicable Reset Margin (if any), all as determined by the Principal Paying Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the foregoing provisions of this paragraph, provided that such failure is not due to the occurrence of a Benchmark Event, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

For the purposes of this Condition 4(c)(ii) (*Interest – Interest on Reset Notes – Subsequent Reset Rate Screen Page*):

**"Reference Banks"** means the principal office in the Relevant Financial Centre of four major banks in the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute; and

**"Relevant Financial Centre"** means the financial centre specified as such in the applicable Final Terms or if none is so specified: (i) the case of a determination of LIBOR, LIBID or LIMEAN, London, (ii) in the case of a determination of EURIBOR, Brussels, (iii) in the case of a determination of SIBOR, Singapore, or (iv) in the case of a determination of HIBOR, Hong Kong.

Notwithstanding the provisions above in this Condition 4 (*Interest*), if the Issuer (in consultation, to the extent practicable, with the Principal Paying Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Subsequent Reset Rate) determines that a Benchmark Event has occurred in relation to a Mid Swap Benchmark Rate (as applicable) when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Mid Swap Benchmark Rate, then the Subsequent Reset Rate shall be calculated in accordance with the terms of Condition 4(l) (*Interest – Benchmark Replacement*) and references therein to: (i) **"Reference Rate"** shall mean **"Mid Swap Benchmark Rate"**; (ii) **"Interest Determination Date"** shall mean **"Reset Determination Date"**; (iii) **"Interest Period"** shall mean **"Reset Period"**; (iv) **"Margin"** shall mean **"Reset Margin"**; (v) **"Relevant Screen Page"** shall mean **"Subsequent Reset Rate Screen Page"**.

(iii) *Notification of Subsequent Reset Rate and Interest Amounts*

The Principal Paying Agent will cause the Subsequent Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer and any stock exchange on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount as notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to any stock exchange on which the relevant Reset Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression **"London Business Day"** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(iv) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c)(iv) (*Interest – Interest on Reset Notes – Certificates to be final*) by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Paying Agents and all Noteholders and (in the absence

of wilful default and bad faith) no liability to the Issuer or the Noteholders or any other person shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

Notwithstanding any other provision in this Condition 4:

- (i) if the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest; and
- (ii) if the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount, and, in each case, multiplying such sum by the applicable Day Count Fraction,

and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(d) (*Interest – Minimum Rate of Interest and/or Maximum Rate of Interest*):

- (i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of; (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest 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:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sup>1</sup> is greater than 29, in which case D<sup>2</sup> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest 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:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sup>2</sup> will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest 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:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sup>2</sup> will be 30.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest 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 Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may

subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) ***Interest on Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes.

(j) ***Accrual of interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

(k) ***Benchmark Replacement***

Notwithstanding the provisions above in this Condition 4 (*Interest*), if ENBD determines that a Benchmark Event has occurred in relation to a Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

- (i) ENBD shall use reasonable endeavours to appoint an Independent Adviser as soon as reasonably practicable to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate and/or (in either case) an Adjustment Spread, together with any Benchmark Amendments no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**Interest Period Determination Cut-off Date**") for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the operation of this Condition 4(k) (*Interest – Benchmark Replacement*));
- (ii) if: (A) ENBD is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate, and/or (in either case) the applicable Adjustment Spread, prior to the Interest Period Determination Cut-off Date in accordance with subparagraph (i) above, then ENBD (acting in good faith and in a commercially reasonable

manner) may determine a Successor Rate or, if ENBD determines that there is no Successor Rate, an Alternative Reference Rate and/or (in either case) an Adjustment Spread for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the operation of this Condition 4(k) (*Interest – Benchmark Replacement*)); **provided, however**, that if this subparagraph (ii) applies and ENBD has failed to determine a Successor Rate or an Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread, prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this subparagraph (ii), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (which may be the Initial Rate of Interest) (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period for which the Rate of Interest was determined, the Margin relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

For the avoidance of doubt, if this subparagraph (ii) applies and ENBD has failed to determine a Successor Rate or an Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread, prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this subparagraph (ii), this subparagraph (ii) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the operation of this Condition 4(k) (*Interest – Replacement Benchmark*) in its entirety;

- (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 4(k) (*Interest – Replacement Benchmark*) in its entirety including in the event of a further Benchmark Event affecting the Successor Rate or the Alternative Reference Rate);
- (iv) the Adjustment Spread (or the formula for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);
- (v) if the Independent Adviser or ENBD (as the case may be) determines a Successor Rate or an Alternative Reference Rate and, in each case, the applicable Adjustment Spread, in accordance with the above provisions, the Independent Adviser (in consultation with ENBD) or ENBD (acting in good faith and in a commercially reasonable manner) may also specify changes to these Conditions, including to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Interest Determination Date, Interest Payment Dates and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (as applicable) (such amendments, the "**Benchmark Amendments**"), and ENBD shall, subject to giving notice thereof in accordance with Condition 4(k)(vii), without any requirement for the consent or approval of the Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice and such Benchmark Amendments shall apply to the Notes for all future Interest Periods (subject to the operation of this Condition 4(k) (*Interest – Replacement Benchmark*) in its entirety) provided that no such Benchmark Amendments shall impose more onerous obligations on the Principal Paying Agent or expose it to any additional duties or liabilities, or decrease its rights and protections, unless the Principal Paying Agent consents;

- (vi) any Independent Adviser appointed pursuant to this Condition 4(k)(i) (*Interest – Replacement Benchmark*) shall act in good faith and subject as aforesaid (in the absence of gross negligence, fraud or wilful misconduct) shall have no liability whatsoever to ENBD, the Principal Paying Agent or Noteholders for any determination made by it or for any advice given to ENBD in connection with any determination made by ENBD pursuant to this Condition 4(k) (*Interest – Benchmark Replacement*). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes pursuant to subparagraph (v), including for the execution of any documents, amendments or other steps by ENBD or the Principal Paying Agent (or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) (if required);
- (vii) ENBD shall, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread, give notice thereof and of any Benchmark Amendments pursuant to subparagraph (v) above to the Principal Paying Agent (or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) at least 5 Business Days prior to the relevant Interest Determination Date. ENBD shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) promptly thereafter; and
- (viii) Notwithstanding any other provision of this Condition 4(k) if in the Principal Paying Agent's opinion (or the opinion of such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4(k), the Principal Paying Agent (or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) shall promptly notify the Issuer thereof and the Issuer (acting in good faith and in a commercially reasonable manner) shall direct such party in writing as to which alternative course of action to adopt. If the Principal Paying Agent (or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and (other than due to its own negligence, default or fraud) such party shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

**"Adjustment Spread"** means either: (a) a spread (which may be positive, negative or zero); or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with ENBD) or ENBD (acting in good faith and in a commercially reasonable manner) (as applicable) determines is customarily applied to the relevant Successor Rate or Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Successor Rate or Alternative Reference Rate (as applicable); or
- (c) in the case the Independent Adviser (in consultation with ENBD) or ENBD (acting in good faith and in a commercially reasonable manner) determines that no such spread is customarily applied, the Independent Adviser (in consultation with ENBD) or ENBD in its discretion (acting in good faith and in a commercially reasonable manner) (as applicable), determines to be appropriate to reduce or eliminate, to the extent reasonably

practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as the case may be);

**"Alternative Reference Rate"** means an alternative benchmark or screen rate that the Independent Adviser (in consultation with ENBD) or ENBD (as applicable) determines (acting in good faith and in a commercially reasonable manner) is customarily applied in international debt capital markets transactions for the purposes of determining floating rates of interest (or the relevant component part thereof) in respect of Notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser (in consultation with ENBD) or ENBD determines (acting in good faith and in a commercially reasonable manner) that there is no such rate, such other rate as the Independent Adviser (in consultation with ENBD) or ENBD (as applicable) determines (acting in good faith and in a commercially reasonable manner) in its discretion is most comparable to the relevant Reference Rate;

**"Benchmarks Regulation"** means Regulation (EU) 2016/1011;

**"Benchmark Event"** means:

- (a) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered or ceasing to be published for at least five Business Days; or
- (b) a public statement by the administrator of the relevant Reference Rate that it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**") (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**") be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (e) 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 (the "**Specified Future Date**"), be no longer representative of an underlying market; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Principal Paying Agent (or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and Interest Amounts) or ENBD to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (b), (c), (d) or (e) above and the relevant Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

**"Financial Stability Board"** means the organisation established by the Group of Twenty (G20) in April 2009;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with relevant expertise, in each case appointed by ENBD at its own expense under Condition 4(k)(i) (*Interest – Benchmark Replacement*);



**"Relevant Nominating Body"** means, in respect of a Reference Rate:

- (a) the central bank, reserve bank, monetary authority or any similar institution 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
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
  - (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates;
  - (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate;
  - (iii) a group of the aforementioned central banks or other supervisory authorities;
  - (iv) the International Swaps and Derivatives Association, Inc. or any part thereof; or
  - (v) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the reference rate (and related alternative screen page or source, if available) that is formally recommended by any Relevant Nominating Body as a successor to or replacement of the relevant Reference Rate.

## 5. PAYMENTS

(a) ***Method of payment:***

Subject as provided below:

- (i) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

(b) ***Presentation of definitive Bearer Notes, Receipts and Coupons***

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5(a) (*Payments – Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5(a) (*Payments – Method of Payment*) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant

Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5(a) (*Payments – Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) ***Payments in respect of Bearer Global Notes***

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Global Note in bearer form ("**Bearer Global Notes**") will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) ***Payments in respect of Registered Notes***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against

presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if: (i) a holder does not have a Designated Account; or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment (in the case of a Specified Currency other than Renminbi) will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a "**Designated Bank**" and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than euro or Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifth day (in the case of Renminbi) and the fifteenth day (in the case of a Specified Currency other than Renminbi, whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Payments of interest and payments of principal (other than the final instalment) in Renminbi shall be made by transfer to the registered account of the Noteholder. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

Neither the Issuer nor the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) ***General provisions applicable to payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) ***Payments Subject to Laws***

All payments are subject in all cases to: (i) any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 (inclusive) of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(g) ***Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the principal financial centre of the country of the relevant Specified Currency; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms;
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign

exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (C) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

(h) ***Interpretation of principal and interest***

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(g) (*Redemption and Purchase – Early Redemption Amounts*)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

(i) ***RMB account***

All payments in respect of any Note, Receipt or Coupon in RMB will be made solely by credit to a registered RMB account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

(j) ***RMB Currency Event***

If the Specified Currency of the Notes is RMB and an RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any principal or interest (in whole or in part) in respect of any Note, Receipt or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents.

Upon the occurrence of an RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 (*Notices*) stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City; and the definition of "**Payment Day**" in Condition 5(g) (*Payments – Payment Day*) shall mean any day which (subject to Condition

8 (*Prescription*)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Notes in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 5 (*Payments*):

**"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 principal financial centre of the country of the relevant Specified Currency;

**"Determination Date"** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes, other than where the Issuer properly determines that a RMB Currency Event has occurred at any time during the period from and including 10:01 a.m. (Hong Kong time) on the second Determination Business Day preceding the original due date to and including 11:59 p.m. (Hong Kong time) on the original due date, in which case the **"Determination Date"** will be the Determination Business Day immediately following the date on which the determination of the occurrence of a RMB Currency Event has been made;

**"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 Hong Kong;

**"Relevant Currency"** means United States dollars;

**"RMB Currency Events"** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**"RMB Illiquidity"** means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

**"RMB Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"RMB Non-Transferability"** means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**"Spot Rate"** means the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong 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 shall 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 Reuter 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 5(j) (*Payments – RMB Currency Event*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all CNY Noteholders.

## 6. REDEMPTION AND PURCHASE

### (a) *Redemption at maturity*

- (i) Unless previously redeemed or purchased and cancelled as provided in this Condition 6 (*Redemption and Purchase*), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the relevant Instalment Amount specified in the applicable Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date (as defined in Condition 7 (*Taxation*)) relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled as provided in this Condition 6 (*Redemption and Purchase*), each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which is its nominal amount) or, in the case of a Note falling within subparagraph (i) above, its final Instalment Amount.

### (b) *Redemption for tax reasons*

The Notes may (subject, in the case of Subordinated Notes issued by ENBD, to the prior approval of the UAE Central Bank (the "**Regulator**", which expression shall include any successor thereto as the relevant regulator of banks in the UAE) where required) be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to or interpretation of, the laws, published practice or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)), or any change in the application or 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 Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) (*Redemption and Purchase – Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Put Notice)*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) ***Redemption for regulatory reasons (Regulatory Call)***

This Condition 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*) is only applicable to Subordinated Notes. The Notes may (subject to the prior approval of the Regulator where required) be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if a Regulatory Redemption Event has occurred and is continuing and if the circumstance that entitles the Issuer to exercise such redemption was not reasonably foreseeable at the Issue Date.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*), the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the change to the applicable regulatory rules or to the application or official interpretation thereof as described in the definition of "**Regulatory Redemption Event**" has occurred and is continuing.

Notes redeemed pursuant to this Condition 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*) will be redeemed at their Early Redemption Amount referred to in Condition 6(g) (*Redemption and Purchase – Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In this Condition 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*):

"**Regulatory Redemption Event**" shall be deemed to have occurred if, as a result of any change to any applicable regulatory rules or to the application or official interpretation thereof at any relevant time which has been previously announced in an official publication of the Regulator or of any other relevant governmental, regulatory or judicial body in the United Arab Emirates, the Notes are fully excluded from Tier II Capital of Emirates NBD Bank PJSC and its subsidiaries (save where such exclusion is only as a result of any applicable limitation on the amount of such capital), provided that the Notes have qualified as Tier II Capital at any time following the date on which they were issued; and

"**Tier II Capital**" means: (a) for so long as the "Regulations re Capital Adequacy" published by the Regulator in the Official Gazette issue 612, together with the



accompanying standards, each published by the Regulator (as each may be supplemented or amended from time to time) (the "**February 2017 Regulations**") are applicable in the United Arab Emirates, Tier 2 Capital (as described in the February 2017 Regulations); and (b) if the February 2017 Regulations are no longer applicable in the United Arab Emirates, or if Tier 2 Capital is no longer the applicable regulatory categorisation, such successor regulatory capital categorisation resulting from any change to any applicable regulatory rules or to the application or official interpretation thereof which has been announced in an official publication of the Regulator or of any other relevant governmental, regulatory or judicial body in the United Arab Emirates.

(d) ***Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject, in the case of Subordinated Notes issued by ENBD, to the prior approval of the Regulator where required), having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem: (i) in the case of Subordinated Notes, all of the Subordinated Notes; and (ii) in the case of Senior Notes, all or some only of the Senior Notes, in each case then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lots not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"), and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes.

(e) ***Redemption at the option of the Noteholders (Investor Put)***

This Condition 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) is only applicable to Senior Notes. If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under

this Condition 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) in any multiple of their lowest Specified Denomination.

(f) ***Redemption on a Change of Control***

If Change of Control Put is specified in the applicable Final Terms and if a Change of Control Event occurs, the Issuer will, upon the holder of any Notes giving notice within the Change of Control Put Period to the Issuer in accordance with Condition 13 (*Notices*) (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Conditions 6(b) to (d)), redeem such Notes on the Change of Control Put Date at the Change of Control Redemption Amount together with accrued interest (if any) to (but excluding) the Change of Control Put Date.

Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 13 (*Notices*) specifying the nature of Change of Control and the circumstances giving rise to it and the period for exercising the option.

If 75 per cent. or more in nominal amount of the Notes of a Series then outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 6(f) (*Redemption and Purchase – Redemption on a Change of Control*), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (such notice to be given within 30 days of the Purchase Date), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes of that Series at the Change of Control Redemption Amount together (if applicable) with interest accrued to (but excluding) the date fixed for redemption or purchase, as the case may be.

For the purpose of these Conditions:

a "**Change of Control Event**" will occur if at any time the Government of Dubai ceases to own, directly or indirectly, more than 33 per cent. of the issued share capital of ENBD or otherwise ceases to control, ENBD. For the purposes of this Condition, the Government of Dubai will be deemed to control ENBD if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors of ENBD or otherwise controls, or has the power to control, the affairs and policies of ENBD;

"**Change of Control Redemption Amount**" shall mean, in relation to each Note to be redeemed or purchased pursuant to the Change of Control Put Option, an amount equal to the nominal amount of such Note or such other amount as may be specified in the applicable Final Terms;

"**Change of Control Put Date**" means the first Business Day following the expiration of the Change of Control Put Period provided that the Change of Control Notice is given within 30 days of the Change of Control Event occurring, otherwise it means the date falling 14 days after the date on which the relevant Noteholder exercises its right to require the redemption of the relevant Notes in accordance with this Condition 6(f) (*Redemption and Purchase – Redemption on a Change of Control*);

"**Change of Control Put Period**" means, in relation to any Change of Control Event, the period from and including the date on which that Change of Control Event occurs (whether or not the Issuer has given a Change of Control Notice in respect of such event) to and including the date falling 60 days after the date on which the Change of Control Notice is given, provided that if no Change of Control Notice is given, the Change of Control Put Period shall not terminate; and

"**Purchase Date**" shall be the Business Day following the date on which at least 75 per cent. of the nominal amount of the Notes of a Series then outstanding have been redeemed

or, as the case may be, purchased pursuant to this Condition 6(f) (*Redemption and Purchase – Redemption on a Change of Control*).

To exercise the right to require redemption of this Note under Conditions 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) and 6(f) (*Redemption and Purchase – Redemption on a Change of Control*) the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with Condition 1 (*Form, Denomination, Title and Transfer of Registered Notes – Transfer of Registered Notes in Definitive Form*), in each case accompanied by this Note or evidence satisfactory to the Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to Conditions 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) and 6(f) (*Redemption and Purchase – Redemption on a Change of Control*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to Conditions 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) and 6(f) and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Events of Default*).

(g) **Early Redemption Amounts**

For the purpose of Condition 6(b) (*Redemption and Purchase – Redemption for Tax Reasons*) and Condition 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*) above and Condition 9 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than a Zero Coupon Note), at the Early Redemption Amount specified in the applicable Final Terms;
- (ii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount =  $RP \vee (1 + AY)^y$  where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

unless otherwise specified in the applicable Final Terms.

(h) **Purchases**

The Issuer or any of its Subsidiaries may (subject, in the case of respective Subordinated Notes, to the prior approval of the Regulator where required), at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or, as the case may be, its Subsidiaries or surrendered to any Agent for cancellation.

(i) **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6(g) (*Redemption and Purchase – Early Redemption Amounts*) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(a) (*Redemption and Purchase - Redemption at Maturity*), 6(b) (*Redemption and Purchase – Redemption for Tax Reasons*), 6(c) (*Redemption and Purchase – Redemption for regulatory reasons (Regulatory Call)*), 6(d) or 6(e) (*Redemption and Purchase – Redemption at the Option of the Noteholders (Investor Put)*) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(g)(g)(ii) (*Redemption and Purchase – Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

7. **TAXATION**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment in a Tax Jurisdiction;
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(g)).

As used in these Conditions:

- (i) **"Tax Jurisdiction"** means: the UAE or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **"Relevant Date"** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

## 8. **PRESCRIPTION**

Claims for payment in respect of the Notes, Receipts and Coupons will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

## 9. **EVENTS OF DEFAULT**

### (a) ***Events of Default for Senior Notes***

This Condition 9(a) (*Events of Default – Events of Default for Senior Notes*) only applies to Senior Notes.

If any one or more of the following events (each an **"Event of Default"**) shall occur and be continuing:

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven Business Days in the case of principal and 14 days in the case of interest; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (iii) any indebtedness of the Issuer or any Material Subsidiary is not paid when due or within any applicable grace period or becomes due and payable prior to its specified maturity (and, in the case of a guarantee or indemnity, is called), provided that it shall not constitute an Event of Default unless the aggregate amount (or its equivalent in U.S. dollars) of all such indebtedness either alone or when aggregated with all other such indebtedness which shall remain unpaid or unsatisfied, as the case may be, shall be more than U.S.\$50,000,000; or
- (iv) the Issuer or any Material Subsidiary takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation,

dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Issuer or, as the case may be, such Material Subsidiary save: (i) in the case of the Issuer, for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or (ii) in the case of a Material Subsidiary: (A) for the purposes of a solvent consolidation, amalgamation or restructuring, pursuant to which some or all the assets of such Material Subsidiary are transferred to any one or more members of the Group; or (B) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution provided that a *bona fide* disposal for full value on an arm's length basis of: (1), in the case of the Issuer, the whole or substantially all of the business of the Issuer; or (2), in the case of a Material Subsidiary, the whole or substantially all of the business of that Material Subsidiary ((i) and (ii) above, together a "**Permitted Reorganisation**") shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or

- (v) if the Issuer ceases to carry on the whole or substantially all of its business, or any Material Subsidiary ceases to carry on the whole or substantially all of its business in each case, save that a Permitted Reorganisation shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or
- (vi) if the Issuer or any Material Subsidiary is unable to pay its debts as they fall due, commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or
- (vii) any execution or distress is levied against, or an encumbrancer takes possession of: (A) the whole or substantially all of the property, undertaking or assets of the Issuer; or (B) the whole or substantially all of the property, undertaking or assets of any Material Subsidiary or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Issuer or such Material Subsidiary, as the case may be; or
- (viii) the Issuer or any Material Subsidiary fails to comply with or pay any sum which amount shall not be less than U.S.\$50,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for period of 30 days next following the service by any Noteholder on the Issuer of notice requiring the same to be paid/remedied; or
- (ix) if at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes or any of the material obligations of the Issuer thereunder are not or cease to be legal, valid, binding and enforceable; or
- (x) the UAE ceases to be a member in good standing or becomes ineligible to use the resources of the International Monetary Fund,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

(b) ***Events of Default for Subordinated Notes***

This Condition 9(b) (*Events of Default – Events of Default for Subordinated Notes*) only applies to Subordinated Notes.

(i) If default is made in the payment of any principal or interest due under the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest, any Noteholder may institute proceedings in the UAE or any Emirate therein (but not elsewhere) for the dissolution and liquidation of ENBD.

(ii) If any one or more of the following events shall occur and be continuing:

- (1) the Issuer takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Issuer save for the purposes of reorganisation on terms approved by an Extraordinary Resolution, provided that a *bona fide* disposal for full value on an arm's length basis of the whole or substantially all of the business of the Issuer shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or
- (2) the Issuer ceases to carry on the whole or substantially all of its business save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, provided that a *bona fide* disposal for full value on an arm's length basis of the whole or substantially all of the business of the Issuer shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or
- (3) any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Issuer or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Issuer; or
- (4) any event occurs which under the laws of the UAE, any Emirate therein or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (1) to (3) above,

then the holder of any Note may give written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, that such Note is due and payable, whereupon the same shall, subject to Condition 2, become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment without presentation, demand, protest or other notice of any kind.

(iii) To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes, the Receipts or the Coupons, but the institution of such proceedings shall not have the effect that the Issuer shall be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

(iv) No remedy against the Issuer, other than the institution of the proceedings referred to in paragraph (i) or (iii) above and the proving or claiming in any dissolution

and liquidation of the Issuer, shall be available to the Noteholders, the Receiptholders or the Couponholders whether for the recovering of amounts owing in respect of the Notes, the Receipts or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes, the Receipts or the Coupons.

(c) **Definitions**

For the purposes of these Conditions:

a "**holding company**" of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a Subsidiary;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

"**Material Subsidiary**" shall mean a Subsidiary from time to time of the Issuer, the book value of the assets of which exceeds 25 per cent. of the book value of the assets of the Group taken as a whole or the revenues of which exceed 25 per cent. of the revenues of the Group taken as a whole and, for these purposes:

- (i) the book value of the assets and revenues of such Subsidiary shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and
- (ii) the book value of the assets and revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,

in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared. A report of the Auditors that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

a "**Subsidiary**" of a company or corporation shall be construed as a reference to any company or corporation:

- (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
- (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

and the "**winding-up**", "**dissolution**" or "**administration**" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.



10. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. **AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be an Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent and a Transfer Agent with a specified office in Europe.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. **NOTICES**

All notices regarding the Bearer Notes shall be published: (a) in a leading English language daily newspaper of general circulation in London; and (b) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, either in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). It is expected that such publication will be made: (i) in the Financial Times in London or any other daily newspaper in London; and (ii) either in the Luxemburger Wort or the Tageblatt in Luxembourg or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or other relevant authority) on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper,

on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing. The Issuer shall also ensure that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange, such notice will be published either in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### 14. **MEETINGS OF NOTEHOLDERS AND MODIFICATION**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders shall be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

- (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

15. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which the interest starts to accrue so that the same shall be consolidated and form a single Series with the outstanding Notes.

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

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. **SUBSTITUTION**

The Issuer, or any previously substituted company, may, subject, to the extent so required, to the approval of the Regulator, at any time, without the consent of the Noteholders, Receiptholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts and the Coupons any member of the Group (the "**Substitute**") provided that no Event of Default is subsisting at the relevant time. The substitution shall be made by a substitution deed (the "**Substitution Deed**"), to be executed by the Issuer and the Substitute and shall be effective on and from the time or event specified in the Substitution Deed (the "**Time of Substitution**"), and may take place only if:

- (a) where the Substitute is incorporated, domiciled or resident for taxation purposes in a territory other than the UAE or any political subdivision or any authority thereof or therein having power to tax, the Substitution Deed contains a covenant by the Substitute and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant by the Substitute in terms corresponding to the provisions of Condition 7 with the substitution for the reference to "the UAE" in the definition of "**Tax Jurisdiction**" of a reference to the territory in which the Substitute is incorporated, domiciled and/or resident for taxation purposes. The Substitute shall also, by means of the Substitution Deed, agree to indemnify each Noteholder, Receiptholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Note, Receipt or Coupon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (b) the substitution does not result in a downgrade in any then current credit rating of the Notes, the Receipts or the Coupons, or if the Notes, Receipts or Coupons are not rated at such time, would not result in a downgrade if they were rated and in either case this has been confirmed in writing either by each rating agency which has assigned such a credit rating or (if the Notes, Receipts or Coupons are unrated) by an internationally recognised rating agency;
- (c) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Deed, the Notes, the Receipts and the Coupons represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Substitution Deed, of ENBD have been taken, fulfilled and done and are in full force and effect;

- (d) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (e) each stock exchange or listing authority which has the Notes listed on such stock exchange shall have confirmed that following the proposed substitution of ENBD the Notes would continue to be listed on such stock exchange;
- (f) legal opinions addressed to the Principal Paying Agent (for the benefit of the Noteholders) shall have been delivered to the Principal Paying Agent from a lawyer or firm of lawyers with a leading securities practice: (i) in each jurisdiction referred to in (a) above as to the fulfilment of condition (c) of this Condition; and (ii) in England confirming that the Substitution Deed constitutes legal, valid and binding obligations of ENBD and the Substitute; and
- (g) ENBD shall have given at least 30 days' prior notice of such substitution to the Noteholders, stating that copies, or, pending execution, the agreed text, of all relevant documents in relation to the substitution which are referred to above will be available for inspection at the specified office of each of the Paying Agents.

Immediately on and from the Time of Substitution any reference in the Conditions to (as the case may be) the "**Issuer**" shall be construed as a reference to the Substitute.

## 18. **GOVERNING LAW AND DISPUTE RESOLUTION**

### (a) ***Governing law***

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

### (b) ***Arbitration***

Subject to Condition 18(c), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Receipts and/or the Coupons (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination of the Notes, the Receipts and/or the Coupons or the consequences of their nullity and any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 18(b). For these purposes:

- (i) the seat, or legal place, of arbitration will be London;
- (ii) the governing law of the arbitration agreement shall be English law;
- (iii) 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
- (iv) the language of the arbitration shall be English.

### (c) ***Court of law***

Notwithstanding Condition 18(b) above, any Noteholder, Receiptholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (i) within 28 days of service of a Request for Arbitration (as defined in the "**Rules**"); or

- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any Noteholder, Receiptholder or Couponholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18(d) and, subject as provided below, any arbitration commenced under Condition 18(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate the arbitration in accordance with this Condition 18(c) is given after service of any Request for Arbitration in respect of any Dispute, the Noteholder, Receiptholder or Couponholder, as the case may be, 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:

- (a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (b) his entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) ***Submission to jurisdiction***

In the event that a notice pursuant to Condition 18(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer 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
- (iii) this Condition 18(d) is for the benefit of the Noteholders, the Receiptholders and the Couponholders only. As a result, and notwithstanding paragraph (i) above, any Noteholder, Receiptholder or Couponholder may start proceedings relating to a Dispute ("**Proceedings**") in any other court with jurisdiction. To the extent allowed by law, any Noteholder, Receiptholder or Couponholder may start concurrent Proceedings in any number of jurisdictions.

(e) ***Appointment of Process Agent***

ENBD appoints Emirates NBD Bank PJSC, London Branch (attention of: Chief Executive Officer) at its registered office at Emirates NBD House, 25 Knightsbridge, London, SW1X 7LY, United Kingdom as its agent for service of process and agrees that, in the event of Emirates NBD Bank PJSC, London Branch ceasing so to act or ceasing to be registered in England, it will immediately (and in any event within 30 days of the event taking place) appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Failure by a process agent to notify the person that appointed it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(f) ***Waiver of immunity***

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction

or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

(g) ***Other documents***

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and to arbitration and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit or as otherwise specified in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

### Overview

ENBD was incorporated and registered in the UAE as a Public Joint Stock Company on 16 July 2007 with registration number 1013450, under the Commercial Companies Law (Federal Law Number 8 of 1984, as amended). ENBD is a publicly listed company whose shares are listed on the Dubai Financial Market (the "DFM"). As at 31 December 2019, ENBD had 6,316,598,253 shares outstanding held by 1,459 shareholders of record, with a total issued and paid-up capital (equal to that authorised) of AED 6,316,598,253. No shareholder, other than ICD, which is wholly owned by the Government of Dubai and holds 55.76 per cent. of shares of ENBD, held more than 10 per cent. of the shares of ENBD as at 31 December 2019.

ENBD is one of the largest banking entities in the UAE across a range of metrics, including by shareholders equity and by loans as at 31 December 2019. ENBD is also one of the largest banking entities in the GCC by assets, with total equity of AED 81.6 billion, total assets of AED 683.3 billion as at 31 December 2019 and total operating income of AED 22.4 billion for the year ended 31 December 2019. Originally incorporated to serve as the holding company of EBI and NBD during the initial stages of their merger, on 21 November 2009, EBI and NBD were legally amalgamated with ENBD. As a result of the amalgamation, all of the assets and liabilities of EBI and NBD were transferred to ENBD and EBI and NBD were dissolved.

ENBD (including through the operation of its operating subsidiaries) is one of the leading full-service banks in the UAE and has branches in Austria, Bahrain, Egypt, Germany, India, Turkey, Russia, the Kingdom of Saudi Arabia, Singapore and the United Kingdom and representative offices in China and Indonesia. During 2019, ENBD won the following awards:

- "Bank of the Year – UAE 2019" by The Banker;
- "Best Digital Bank in the Middle East", "Best Bank in the UAE" and "Best Investment Bank in the UAE" at the Euromoney Awards for Excellence;
- "Most Innovative Financial Institution in the Middle East" by Global Finance - The Innovators 2019 Awards;
- "Best Retail Bank in the Middle East" and "Best Retail Bank in the UAE" by The Asian Banker;
- "Best Digital Bank in the Middle East" for Liv., by The Asian Banker's International Excellence in Retail Financial Services 2019 Awards;
- "Cloud Computing Innovation of the Year" at the FStech Awards; and
- "Innovation Award for Corporate Volunteering Efforts" by IMPACT2030, the corporate volunteering arm of the United Nations.

ENBD has a significant presence in the UAE retail, corporate and commercial banking market. In addition, through its subsidiaries (including Emirates Islamic Bank PJSC ("**Emirates Islamic**")) and associates, ENBD offers Islamic banking services, as well as investment banking, property management, asset management, insurance services, credit card facilities and other banking-related services.

Through ENBD's acquisition of DenizBank on 30 July 2019, ENBD acquired the fifth largest private bank in Turkey, with operations in Austria, Bahrain, Germany, Russia and Turkey.

As at 31 December 2019, ENBD had total assets of AED 683.3 billion and total equity worth AED 81.6 billion while as at 31 December 2018, ENBD had total assets and total equity of AED 500.3 billion and AED 64.0 billion, respectively. As at 31 December 2019, ENBD had liquid assets (defined as cash and deposits with the Central Bank) of AED 109.4 billion, while as at 31 December 2018, ENBD had liquid assets of AED 84.6 billion.

For the purposes of reporting its risk-weighted assets in accordance with Basel III, ENBD had, as at 31 December 2019, Tier 1 capital of AED 74.6 billion and eligible Tier 2 capital of AED 4.8 billion. ENBD's profit after tax for the years ended 31 December 2019 and 31 December 2018 was AED 14.5 billion and AED 10.0 billion, respectively. As at 31 December 2019, ENBD had total deposits of AED 472.2 billion.



## General

As at the date of this Base Prospectus, ENBD has a long term rating of A+ and a short term rating of F1 from Fitch; and a long term rating of A3 and a short term rating of P-2 by Moody's.

ENBD operates in the UAE under a banking licence issued by the UAE Central Bank. The registered address of ENBD is Baniyas Road, Deira, P.O. Box 777, Dubai, UAE and the telephone number of the registered office is +971 4 225 6256.

## Ownership Structure

ICD was established in May 2006, through the partial transfer of the Government of Dubai's investment portfolio from the Department of Finance, pursuant to a decree issued by H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE (the "**Ruler of Dubai**"). It is the only entity mandated to directly own and manage the Government of Dubai's corporate assets.

The aim of ICD is to assist in establishing the vision for Dubai through devising and implementing the Government of Dubai's investment strategy and managing investments deemed to be of strategic importance to Dubai's long-term development goals.

The investments, diversified across multiple sectors, are considered to be a platform for the future growth of Dubai and include Dubai's most recognised companies including but not limited to, in addition to ENBD, Borse Dubai Limited, Dubai Islamic Bank P.J.S.C., Commercial Bank of Dubai P.J.S.C., The Emirates Group (including dnata), Dubai Aerospace Enterprise (DAE) Ltd, Dubai Aluminium PJSC, Dubai Cable Company (Private) Ltd, Emirates National Oil Company Limited (ENOC) LLC and Emaar Properties PJSC.

ICD works closely with its portfolio companies to identify value enhancing acquisition opportunities as well as providing them with strategic support to aid their growth.

The board of directors of ICD is chaired by the Ruler of Dubai and is composed of five directors, who include the Chairman of ENBD.

## Strategy

ENBD achieved a number of milestones in 2019 including the acquisition of DenizBank, the international expansion of ENBD's network into four additional countries, the diversification of its regional footprint and business operations, a rights issue of AED 6.5 billion which was oversubscribed, and the initial public offering of Network International Holdings plc on the London Stock Exchange. In addition to these milestones, ENBD also sustained balance sheet growth across its business segments and continued to further its digital transformation efforts. As a result, ENBD is well positioned to capitalise on domestic and international opportunities in a controlled and sustainable manner, continue to focus on delivering excellent customer service, spearhead digital innovation in banking and continue to comply with regulatory standards. Despite the unprecedented challenges posed by the COVID-19 pandemic, ENBD will continue to focus in 2020 on the following key strategic areas:

1. delivering an excellent customer experience (with a digital focus);
2. driving core business;
3. running an efficient organisation;
4. driving international expansion; and
5. building a high performing organisation.

ENBD believes that it continues to lead the region in digital innovation, and it achieved a number of digital and multi-channel milestones in 2019. In 2020, ENBD will continue to focus on delivering an enhanced customer experience by developing new generation platforms, reshaping service and sale distribution models, building internal capabilities to be able to deliver a personalised experience for customers at scale, and growing and developing Liv. and ENBD's newly launched digital business bank, E.20. ENBD will also

continue to enhance the corporate customer experience as well as continuing to focus on its digital transformation agenda.

ENBD continues to focus on controlled balance sheet growth, amidst challenging market conditions, through diversification of income sources, including increased digital platforms, and expansion of its product and client base. In 2020, the focus will be on building its core business streams and defending its market share in key products and market leadership in selected sub-segments.

ENBD's dedication towards running an efficient organisation has led to a number of planned initiatives focusing on streamlining the organisational set-up and eliminating overlaps. ENBD has completed the third phase of its AED 1 billion digital transformation agenda and in 2020 will focus on completing the final phase of this, which will include completing the consolidation of core systems across the ENBD network to leverage efficiency, promote agile delivery of ENBD's services and increasing the automation of ENBD's infrastructure.

At an organisation-level, ENBD continues to improve efficiency drivers by managing operating costs and controlling the cost of risk. In 2020, ENBD will focus on improved cross-functional collaboration across the Group to leverage growth and will monitor and develop support and governance structures to effect this collaboration. ENBD will continue to focus on meeting international regulations as they evolve to maintain its high operating standards.

In respect of Group risk and compliance, ENBD continues to strive to enhance risk governance and risk culture by focusing on attitudes and behaviours related to risk awareness, risk taking and integrated risk management to align ENBD's risk appetite and portfolio management framework to ENBD's overall corporate and capital allocation strategy.

ENBD's international footprint places it in a unique position to derive growth by maximising potential from various trade corridors across the globe and business linkages between international markets. In 2019, ENBD was granted approval to open 20 additional branches in the Kingdom of Saudi Arabia which will significantly develop ENBD's presence in the Kingdom of Saudi Arabia. In 2020, ENBD will also focus on its plans for expansion into India and further developing its competitive positions in London and Singapore. Additionally, following the acquisition of DenizBank, ENBD will seek to expand its network capability across the MENAT region.

ENBD remains committed to the professional development of its staff and continues to focus on improved performance management through greater engagement of high performers, leadership and rewards management programs. In 2019, 45.0 per cent. of its learning and development content was digitised facilitating easier access to staff located within its international network. ENBD is also driving nationalisation efforts with a focus on developing local leadership talent. ENBD wishes to maintain this upward momentum in employee engagement to reach the upper quartile of engagement scores of global organisations through enhanced leadership commitment and impactful action plans. ENBD's learning and development strategy aims to provide learning solutions to enhance performance and career growth of employees. ENBD has also updated its "Emiratisation" strategy to continue to invest in and build the careers of UAE nationals to achieve more managerial and leadership positions and in 2019 100.0 per cent. of national staff attended one or more training programs.

## Activities of ENBD

For financial reporting purposes, ENBD divides its operations into the following business segments:

1. **Corporate Banking** represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking and Islamic products through Al Watani Al Islami, ENBD's Islamic banking window;
2. **Consumer Banking** represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing;
3. **Treasury Activities** comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations;
4. **Islamic Banking** activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
5. **DenizBank** represents the operations of DenizBank, a full service commercial banking platform of corporate banking, retail banking and treasury; and
6. **Other Operations** of the Group include Emirates NBD Egypt S.A.E. ("**Emirates NBD Egypt**"), Tanfeeth, property management, operations and support functions.

For internal business purposes, ENBD divides its operations into the following business segments:

1. **Corporate and Institutional Banking** represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking, treasury operations (including managing the Group's portfolio of investments, funds management, and interbank treasury operations) and Islamic products through Al Watani Al Islami, ENBD's Islamic banking window;
2. **Retail Banking and Wealth Management** represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing;
3. **Islamic Banking** activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries; and
4. **Other Operations** of the Group include Emirates NBD Egypt S.A.E. ("**Emirates NBD Egypt**"), DenizBank, Tanfeeth, property management, operations and support functions.

## Corporate and Institutional Banking

ENBD's largest business segment in terms of assets is that of Corporate and Institutional Banking ("**C&IB**"). C&IB offers a broad suite of products and services to medium and large enterprises, including multinationals, local corporate entities, banks and other financial institutions, as well as governmental and quasi-governmental organisations and entities, servicing such clients throughout the MENAT region.

C&IB is organised into two client segments: Corporate Banking and the Financial Institutions Group, and three product groups: (a) Transaction Banking (including cash management and trade finance); (b) Investment Banking; and (c) ENBD's Islamic banking window (Al Watani Al Islami). In addition, C&IB also offers Treasury Sales and Structuring to its clients in partnership with the Global Markets and Treasury division ("**GM&T**") of ENBD.

C&IB has, within the UAE, offices in Dubai, Abu Dhabi, Al Ain and Sharjah. Additionally, C&IB operates through branches in the Kingdom of Saudi Arabia, the United Kingdom, Singapore, India and Egypt, and also has functional representative offices in the PRC and Indonesia.

## *Client Segments*

### *Corporate Banking*

Corporate Banking caters to corporate clients with an annual turnover of more than AED 150 million and operates through the following sub-segments:

- *Corporate Banking: Private Sector*

- *Corporate Banking: Large Corporate*

The Large Corporate unit caters to clients with an annual turnover of AED 600 million and above. The team provides a range of banking products and services designed to meet the specific needs of this segment, including corporate account services, working capital and project finance, cash management, trade finance, loans, syndications, debt and equity capital market solutions and treasury services;

- *Corporate Banking: Local Corporate*

The Corporate Banking unit caters to clients with an annual turnover of between AED 150 million and AED 600 million. The team provides a range of banking products and services similar to those provided by the Large Corporate department, but focuses on meeting the specific needs of this segment;

- *Corporate Banking: Multinational Corporate*

The Multinational Corporate unit caters to multinational companies and/or their local subsidiaries and regional companies operating in the UAE by providing working capital, treasury and cash management solutions;

- *Corporate Banking: Wholesalers & Retailers*

The Wholesalers & Retailers unit focuses on working with clients that have a large distribution network or are primarily main distributors of products in the UAE region. The solutions include, but are not limited to, liquidity management, foreign exchange solutions and trade and supply chain finance; and

- *Corporate Banking: Commodities*

The Commodities unit focuses primarily on global trade by providing solutions for commodities trading firms that are engaged in the manufacturing or trading of hard and soft commodities.

- *Corporate Banking: Public Sector*

This unit works with the Government and Government related entities in providing transaction, structured finance and extensive cash-management solutions.

- *Corporate Banking: Real Estate & Contracting*

- *Corporate Banking: Real Estate*

This unit has been established to provide project finance, corporate finance and comprehensive financial solutions to UAE-based commercial and residential real estate companies; and

- *Corporate Banking: Contracting*

The Contracting unit supports clients operating in the construction business. The team works to support and help UAE-based companies and international clients undertaking projects across the region.

### *Financial Institutions Group*

The Financial Institutions Group caters to the banking needs of banks, finance companies and non-bank financial intermediaries including insurers, leasing companies, sovereign wealth funds, family holding companies and financial services companies. The Financial Institutions Group focuses on connecting trade and investment corridors between the Middle East, Asia Pacific, Europe and the Americas by providing efficient cross-border transaction services through its technology platforms.

### *Product Groups*

#### *Transaction Banking*

The Transaction Banking department offers a range of transaction banking services, including factoring, liquidity management, escrow services, trade finance and cash management. The trade finance solutions offered by the Transaction Banking department are aimed at helping businesses increase sales, reduce costs, mitigate risks and secure supply chains. Similarly, the cash management solutions provided by the Transaction Banking department are aimed at helping customers to manage their working capital efficiently. This team also offers a dedicated e-banking platform through "smartBUSINESS".

#### *Investment Banking*

ENBD provides investment banking services through its subsidiary, Emirates NBD Capital Limited ("**ENBD Capital**"). ENBD Capital advises on and arranges a wide variety of transactions including bond and sukuk issuances, syndicated loans and structured finance as well as equity capital markets services, such as initial public offerings and rights issues. ENBD Capital also advises on merger and acquisition transactions.

ENBD also offers brokerage services through its subsidiary, Emirates NBD Securities LLC ("**Emirates NBD Securities**"). Established in 2002, Emirates NBD Securities is a leading brokerage house in the UAE and is regulated by the Securities and Commodities Authority.

Emirates NBD Securities offers secure and convenient access to the major exchanges in the UAE such as the Dubai Financial Market, the Abu Dhabi Securities Exchange, Nasdaq Dubai, the Dubai Gold and Commodities Exchange and the Saudi Stock Exchange TADAWUL.

#### *Al Watani Al Islami (Islamic Banking window)*

Al Watani Al Islami is ENBD's Islamic window, established to offer Islamic banking products and services to ENBD clients.

#### *Treasury Sales & Structuring*

The Sales & Structuring team has coverage across the various client segments in the Group and is responsible for providing appropriate solutions, whether for hedging exposures or investment structures for yield enhancement. The team also offers an electronic foreign exchange platform through an application known as "SmartDeal".

#### *Treasury Trading*

The Trading team supports the Sales & Structuring team with price discovery, best execution and trade strategies across all currencies and is now a market maker in the MENAT region across a range of asset classes including foreign exchange, rates and credit covering GCC currencies. The team also provides financial institutions with the ability to trade automatically using various electronic channels.

#### *Global Funding & Principal Investments*

The Global Funding team raises funding for ENBD through the U.S.\$12,500,000,000 Euro Medium Term Note Programme of ENBD and Emirates NBD Global Funding Limited and private placements and is responsible for managing ENBD's medium to long-term liquidity needs.

The Principal Investments team is responsible for investments in strategic fixed income and other alternative asset classes such as funds.

### *Assets & Liabilities Management ("ALM")*

The ALM team manages ENBD's short-term liquidity needs, balance sheet and nostro, which involves maintenance of overnight balances in various accounts at optimum levels.

### **Asset Composition of Conventional Loan Portfolio**

A breakdown of ENBD's conventional loan portfolio by industry, as at 31 December 2019, is set out below:

| <b>Economic Activity</b>                            | <b>Amount</b><br>(AED billions) | <b>Percentage</b><br>(%) |
|-----------------------------------------------------|---------------------------------|--------------------------|
| Sovereign .....                                     | 162.8                           | 39.8                     |
| Personal .....                                      | 56.9                            | 13.9                     |
| Real Estate .....                                   | 43.4                            | 10.6                     |
| Trade .....                                         | 23.9                            | 5.8                      |
| Financial Institutions & Investment Companies ..... | 15.5                            | 3.8                      |
| Management of Companies and Enterprises .....       | 13.9                            | 3.4                      |
| Manufacturing .....                                 | 17.8                            | 4.3                      |
| Construction .....                                  | 15.8                            | 3.8                      |
| Services .....                                      | 15.9                            | 3.8                      |
| Hotels and Restaurants .....                        | 15.9                            | 3.9                      |
| Transport and Communications .....                  | 7.6                             | 1.9                      |
| Agriculture .....                                   | 8.1                             | 2.0                      |
| Others .....                                        | 11.2                            | 2.7                      |
| <b>Total Customer Loans and Receivables .....</b>   | <b>408.7</b>                    | <b>100.0</b>             |

### **Asset Composition of Islamic Loan Portfolio**

A breakdown of ENBD's Islamic loan portfolio by industry, as at 31 December 2019 is set out below:

| <b>Economic Activity</b>                            | <b>Amount</b><br>(AED<br>billions) | <b>Percentage</b><br>(%) |
|-----------------------------------------------------|------------------------------------|--------------------------|
| Sovereign .....                                     | 0.4                                | 0.72                     |
| Personal .....                                      | 28.4                               | 47.1                     |
| Real Estate .....                                   | 8.6                                | 14.2                     |
| Trade .....                                         | 8.3                                | 13.8                     |
| Financial Institutions & Investment Companies ..... | 2.6                                | 4.3                      |
| Management of Companies and Enterprises .....       | 1.7                                | 2.7                      |
| Manufacturing .....                                 | 2.3                                | 3.9                      |
| Construction .....                                  | 1.4                                | 2.3                      |
| Services .....                                      | 1.9                                | 3.1                      |
| Hotels and Restaurants .....                        | 0.07                               | 0.1                      |
| Transport and Communications .....                  | 0.8                                | 1.3                      |
| Agriculture .....                                   | -                                  | -                        |
| Others .....                                        | 3.7                                | 6.1                      |
| <b>Total Islamic Financing Receivables .....</b>    | <b>60.2</b>                        | <b>100.0</b>             |

### **C&IB Transformation Programme**

In 2019, C&IB continued to progress its transformation programme aimed at providing C&IB clients with a more tailored product suite supported by enhanced credit processes, efficient and reliable operations and a high-performance culture.

As part of this transformation programme, C&IB's Transaction Banking Services continued to invest in technology to enhance its product offering. In 2019, a number of new product offerings were launched including a new digital transaction banking platform focused on enhancing the user experience. In 2020, the focus continues to be on effective portfolio management by deepening client relationships through cross-selling the full range of ENBD's products and service and diversifying the C&IB's business by client, industry and geography. In addition to this, C&IB will be implementing the new online banking channel "smartBUSINESS 3.0" and promoting client adoption of ENBD's digital channels.

### **Retail Banking and Wealth Management**

Retail Banking and Wealth Management is divided into two distinct and complementary business lines: (i) Retail Banking; and (ii) Wealth Management.

## ***Retail Banking***

ENBD has the largest amount of consumer deposits among banks in the UAE and as such is a dominant retail banking franchise in the UAE and the region, providing conventional retail banking products and services through a domestic network of 91 branches as of 31 December 2019. ENBD also has one of the largest networks of self-service machines in the UAE, with approximately 644 self-service machines spread across the seven Emirates, as at 31 December 2019.

Retail Banking provides a wide range of products and services ranging from accounts and deposits, credit cards, personal loans, auto loans, mortgages, foreign exchange and remittances as well as investment and insurance products. The division's focus on customer experience and innovation makes ENBD a bank of choice, which is reflected in its growing market share across most products. ENBD's market share as at 31 December 2019 in terms of cards, loans and deposits was approximately 20 per cent., 11 per cent. and 20 per cent., respectively.

Personal Banking is ENBD's largest customer segment serving over 1.3 million mass and emerging affluent customers across the UAE. In line with the division's value focus, acquisition of emerging affluent customers through Personal Banking's "Beyond" proposition, supported by digital campaigns and focus from both sales teams and branch staff, increased by 9 per cent. during the year ended 31 December 2019 compared to the previous year, building a more diversified client base.

Priority Banking is a premium banking service designed to provide wealth management solutions to the affluent customer base. The division's Business Banking segment addresses the needs of small and medium-sized enterprises ("SMEs") providing them with a suite of liabilities, lending, FX, trade and wealth offerings. In 2019, Priority Banking and Business Banking were relaunched to provide a renewed focus on the core services they provide. In 2020, a simplified investment advisory framework was implemented primarily for Priority Banking customers to enable simplified investing across a diverse range of products, in line with their individual risk profiles.

In 2019, ENBD partnered with LuLu to launch the "Emirates NBD LuLu 247 Mastercard" credit card which offers ENBD customers reward points on their day-to-day spending in LuLu stores, fuel and utilities. The "U By Emaar" co-branded credit card, which launched in 2018 in partnership with Emaar, a property and premium lifestyle provider in the UAE, continued to increase its customer base and in 2019 accounted for 40 per cent. of ENBD's new credit card customers. The "Emirates NBD Marriot Bonvoy" credit card was relaunched in 2019 with refreshed customer benefits and rewards. Additionally, the "Emirates NBD Plus Saver" account was implemented in 2019, offering customers attractive interest rates on their online savings account balances, along with the "Early Saver" savings account for children. The "Emirates NBD Emirati" debit card was launched in 2020 offering UAE National customers a range of exclusive benefits. The "Emirates NBD Prepaid Gift Card" was also launched in 2020, providing customers with a digital gifting alternative and was featured in joint campaigns with Amazon and Noon.com.

The Retail loans product offering was also increased in 2019 with the introduction of the "Scholar Plus Education Loan" enabling customers to fund their children's education up to AED300,000. In 2020, the "AUTOSWAP" auto loan buy-out programme launched in partnership with Dubizzle, the online classified advertisement platform, as a financing solution for customers purchasing used vehicles through the Dubizzle platform.

The Retail Banking division has been recognised with the receipt of a number of awards recently, including "Best Retail Bank in the Middle East" for 2019 by The Asian Banker and "Best Retail Bank in the Middle East and the UAE" for 2019 by Retail Banker International.

## ***Asset Composition of Conventional Retail Loan Portfolio***

Retail loans are governed by strict policy parameters which are uniformly and consistently applied to the relevant customer segments and businesses based on the policy lending rules. A breakdown of Retail Banking's conventional retail loan portfolio by type of customer loans and receivables, as at 31 December 2019, is set out below.

| <b>Product Type</b>  | <b>Amount</b>        | <b>Percentage</b> |
|----------------------|----------------------|-------------------|
|                      | <i>(AED billion)</i> | <i>(%)</i>        |
| Personal Loans ..... | 20.6                 | 35.7              |
| Mortgages .....      | 8.4                  | 14.5              |

| <b>Product Type</b>                      | <b>Amount</b>        | <b>Percentage</b> |
|------------------------------------------|----------------------|-------------------|
|                                          | <i>(AED billion)</i> | <i>(%)</i>        |
| Credit Cards .....                       | 12.8                 | 22.2              |
| Car Loans .....                          | 4.0                  | 7.0               |
| Overdrafts - Retail .....                | 2.9                  | 5.1               |
| Staff loans .....                        | 0.9                  | 1.6               |
| Time Loans - Retail .....                | 0.6                  | 1.0               |
| Others - Retail .....                    | 7.5                  | 12.9              |
| <b>Total Loans and Receivables .....</b> | <b>57.7</b>          | <b>100.0</b>      |

### ***Distribution Channels & Digitisation***

ENBD is the leading retail banking franchise in the UAE, with the one of the largest distribution networks, complemented by a best-in-class mobile and online banking platform.

ENBD provides access to one of the widest branch, self-service machine networks in the UAE and in 2019 re-opened the Jumeriah Al Wasl flagship branch which now caters to all customer segments. In 2019, ENBD was also granted approval by the Saudi Arabian Monetary Authority to open an additional twenty branches in the Kingdom of Saudi Arabia and intends to open certain of these in 2020.

As part of ENBD's digitalisation agenda, three new digitally enabled retail branches were opened in 2019 at strategic locations across the UAE together with the first teller-less branch in Dubai, offering convenient sales and non-cash services for its Retail Banking customers. Customer digital adoption continued to grow in 2019 with 69.0 per cent. of individual customers being digitally active with their banking at ENBD and 93.0 per cent. of all Retail Banking transactions being effected through digital channels. In 2020, a further two teller-less branches were launched in Dubai.

ENBD also advanced its digitalisation agenda through the implementation in 2019 of a fully digital account opening process which enables individual Retail Banking customers to open a new account instantly from their smartphone. Additionally, during 2019 ENBD's mobile banking app was updated with new features to strengthen the functions available to individual customers and "Smart Pass" was extended to all customers to provide a secure and convenient way to authorise digital banking transactions without the need for SMS based authentication. In addition, ENBD launched "Chat Banking" via the WhatsApp Business Solution which allows customers to check account balances, view recent transactions, obtain a credit card mini-statement, temporarily block or unblock cards and access other services using the WhatsApp chat application on their mobile. ENBD also launched "Emirates NBD Voice Banking" in 2019 which enables individual customers to obtain account and card updates via their Amazon Alexa devices.

In furtherance of its digital focus, ENBD implemented the "Better Together" platform in 2019 which allows a panel of customers to work directly with ENBD on co-creating and beta testing new digital solutions as well as carrying out "mystery shopping" of ENBD's services.

In 2019, ENBD strengthened its cybersecurity defences and collaborated with the Dubai Police to launch the "#secureyouraccount" campaign aimed at raising public awareness and education on cybersecurity.

ENBD was awarded "Cloud Computing Innovation of the Year" by FStech Awards in 2019 and also "Best Application of Advanced Technology in a Product or Service" for its Blockchain Center of Excellence for Payments by the 2019 BAI Global Innovation Awards.

In 2017, ENBD launched Liv., the first lifestyle digital bank of its kind in the UAE, targeted at millennials. Liv. is a mobile-only platform providing a banking-meets-lifestyle experience, with no paperwork, no sales staff and no inbound call centre. Liv. account opening is instant, with robust biometrics-based KYC allowing the account to be opened in less than two minutes. Reinforcing the division's commitment to customer service, traditional banking processes have been redesigned for the purposes of this platform to make them more straightforward. Liv. has been received very favourably with new account openings increasing rapidly to equal, and at times surpass, the number of new accounts opened with the main divisions of ENBD, supported by innovative promotions and social media based marketing. As at 31 December 2019, Liv. had a customer base of over 350,000. In 2019, Liv.'s conversational AI based chatbot, Olivia, was launched as a means to enable customers obtaining account information and spending insights through natural language messaging. Additionally, in 2019, Liv.'s product offering increased with the introduction of mobile insurance featuring a paper-free process from purchase of an insurance policy to the claims process. In 2019 Liv. was recognised as "Best Digital Bank in the Middle East" at The Asian



Banker's International Excellence in Retail Financial Services 2019 Awards. In 2020, ENBD also launched a pilot scheme for the Liv. offering to be extended to customers in the Kingdom of Saudi Arabia.

In 2019, ENBD also announced the launch of E20., a digital business bank for entrepreneurs and SMEs.

In 2020, additional automated processes have been introduced within ENBD to support the ENBD operations team, including for account closures and certain customer repeat requests. To support customers during the COVID-19 pandemic, ENBD: (i) launched several digital, contactless banking services including retail loan and credit card applications; (ii) increased online transfer limits; (iii) implemented web-based servicing of loan deferment and account maintenance requests; and (iv) provided minimum balance waivers for certain SME customers.

### ***Brand, Service and Social Media***

ENBD was recognised as the "UAE's most valuable banking brand" with a value of U.S.\$4.0 billion in 2019 in The Banker's annual brand valuation league table. The division was recognised as the "Best Retail Bank in the Middle East" by The Asian Banker in 2019. ENBD has a strong social media presence with over 1.78 million social media followers and in recognition of this ENBD was ranked as 20<sup>th</sup> globally in the "Power 100 Social Media Rankings – Banks Using Social Media - Q4 2019" by The Financial Brand.

In 2019, disability friendly access was extended to more branches in the ENBD network with total coverage of over 50 per cent. of ENBD's network as at the date of this Base Prospectus. "Traveller HD", an assistive technology designed to enhance the branch experience of customers with low vision, was introduced in four branches in 2018 and similarly, in 2020, "KinTrans", an automatic sign language to text translator was made available in selected branches to make branch banking more accessible for customers.

In 2019, ENBD introduced the "Happiness Day" initiative to improve customer experience and build loyalty to the ENBD brand. Similarly, ENBD also celebrated "Customer Service Month" in October 2019 with a focus on increasing engagement with customers.

### ***Wealth Management***

ENBD's Private Bank, Asset Management and Brokerage business form an integrated wealth management platform, enabling all individual businesses to improve their market positioning, and generated strong financial results in 2019.

### ***Private Banking***

ENBD Private Banking was established in 2008 to meet the needs of high and ultra-high net worth individuals, families and select institutional investors. It provides the full range of premium banking, wealth management, trust and estate planning, and investment services through approximately 65 Relationship Managers across the UAE, the Kingdom of Saudi Arabia, the United Kingdom, Singapore and India. The Relationship Managers are supported by a team of 15 Investment Advisors, the Chief Investment Officer, a team of asset class experts and a Products team covering a vast range of investment solutions across asset classes, sectors and geographies.

In 2019, ENBD introduced a new international and multi-platform Private Banking brand campaign with the objective of raising brand awareness and positioning Private Banking as a preferred global and local provider for wealth services. Among other strategic and client experience enhancing activities, ENBD also hosted "The LaunchPad Season 2", a start-up funding platform, along with delivering 80 fine dining "Moments of Delight" experiences to certain Private Banking clients.

ENBD's progress in delivering unmatched client solutions and excellent customer service has been recognised by various industry awards, including from Private Banker International, Global Finance and others.

## **Asset Management**

ENBD Asset Management ("**ENBD AM**") is a fully owned Dubai International Financial Centre ("**DIFC**") subsidiary of ENBD regulated by the Dubai Financial Services Authority, providing a full range of investment solutions, from in-house managed public funds to tailor-made discretionary solutions offering exposure to the MENA markets as well as global markets. ENBD AM covers all of the main asset classes, structured on either a *Shari'a* compliant or on a conventional basis. ENBD AM is based in the DIFC and regulated by the DFSA as a Category II firm, with the additional ability to operate an Islamic window. The funds managed by ENBD AM are domiciled in Jersey (regulated by the Jersey Financial Services Commission) and in Luxembourg (regulated by the CSSF).

The main drivers for the growth of ENBD AM have been an increase in institutional mandates across the region, particularly in the fixed income space. ENBD AM's diversified investor base across the full spectrum of sectors and capital base, backed by one of the largest and most diverse teams in the region with a strong track record, helped the Group to grow its asset management business, supported by its consistent track record and investment performance. The Global Sukuk Fund and the Emirates MENA Fixed Income Fund, both managed by ENBD AM and domiciled in Luxembourg, increased to U.S.\$320 million and U.S.\$200 million, respectively, in 2019 and are amongst the largest funds in their respective strategies. ENBD AM also manages the Emirates Islamic Money Market Fund, domiciled in Jersey, which surpassed U.S.\$170 million in 2019. Both the Emirates Islamic Money Market and the Global Sukuk Fund have been awarded a Mercer rating. ENBD AM also manages ENBD REIT, domiciled in the DIFC and regulated by the DFSA. In May 2019, the Global Sukuk Fund was awarded a five-star rating by Morningstar.

In 2020, following the implementation of a DIFC employee workplace savings scheme, ENBD AM received the first fund inflows from the savings scheme into the Emirates Islamic Money Market Fund.

ENBD AM was recognised through a series of investor awards confirming its leading position in the region's Asset Management space.

## **Islamic Banking**

Islamic banking is one of ENBD's fastest growing business sectors and contributes to an increasing proportion of the revenue of ENBD. Apart from offering Islamic banking products through Al Watani Al Islami (ENBD's Islamic window), ENBD also offers a range of *Shari'a* compliant financial services through its subsidiary Emirates Islamic to retail and corporate customers with the objective of conforming to the strictest standards of Islamic finance.

All the activities of Emirates Islamic are conducted in full compliance with Islamic *Shari'a* and under the supervision of its *Shari'a* Supervisory Board (the "**Shari'a Board**") comprising several prominent *Shari'a* scholars.

Emirates Islamic ("**EI**") Wholesale Banking division provides a comprehensive range of *Shari'a* compliant financial products and services to its customers in respect of working capital financing, trade finance, project financing, syndications, FI, cash management and treasury services. EI Wholesale Banking customers consist of private sector customers, public sector customers and government bodies/agencies and are served through Wholesale Banking centres strategically located across the UAE. The industries covered by EI Wholesale Banking comprise, *inter alia*, real estate, financial institutions, contracting, trading, manufacturing and services. Whilst customers are primarily in the UAE, facilities are also offered in other GCC countries.

Emirates Islamic's Retail Banking division offers a comprehensive range of *Shari'a* compliant banking products and services through its network of 56 branches located throughout the UAE as at 31 December 2019.

Additionally, Emirates Islamic's Business Banking division provides banking solutions to SMEs across the UAE.

## **Other Operations**

ENBD has a number of other operations, which include Emirates NBD Egypt, DenizBank, Tanfeeth, property management, operations and support functions.

## **Overseas Operations**

ENBD has overseas branches in the United Kingdom, the Kingdom of Saudi Arabia, Singapore and India. ENBD also has two wholly-owned subsidiaries, in Turkey (DenizBank) and Egypt (Emirates NBD Egypt). ENBD also has a network of representative offices in China, Indonesia and Turkey. In 2019, ENBD was also granted approval by the Saudi Arabian Monetary Authority to open an additional twenty branches in the Kingdom of Saudi Arabia, which when opened would extend its network coverage in the Kingdom of Saudi Arabia to twenty four branches.

## **Subsidiaries and Associates of ENBD**

ENBD is the parent to a number of corporate entities and, ultimately, holds investments in certain associates. The principal operating subsidiaries and associates of ENBD are as follows:

### ***Listed subsidiaries***

#### ***Emirates Islamic Bank PJSC***

Formerly known as Middle East Bank PJSC, Emirates Islamic was incorporated as a public limited company by H.H. Sheikh Rashid Bin Saeed Al Maktoum, former Ruler of Dubai, pursuant to Emiri Decree dated 4 October 1975, as amended by Emiri Decree dated 3 April 1976 and registered as a Public Joint Stock Company (Commercial Register No. 30 dated 18 July 1995). The company was acquired by EBI, pursuant to an agreement dated 9 December 1991. In 2004, in response to customer demand for *Shari'a* compliant products on a broader scale, the bank was converted to an Islamic bank and its name was changed to Emirates Islamic Bank PJSC. Through its 56 branches across the UAE (as at 31 December 2019), Emirates Islamic provides full banking services and a variety of products through *Shari'a* compliant financing and investment activities and currently ranks as the third largest Islamic bank in the UAE by assets (*source*: relevant competitors' financial statements). Emirates Islamic's authorised share capital, as at 31 December 2019, was AED 10.0 billion, consisting of 10 billion shares of AED 1 each. Emirates Islamic's paid-up capital, as at 31 December 2019, was AED 5.4 billion. As at 31 December 2019, Emirates Islamic was 99.9 per cent owned by ENBD.

As at 31 December 2019, Emirates Islamic had total assets of AED 64.8 billion, including total equity worth AED 8.3 billion and a capital base of AED 8.7 billion, consisting of Tier 1 capital of AED 8.3 billion and eligible Tier 2 capital of AED 0.5 billion. Emirates Islamic's net profit for the year ended 31 December 2019 was AED 1.1 billion.

Whilst Emirates Islamic does have a strong degree of independence in the operation of its business, it enjoys a high level of support from ENBD in relation to many support functions including human resources, treasury, information technology, certain administrative services and back office operations such as clearing and remittances. Further, all of Emirates Islamic's activities are overseen by its *Shari'a* Board comprising Scholars of Islamic *Shari'a*.

#### ***Dubai Bank PJSC***

Pursuant to the decree issued on 11 October 2011 by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, in his capacity as the Ruler of Dubai, ENBD acquired the entire outstanding share capital of Dubai Bank, a provider of *Shari'a* compliant banking services in the UAE. This follows a consistent strategy of the Government of Dubai in carefully monitoring the banking sector in the Emirate and taking measures necessary to ensure the continued viability of financial institutions operating in Dubai.

The acquisition of Dubai Bank was completed in the last quarter of 2011 (the effective date being 11 October 2011), the cash consideration for which represented fair value for Dubai Bank. As on the effective date of the acquisition, the acquisition had no impact on ENBD's net profit or its non-performing loans ratio. On 30 November 2012, the migration of Dubai Bank's portfolio and branches to Emirates Islamic was completed.

### ***Listed associates***

#### ***National General Insurance Company PJSC***

National General Insurance PJSC ("**NGI**") was established in 1980 as a limited liability company, and became a public joint stock company in 2001. NGI is listed on the DFM and, as at 31 December 2019, ENBD held 36.7 per cent. of its issued share capital. NGI is rated A- by A.M. Best, and approved by the Dubai Health Authority as a participating insurer.

NGI is licensed by the UAE Insurance Authority and offers a range of general and specialist insurance products, including healthcare and life insurance. NGI underwrites large and medium sized risks in property, casualty, marine cargo, marine hull, energy, construction, motor, manufacturing, banking and other industries, and is very active across the medical life insurance product lines. As at the date of this Base Prospectus, NGI has 9 branches within the UAE.

NGI has a suite of bancassurance products that are exclusively tailored for banks. In addition, NGI has established a credit insurance venture with Coface, a Paris based credit insurance provider, which offers protection for receivables to potential buyers of goods and services.

### ***Unlisted subsidiaries***

#### ***DenizBank***

DenizBank is the fifth largest private bank in Turkey by total assets and a wholly-owned subsidiary of ENBD. ENBD acquired 99.85 per cent. of the shares of DenizBank on 30 July 2019 and subsequently acquired the remaining 0.15 per cent. of shares by 31 December 2019.

DenizBank was incorporated in Turkey in 1938 as a state-owned bank, until it was bought by Zorlu Holding in 1997. It was then acquired by Dexia in 2006 and later sold in 2012 to Sberbank of Russia.

DenizBank has 13 subsidiaries and operates through (its and its subsidiaries) 751 branches employing approximately 14,000 employees. DenizBank primarily operates in Turkey, and it also has branches in Austria, Bahrain, Germany and Russia.

DenizBank's core business segments are:

1. ***Corporate Banking*** which serves all companies with annual sales turnover of at least TL 200 million as well as the groups to which these companies belong and all financial services companies irrespective of turnover;
2. ***Commercial Banking*** which serves all companies with annual sales turnover of at least TL 40 million that do not fall within Corporate Banking;
3. ***Public Finance Banking*** which serves local public administrations, their subsidiaries and economic enterprises, as well as state economic enterprises, their establishments and subsidiaries, and all other enterprises in which the public or public companies hold at least a 50 per cent. stake;
4. ***SME Banking*** which serves firms and sole proprietorships with annual turnover of less than TL 25 million, as well as the owners and partners of businesses;
5. ***Agricultural Banking*** which serves producers with a farmer certification who earn a living from agricultural activities as well as agricultural organisations with legal entity status and agriculture related businesses; and
6. ***Retail Banking*** which serves individuals, self-employed professionals, owners and partners of corporate and commercial segment companies and owners and partners of companies that are clients of DenizBank's SME segment with a turnover of more than TL 8 million.

In addition to the above core business segments, DenizBank also provides private banking services to certain retail segment clients and companies with liquid net worth of at least U.S.\$25,000.

DenizBank's strategy for 2020 includes growing the market share of its SME Banking, Agricultural Banking and Retail Banking business segments and focusing on digitalisation and innovation within the

products and platforms offered. DenizBank will also continue to identify and explore new niche markets while aligning its core business to digital initiatives to improve efficiency in operations and maintain high customer satisfaction.

During 2019, DenizBank won the following awards:

- "Mobile Payment Bronze Award" at the Smarties Global Awards in 2019;
- "Mobile Payment Gold Award" and "Cross Media Silver Award" at the Smarties Turkey and EMEA Awards in 2019;
- "Best Professional Training of the Year Gold Award" at the Stevie's Great Employers Award 2019; and
- "Digital Transformation and Innovation in Human Resources" at the Peryön Value to People Awards 2019.

#### *Emirates NBD Egypt S.A.E.*

During 2013, ENBD acquired 100 per cent. of the issued shares of BNP Paribas Egypt S.A.E., which has since been rebranded as Emirates NBD Egypt S.A.E.

Emirates NBD Egypt S.A.E.'s total operating income was AED 837.4 million for the year ended 31 December 2019, and AED 677.1 million for the year ended 31 December 2018. Emirates NBD Egypt S.A.E.'s profit after taxation for the year ended 31 December 2019 was AED 324.9 million as compared to AED 301.9 million for the year ended 31 December 2018.

#### *Emirates NBD Asset Management Limited*

Emirates NBD Asset Management Limited (formerly known as Emirates Investment Services Limited) was established in 2007, and offers a broad spectrum of investment products and services. It is wholly-owned by ENBD and operates from the DIFC and is regulated by the DFSA.

#### *Emirates NBD Securities LLC*

Emirates NBD Securities LLC is a wholly-owned subsidiary, as well as the brokerage arm, of ENBD.

Emirates NBD Securities LLC was established in 2002 and is regulated by the Securities and Commodities Authority (the "SCA") in UAE and is a registered broker with the DFM, the Abu Dhabi Securities Exchange, Nasdaq Dubai and the Dubai Gold and Commodities Exchange ("DGCX").

In addition, Emirates NBD Securities began international expansion during 2015 by offering clients access to the Saudi Stock Exchange (TADAWUL), with more regional and global markets in the roadmap.

Emirates NBD Securities LLC specialises in the provision of securities and commodities trading and brokerage services to investors who wish to trade in locally, and select internationally listed equity and debt securities, and offers clients products and services such as early withdrawal facilities, debit cards and access to various online platforms including iPhone, iPad or Android portals.

#### *Emirates NBD Capital Limited*

ENBD Capital is a wholly-owned subsidiary of ENBD. ENBD Capital was incorporated in the DIFC in 2006 (see also "— *Investment Banking*" above).

#### *Tanfeeth LLC*

Tanfeeth LLC ("**Tanfeeth**") was incorporated in September 2011 as the GCC's first Business Services Partner and is wholly owned by ENBD. Tanfeeth delivers significant operational efficiency and service quality improvements to its clients. In 2019, Tanfeeth continued to deliver service excellence and cost effective solutions to the Group and ENBD's customers which reduced total operating expenses. In addition to delivering a lean operational performance, Tanfeeth has initiated and supported several end-to-end strategic projects across different Group units and subsidiaries, including ENBD's international operations.

As at the date of this Base Prospectus, Tanfeeth's operational scope includes most of ENBD and Emirates Islamic's back office operations, including:

- ENBD and Emirates Islamic Contact Centre Operations;
- Collections and Recoveries;
- Compliance Operations;
- Finance and Accounting;
- International Payments;
- Tanfeeth Service Centre;
- Retail Credit Operations;
- Human Resource Services;
- Procurement Operations;
- Clearing;
- Customer Due Diligence Account Opening and Maintenance;
- Trade Finance Services; and
- Treasury Operations.

#### *Other*

In addition, see note 13 (*Disposal of Stake in Jointly Controlled Entity*) to the 2019 Financial Statements for details regarding ENBD's reduction in its stake of Network International Holdings plc.

#### **ENBD's Competition**

ENBD faces competition in all of its principal business areas and ENBD's principal competitors include both banks that are locally incorporated (conventional and Islamic) as well as certain foreign banks operating in the UAE. As at 31 December 2019 there were 59 banks holding full commercial banking licenses in the UAE, of which 21 were locally incorporated. The following table shows rankings for banks operating in the UAE by total assets and equity as at 31 December 2019 and by net profits for the year ended 31 December 2019 (source: *Bank Financial Statements and Press Releases for FY 2019, Bloomberg*).

#### **Ranking by Total Assets**

| <b>Ranking</b> | <b>Bank</b>                             | <b>Amount</b><br>(AED billion) |
|----------------|-----------------------------------------|--------------------------------|
| 1              | First Abu Dhabi Bank P.J.S.C. ....      | 822.0                          |
| 2              | ENBD.....                               | 683.3                          |
| 3              | Abu Dhabi Commercial Bank P.J.S.C. .... | 405.1                          |
| 4              | Dubai Islamic Bank P.J.S.C.....         | 231.8                          |

#### **Ranking by Net Profits**

| <b>Ranking</b> | <b>Bank</b>                             | <b>Amount</b><br>(AED billion) |
|----------------|-----------------------------------------|--------------------------------|
| 1              | ENBD.....                               | 14.5                           |
| 2              | First Abu Dhabi Bank P.J.S.C. ....      | 12.6                           |
| 3              | Dubai Islamic Bank P.J.S.C. ....        | 5.1                            |
| 4              | Abu Dhabi Commercial Bank P.J.S.C. .... | 4.8                            |

## Ranking by Equity

| Ranking | Bank                                    | Amount<br>(AED billion) |
|---------|-----------------------------------------|-------------------------|
| 1       | First Abu Dhabi Bank P.J.S.C. ....      | 108.0                   |
| 2       | ENBD.....                               | 81.6                    |
| 3       | Abu Dhabi Commercial Bank P.J.S.C. .... | 55.7                    |
| 4       | Dubai Islamic Bank P.J.S.C. ....        | 34.7                    |

## Risk Management

ENBD manages its risks through a comprehensive risk management framework which incorporates well-defined risk identification, measurement and monitoring processes.

The key features of ENBD's risk management framework are as follows:

- ENBD's risk appetite is determined by the Executive Committee (the "**EXCO**") and approved by the board of directors of ENBD (the "**Board**").
- Board committees meet regularly and have oversight of the risk management policies and procedures, and periodically review the adequacy of the risk management framework.
- ENBD's overall risk management policies are monitored and managed by ENBD's risk management function ("**Group Risk**"), and the Group Risk Committee. This function is independent of the business divisions.
- Risk management is an integral component of all business activity that ENBD undertakes.
- Group Risk assists senior management in controlling and proactively managing ENBD's overall risk profile. This function also ensures that:
- Risk policies, procedures and methodologies are consistent with ENBD's risk appetite.
- ENBD's overall business strategy is consistent with its risk appetite.
- Appropriate risk management architecture and systems are developed and implemented.
- Transactions and outstanding risk exposures are regularly quantified and compared against authorised limits and monitored against policy guidelines and key risk indicators. Any discrepancies, excesses or deviations, are escalated to the management for appropriate and timely action.

## Credit Risk

Credit risk is the risk of financial loss arising from the failure of the customer or counterparty to meet its contractual obligations to ENBD. ENBD is exposed to credit risk through traditional lending to corporate, retail and institutional customers, financial market transactions and transactions involving settlements with counterparties (which includes other financial institutions), such as direct loans, commitments to extend credit and settlement exposures.

ENBD manages credit risk by setting limits for individual borrowers, groups of borrowers, and geographical and industry segments. ENBD also monitors credit exposures and continually assesses the creditworthiness of counterparties and considers it appropriate to obtain collateral wherever necessary to mitigate the credit risk. In addition, ENBD enters into master agreements and collateral arrangements with counterparties and limits the duration of exposures.

ENBD sets policies and procedures for managing its credit risks. Credit exposures are monitored through exception reports, annual review of facilities, short-form reviews and periodic revaluation of collateral.

ENBD's Board Credit and Investment Committee ("**BCIC**") and the Management Credit Committee ("**MCC**") provides the strategic framework to govern the extension of credit, manage the risk of the loan portfolio, ensure sufficient returns on the portfolio, and authorise individual or group credits within established guidelines.

Credit risk for various portfolios is managed as follows:

*Corporate Credit:* Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers, amongst other things, the purpose of the facility, sources of repayment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry. ENBD has established credit underwriting standards for specific industry sectors to prudently manage exposure levels.

ENBD is an active participant in the inter-bank market and takes exposures in line with the approved credit appetite across banks in the GCC and beyond. Specific Financial Institutions ("**FI**") and country risk policies are in place to manage cross border country and FI risk. Exposures are monitored against approved limits at regular frequencies.

*Small and Medium Enterprises:* ENBD continues to place a high focus on this segment of the economy. Credit facilities are granted based on detailed risk assessment of the business and the standing of its sponsors. Facilities are generally secured by acceptable risk mitigant wherever possible.

ENBD's portfolio is periodically reviewed to assess the impact (if any) on account of changes to macroeconomic trends or specific industry downturns so that suitable corrective actions are initiated to maintain portfolio quality.

*Credit approval and securities procedure:* ENBD's credit policy is reviewed from time to time in light of market conditions. At all times, ENBD prudently manages large exposures in line with the UAE Central Bank requirements.

The Group Credit Policy details the core credit principles, types of business and sectors that ENBD is willing to participate in, security, details of its credit facility application processes, guidelines on credit approval authorities, borrower risk grading, problem loan identification, management of high risk customers, impaired credits and provisioning.

The Group Credit Policy consists of specific business guidelines that enable ENBD's management to maintain a portfolio of counterparty risk exposures aligned to ENBD's business strategy and objectives. The policy is designed to ensure that lending officers deal with key credit issues and provide relationship officers with specific guidance on the policy, where required. These procedures also ensure that appropriate controls exist at all stages of the credit process.

ENBD has in place a process for corporate credit approvals. Individual business units have the primary responsibility for credit facilities resting with the executives recommending the facility. In line with lending guidelines, parameters and business specific procedures, credit facility approvals are referred to the Group Credit Department ("**GCD**"), where risk assessment managers evaluate the proposals and provide their recommendations. The senior management comprising the Group's Chief Risk Officer ("**CRO**"), the Head - C&IB, Head - Retail Banking & Wealth Management, the Chief Executive Officer, the Chief Credit Officer, Credit Officers and Senior Business Managers have delegated authority limits to approve credit facilities. Credit facilities above this delegated authority limit are recommended for approval to the MCC and/or the BCIC as appropriate.

ENBD has an automated system for flagging due dates for facility reviews. This automated system highlights when a due date has passed, as well as highlighting when limits have been exceeded. Excesses are monitored daily by business units under their delegated lending authorities and reported to the GCD. Compliance with covenants and credit sanctioning conditions are also monitored by the GCD and, where necessary, escalated to senior management.

*Security Procedures:* ENBD has a standard set of security documentation, which is used in various combinations, depending on the facilities granted. A review by ENBD's legal unit is required for any non-standard documents. ENBD requires that all documentation is completed before any facilities are drawn, with any exceptions requiring approval in accordance with the Group Credit Policy. The post-approval processes and documentation are handled by the Credit Administration Unit (the "**CRAD**") which reports to the GCD.

*Consumer Banking Risk:* ENBD has a comprehensive credit risk management framework for consumer banking risk. The Board Risk Committee ("**BRC**") endorses the credit risk strategy for consumer banking



and all credit policies are approved by the BCIC. The BCIC ensures that these are adequate and appropriate to changing business conditions and are within the risk appetite of the Group.

Group Retail Credit ("**GRC**") controls credit risk management for the consumer banking business centrally. It is primarily responsible for implementing the risk strategy approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of credit risk, ensuring individual exposures are approved in line with the credit policies and monitoring portfolio composition and quality.

Discretionary lending authorities have been delegated to lower management levels; however escalations to senior authorities are required depending on the severity of exceptions. Every application for a retail facility must first be recommended by the sales force and reviewed and approved by the retail credit department.

ENBD's retail lending policy sets forth clear guidelines for specific retail lending products such as personal loans, auto loans, credit cards and home loans. ENBD's retail lending policy is recommended by the Head of Group Retail Credit and is jointly approved by the General Manager-Retail Banking and Wealth Management and the CRO, and further approved or ratified by the BCIC. Retail credit policies are dynamic and are amended based on the prevailing market environment to ensure that product offerings are competitive. Appropriate controls are in place to ensure credit is within the defined thresholds of ENBD's risk strategy.

Credit processes in consumer banking are driven by approved product programmes for each of the products. Credit exposures are managed through target market identification, appropriate credit approval processes and collections and recovery procedures. The retail credit model is geared towards high volume, small transaction size businesses where credit appraisals of fresh exposures are guided by statistical models, and are managed on the basis of aggregate product portfolios.

The Group approves maximum levels of credit exposure to a set of customers with similar characteristics, profiles and/or product needs, under clearly defined standard terms and conditions. Retail lending is normally restricted to salaried individuals and, on a selective basis, to self-employed individuals and SMEs. Generally, retail loans are secured by an assignment of salary, mortgages or liens over property (in respect of home loans) and liens on vehicles (in respect of auto loans). This is an operationally efficient approach to managing credit where credit risks and expected returns lend themselves to a template approach or predictable portfolio behaviour in terms of yield, delinquency and charge-offs.

The Group has a robust management information system that allows it to track its retail credit portfolios effectively and take timely action, where required, to maintain asset quality. All retail portfolios are monitored regularly with a high degree of segmentation. GRC monitors overall portfolio quality and high-risk exposures periodically, including the weighted risk grade of the portfolio. GRC carries out periodic portfolio reviews at each product level, reviewing portfolio performance across multiple customer segments and split by critical risk and policy drivers. This allows strategic guidance to be given to product teams in terms of sourcing and asset growth in the approved customer segments.

The Group has a robust provisioning policy which is in line with the guidelines laid down by the UAE Central Bank. It allows for a centralised collections and recoveries team to follow up on overdue customers for payments. GRC is responsible for setting collections strategy guidelines and monitors collections performance on a periodic basis. The team is also ably assisted by score cards that allow the team to prioritise collections and recoveries by likelihood of collection or default.

*Rating Models and score cards:* Score cards have been implemented for aiding consumer banking credit decisions. The Group uses a suite of applications and behaviour score cards, including liability behaviour score cards, to provide critical inputs for Basel III capital adequacy and economic capital computations and also to assist in underwriting related activities. ENBD has developed a suite of risk scorecards for all retail products including personal loans, credit cards, home loans and auto loans. In addition, customer level behaviour scorecards are available for cross-selling and collection activities, specialised scorecards are used in the evaluation of spending patterns of customers in their current and saving accounts to assess their credit worthiness, while skip scorecards predict customers' flight risk. The Al Etihad Credit Bureau ("**AECB**") scores and reports are used in underwriting and in determining cut-offs for certain products and segments. In addition, AECB scores are used for Portfolio management and prioritisation in collections.

Development of a robust internal rating model for ENBD's wholesale portfolios (including SMEs) has remained a challenge for a number of reasons, namely the traditionally low number of defaults in the UAE

and the small number of customers in the portfolio, as well as the limited availability of financial and other market based information for customers. To overcome these challenges, ENBD has adopted an expert panel approach. A comprehensive early warning framework complements the expert panel model to assess customers' risk profiles on an ongoing basis.

ENBD has also developed an internal rating model for the financial institutions portfolio and unrated sovereigns which aims to mimic the external rating of the financial institutions and/or unrated sovereign assigned by top tier external rating agencies.

For consumer and wholesale portfolios, ENBD has developed IFRS 9 Financial Instruments models using internal scorecards and rating models.

Prior to implementation, all risk quantification models are validated by ENBD's independent model validation team and the performance of all scorecards is regularly monitored by another team independent to the model's development team.

### ***Market Risk***

ENBD is exposed to diverse financial instruments including fixed income products, foreign currencies, equities and commodities and deals in both physical as well as cash and derivative instruments. Market risk is the risk that the value of financial instruments in the Group's inventories – with the inclusion of some other financial assets and liabilities – will produce a loss because of changes in future market conditions.

The Group utilises a variety of risk metrics to quantify and monitor market risk. The Group monitors and manages the following categories of market risk:

1. interest rate risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of interest rates and changes in credit spreads;
2. FX risk: losses in value due to exposure to changes in spot prices, forward prices and volatilities of currency rates; and
3. commodity price risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of commodities such as petrochemicals, base and precious metals, and food stocks.

Group Market Risk ("**GMR**"), a risk function which is independent from the market risk taking units and which reports directly to the CRO, has overall responsibility for measuring, monitoring and managing market risk in the Group, in co-operation with other independent and support functions across the Group's global businesses.

At the macro level, the Group manages its market risk by diversifying exposures and counterparties, limiting the size of risk exposures and setting up economic hedges in appropriate securities or derivatives. This managerial process includes:

- A centralised, group-wide market risk-taking unit, Global Markets & Treasury ("**GM&T**");
- Accurate and timely reporting of risk exposures and multiple risk metrics by GMR;
- A limit-setting framework updated on a regular basis; and
- Ongoing regular communication amongst GM&T, GMR and other senior management.

Managers in GM&T are ultimately accountable for managing market risk within the approved limits. These managers have extensive knowledge of markets and products, their risk exposures and of the financial instruments available to hedge their exposures. Managers in both GM&T and GMR exchange information about markets, market conditions, risk exposures and expected risk scenarios on a frequent basis.

The Group's risk exposures to market risk are segregated into the trading and banking books. The trading book includes those financial instruments held with trading intent arising from market-making, position-taking and other designated financial instruments accounted for at fair value. The banking book includes financial instruments not held with trading intent that arise from the management of interest rate risk and

foreign exchange risk from the Group's consumer and commercial banking assets and liabilities, and other financial investments designated as either available-for-sale, or held-to-maturity.

#### *Market Risk Oversight and Management Process*

As part of the Group's enterprise-wide risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, *inter alia*:

- Oversight by senior management and Board committees such as the Group Asset and Liability Committee (the "ALCO") and the BRC;
- Independent valuation of financial instruments in the trading book and measurement of market risk;
- A comprehensive set of policies, procedures and limits;
- Monitoring a wide range of risk metrics appropriate for the respective trading activities – such as risk sensitivities, gross and net open positions, Value-at-Risk ("VaR") and stop-loss limits; and
- Approval by the Board of a set of risk limits with appropriate monitoring, reporting and procedures for escalation of limits excesses.

The Group uses appropriate and independently validated market standard models for the revaluation and risk measurement of its linear and non-linear financial products, and receives regular market information from independent market data providers in order to measure and monitor market risk.

#### *Trading Book oversight by GMR*

GMR monitors the utilisation of market risk limits in the trading book of the Group on a daily basis through a multi-layered limit monitoring framework which uses independently sourced data and reports from the GM&T IT systems. Depending on the trading exposures and as appropriate, GMR uses various risk metrics including:

1. Non-statistical metrics: Interest rate sensitivity (DV01/PV01), FX sensitivity (FX01), net open/net gross outstanding positions, maximum notional and tenor measures, derivatives' Greek sensitivities (delta, gamma, vega), and stop-loss limits; and
2. statistical metrics: VaR by asset classes, as well as a total for the whole trading book.

The Group is exposed to structural foreign exchange risk (which is a form of non-traded market risk) since some of the assets of the Group are denominated in free-floating currencies versus the AED (for example, EGP and GBP), however these structural risks are hedged at the macro level through the use of assets and liabilities in the Balance Sheet.

#### *Value-at-Risk*

To better capture the multi-dimensional aspects of market risk, the Group's primary market risk metric is a statistical one, VaR – Value at Risk, which is used for short-term risk holding periods (one business day). VaR metrics are calculated daily for the whole trading book as well as specific trading desks such as Rates, FX and Credit Trading.

At ENBD, the VaR metric is calculated daily by simultaneously simulating movements in the relevant market risk factors of all financial instruments in inventory in the trading book at the close of a business day using a full revaluation, historical simulation methodology. This statistical methodology produces VaR metrics set with a 99 per cent. confidence level of statistical significance over a specified horizon (one business day) using over two years of historical data for the relevant market risk factors.

Due to its statistical nature, VaR is most effective as a market risk metric when estimating losses in markets in which there are no sudden fundamental changes or shifts in market conditions. The Group is also aware of some of the inherent limitations of the VaR metric, such as:

1. VaR cannot estimate potential losses over longer holding periods where moves in market risk factors might become extreme;

2. VaR does not take into account the liquidity or illiquidity of different financial instruments and markets;
3. Past changes in market risk factors might not be accurately forecast future changes; and
4. Due to the inter-day nature of VaR, intra-day levels of market risk may vary from those reported at the end of a business day.

GMR therefore complements the VaR metrics with other non-statistical metrics of market risk (as mentioned before), and it is engaged in a process of implementing a comprehensive market risk stress testing framework to determine the impact on the trading book of the Group of various historical, hypothetical and ad-hoc stress scenarios for market risk factors.

### ***Interest Rate Risk in the Banking Book***

Interest rate risk in the banking book arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes. Analysis of this risk is complicated by having to make assumptions on embedded optionality within certain product areas such as behavioural assumptions regarding the economic duration of liabilities which are contractually repayable on demand, such as current accounts. The ALCO reviews that the assumptions (used to transform positions into interest rate exposures) are reasonable and commensurate with the nature and complexity of ENBD's holdings.

For measuring overall interest sensitivity in the banking book, ENBD conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net interest income.

To measure and manage interest rate risk and its possible impact on the economic value of the entity, ENBD has established internal limits based on the PV01. The interest rate gaps and sensitivity tests (NII and PV01) are measured and monitored on a monthly basis and reported to the ALCO.

### ***Liquidity Risk***

Liquidity risk refers to the inability of ENBD to fund an increase in assets and meet obligations as they become due (structural funding risk), or the inability to convert assets into cash at reasonable prices (market liquidity risk). The risk arises from mismatches in the amount and timings of cash flows.

The objective of ENBD's liquidity and funding management framework is to ensure that all foreseeable funding commitments (under both normal and stressed conditions) can be met when due, and that access to the wholesale markets is coordinated and cost effective. To this end, the Group maintains a diversified funding base comprising core consumer and corporate customer deposits and institutional balances. This is augmented with wholesale funding and portfolios of highly liquid assets which are held to enable the Group to respond quickly and smoothly to unforeseen liquidity requirements.

The ALCO, in conjunction with Group Treasury is primarily responsible for implementing the liquidity management strategies on structural positions, and maintaining adequate liquidity buffers for possible distress situations. The Group maintains adequate liquidity buffers consisting of high credit quality (minimum AA-) investment securities, UAE Central Bank certificates of deposit and UAE Central Bank securities, which can be monetised at short notice and minimal cost. Other business units contribute to overall structural liquidity management through product mix strategies and deposit targets.

### ***Operational Risk***

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks.

In each of ENBD's business units, the unit head is responsible for the effective management of these risks, including identification, assessment and overview. These business managers are supported by a framework consisting of a governance structure, a suite of risk-mitigating policies and skilled operational risk professionals employed throughout ENBD.

ENBD's Operational Risk team monitors operational risk issues on a regular basis, reports major deviations from approved parameters and prepares regulatory risk related reports. Group Operational Risk reviews and approves all bank documentation, new products and any variations on existing products before they are finalised and implemented. Group Operational Risk also reviews new sections and amendments to existing sections of the policies and procedure manuals before they are released. Group Operational Risk also manages ENBD's insurance portfolio and proposes group-wide risk mitigation strategies to the executive management.

ENBD regularly carries out operational risk reviews. The main objectives of these reviews are to identify the risks inherent in each area, analyse them in terms of their severity and likelihood, and develop mitigation strategies for these risks. ENBD agrees key risk indicators during these review sessions in order to facilitate on-going monitoring of risks.

ENBD has a business continuity management framework which allows prompt action in response to any disruptive events to ensure continuity of operations. ENBD has formulated business continuity plans to ensure uninterrupted provision of services to customers during operational disruptions and these business continuity plans are reviewed and tested at least annually across ENBD. ENBD has also established work area recovery sites providing alternative facilities to business and operational units if their regular offices are not accessible.

### ***Legal Risk***

Legal risk is the risk that a customer or counterparty will commence proceedings against ENBD, or one of its operating companies.

ENBD has an internal legal department which deals with both routine and more complex legal issues. Situations of a particular complexity and sensitivity are referred to external law firms, either in the UAE or overseas, as appropriate.

### ***Reputational Risk***

Reputational risk is the risk of a potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to a deterioration of reputation. It also includes the threat to the brand value of a financial institution.

Reputational risk can arise as a consequence of failures with a strong negative perception of clients, shareholders, creditors or the public. ENBD has controls to ensure that it maintains a positive public perception. For example, the Board has effective oversight over all aspects of ENBD's strategy, and ensures that risk is integrated into its business and strategy planning.

### ***Impaired Loans***

#### ***Expected Credit Loss***

The Group follows a "three-stage" model for impairment which is based on changes in credit quality since initial recognition as set out below:

- **Stage 1:** 12 month expected credit loss ("ECL"): The Group measures loss allowances at an amount equal to 12 month ECL on financial assets where they are not credit impaired on initial recognition. The credit risk of Stage 1 loss allowances are continuously monitored by the Group;
- **Stage 2:** Lifetime ECL – not credit impaired: The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk ("SICR") since initial recognition but the financial assets are not yet deemed to be credit impaired;
- **Stage 3:** Lifetime ECL – credit impaired: The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of lifetime ECL that result from default events that are possible within the 12 months after the reporting date. Both lifetime ECLs and 12 month ECLs are calculated either

on an individual basis or on a collective basis depending on the nature of the underlying portfolio of financial instruments and are measured after reviewing forward looking information.

#### *Assessing SICR*

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

**Quantitative criteria – Wholesale.** A SICR is measured when comparing the risk of default estimated at origination with the risk of default at the relevant reporting date;

**Quantitative criteria – Retail.** Thresholds are set for each portfolio based on historical default rates and where these exceed the threshold applied, they are considered to have a SICR; and

**Qualitative criteria.** The Group also considers in its assessment of SICR, various qualitative factors such as significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, and early signs of cash flows and liquidity problems. The Group also considers the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of COVID-19 or longer term. In addition to the above, where the borrower is more than 30 days past due on its contractual payments a backstop is applied and the financial instrument considered to have experienced a SICR.

During 2020, the Group has initiated a programme of payment relief for customers impacted by COVID-19 by deferring interest or principal due for certain periods. These payment reliefs are considered as short-term liquidity to address customer cash flow issues. The relief offered to customers may indicate a SICR. However, as these are being made available to assist customers affected by COVID-19 to assume their regular payments, the Group does not classify these as automatically triggering a SICR and a staged migration for the purposes of calculating ECL as sufficient information is not currently available to enable the Group to individually differentiate between a customer's short term liquidity constraints due to COVID-19 and a change in the customer's lifetime credit risk. This approach is consistent with the expectations of the UAE Central Bank pursuant to notices published in respect of the TESS.

Additionally, the Group has reassessed the scenario weighting for changes in ECL to reflect the impact of current uncertainty in measuring the estimated credit losses, and applied industry specific account level adjustments for retail exposures in respect of specific industries where employees are expected to be most impacted by COVID-19, such as airlines, hospitality, retail and tourism.

#### *Defining default and credit impaired assets*

The Group defines a financial instrument as in default (or credit impaired) when it meets one or more of the following criteria:

**Quantitative definition.** The borrower is more than 90 days past due on its contractual payments; and

**Qualitative definition.** The borrower meets the "unlikelihood to pay" criteria, which indicates that the borrower is in significant financial difficulty. These include long-term forbearance, insolvency of the borrower, or bankruptcy of the borrower.

#### *Curing*

The Group continues to monitor financial instruments for a minimum probationary period of 12 months to confirm if the risk of default has decreased sufficiently before moving such exposure from Stage 2 to Stage 1.

The Group is observing a probationary period of a minimum of three instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before moving from Stage 3 to Stage 2.

#### *Write offs*

Loans and debt securities in Corporate Banking are written off (either partially or in full) where there is no realistic prospect of recovery. Instances of this include where the Group has exhausted all legal and remedial efforts to recover from the Corporate Banking customers. However, financial assets that are written off

could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Non-performing Consumer Banking loans, other than mortgage facilities and home financings, are written off at 181 days past due. All receivables remain active on the loan management system for recovery and any legal strategy the Group may deem fit to use.

On 27 March 2020, the International Accounting Standards Board issued a guidance note, advising that both the assessment of SICR and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. In assessing forecast conditions, consideration should be given both to the effects of COVID-19 and the significant government support measures being undertaken.

Under the UAE Central Bank's TESS effective from 15 March 2020, the IFRS 9 staging and classification of loans of customers that are Stage 1 and are receiving relief is expected to remain unchanged during the period of the scheme and not downgraded. In addition, as part of the UAE Central Bank's stimulus package in response to COVID-19, banks are able to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024. See further *"The United Arab Emirates Banking Sector and Regulations – COVID-19"*.

#### *Credit risk monitoring*

Within Corporate Banking, the Group's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts. "Early alert accounts" are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in Early Alert Committee meetings.

Additionally for IFRS 9, ECL computation and credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

In respect of Consumer Banking, risks within the Group's loan portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that the Group's senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

Group operating profit before impairment was AED 15.2 billion for the year ended 31 December 2019, which was AED 3.4 billion (29.1 per cent.) higher as compared to the year ended 31 December 2018. The impaired loan ratio decreased to 5.6 per cent. by 31 December 2019 from 5.9 per cent reported as at 31 December 2018. The impairment allowance (in relation to Stage 1, Stage 2 and Stage 3 ECL on loans and receivables and Islamic financing receivables) was AED 29.2 billion as at 31 December 2019 and AED 26.7 billion as at 31 December 2018. For the year ended 31 December 2019, the Group's profit for the year after tax was AED 14.5 billion and consequently AED 4.5 billion (44.4 per cent.) higher as compared to the year ended 31 December 2018. For the year ended 31 December 2019, ENBD had net impairment loss on financial assets of AED 4.8 billion, an increase of 175.6 per cent. year-on-year, or 88.0 per cent. year-on-year excluding DenizBank. This increase in net impairment loss was primarily due to increased charges and decreased writebacks and recoveries.

As at 31 December 2019, ENBD's impaired loans and Islamic financing amounted to AED 26.0 billion (or 5.6 per cent. of gross loans and receivables and total Islamic financing receivables net of deferred income) and have been provisioned for by impairment allowances of AED 29.2 billion, bringing the impairment coverage ratio to 112.3 per cent. Total allowance for Stage 1 and Stage 2 ECL, as at 31 December 2019, amounted to AED 8.3 billion, equating to 2.2 per cent. of credit risk weighted assets.

The following table summarises the movements in allowances for impairment for loans and receivables (including Islamic financing receivables) for ENBD for the years ended 31 December 2019 and 31 December 2018.

|                                                                             | 2019           | 2018               |
|-----------------------------------------------------------------------------|----------------|--------------------|
|                                                                             | (AED billions) |                    |
| <b>Movement in allowances for Stage 3/specific impairment</b>               |                |                    |
| Balance as at 1 January .....                                               | 19.3           | 20.2               |
| Allowances for impairment made during the year .....                        | 5.2            | 3.8                |
| Write back /recoveries made during the year .....                           | (1.5)          | (1.6)              |
| Amounts written off during the year .....                                   | (2.0)          | (3.1)              |
| Exchange and other adjustments .....                                        | (0.03)         | 0.0 <sup>(1)</sup> |
| <b>Balance as at 31 December .....</b>                                      | <b>20.9</b>    | <b>19.3</b>        |
| <b>Movement in allowances for Stage 1 and Stage 2/collective impairment</b> |                |                    |
| Balance as at 1 January .....                                               | 7.4            | 7.5                |
| Allowances for impairment made during the year .....                        | 1.4            | (0.1)              |
| Exchange and other adjustments .....                                        | (0.5)          | -                  |
| <b>Balance as at 31 December .....</b>                                      | <b>8.3</b>     | <b>7.4</b>         |
| <b>Total .....</b>                                                          | <b>29.2</b>    | <b>26.7</b>        |

Notes:

<sup>(1)</sup> Movement in allowances for Stage 3/specific impairment for exchange and other adjustments accounted for AED 1.46 million for the year ended 31 December 2018.

## Selected Ratios

The table below shows selected consolidated ratios of ENBD as at and for the years ended 31 December 2018 and 2019, and are considered to be Alternative Performance Measures. The ratios are unaudited and have been prepared based on management information as well as information in ENBD's financial statements. For further information, see "*Important Notices - Overview of alternative performance measures*".

|                                           | Year ended 31 December |       |
|-------------------------------------------|------------------------|-------|
|                                           | 2019                   | 2018  |
|                                           | (%)                    |       |
| <b>Selected ratios:</b>                   |                        |       |
| Impairment coverage ratio .....           | 112.3                  | 127.3 |
| Non-performing/impaired loans ratio ..... | 5.6                    | 5.9   |
| Tier 1 ratio .....                        | 17.4                   | 19.8  |
| Capital adequacy ratio .....              | 18.5                   | 20.9  |
| Cost to income ratio .....                | 32.2                   | 32.3  |
| Net interest margin .....                 | 2.4                    | 2.8   |
| Loans to deposit ratio .....              | 92.6                   | 94.3  |
| Net loan growth .....                     | 33.4                   | 8     |

## Legal and Internal Audit

### Industry Regulation and Supervision

Banks and other financial institutions in the UAE are subject to governmental supervision and regulatory oversight exercised by various regulatory bodies, including the SCA, the UAE Central Bank and the DFSA for companies established within the DIFC. The competent local authority in the Emirate of Dubai, in which the institution is registered, is the Department of Economic Development.

The principal source of banking regulation in the UAE is the UAE Central Bank. The UAE Central Bank provides prudential supervision (see also "*The United Arab Emirates Banking and Financial Services System*") of each bank's capital adequacy, liquidity and anti-money laundering controls and its general banking activities. Monitoring by the UAE Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission of data including, but not limited to, deposited funds, loans and mortgage business, liquidity status and anti-money laundering measures. ENBD submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. In addition, ENBD's Memorandum and Articles of Association and any amendments thereto, its audited financial statements, its distribution of dividends and certain other documents are all approved by the UAE Central Bank and the SCA.

The SCA is the predominant authority controlling the operation and governance of public joint stock companies generally, while the Department of Economic Development has a very wide jurisdiction in relation to issues such as the incorporation of companies and the regulation of internal and external trade.



ENBD's business units and subsidiaries are engaged in a wide range of banking and investment activities which also fall within the jurisdiction of a variety of other regulatory regimes located both within the UAE and abroad. In the UAE, ENBD Capital and ENBD Asset Management is regulated by the DFSA. ENBD's activities conducted in countries other than the UAE fall under the jurisdiction of other regulators and include the following: the Capital Markets Authority and the Saudi Arabian Monetary Authority in the Kingdom of Saudi Arabia; the Monetary Authority of Singapore in Singapore; the Reserve Bank of India in India; the China Banking Regulatory Commission in the PRC; the Jersey Financial Services Commission in Jersey; the Financial Conduct Authority in the United Kingdom; and the Egyptian Financial Supervisory Authority in Egypt.

ENBD has an excellent track record in meeting applicable regulatory standards and neither the UAE Central Bank nor any other regulatory authority has raised any material breaches of applicable regulatory standards or imposed sanctions in respect of ENBD.

### ***Internal Audit***

Operating under a mandate from the Board, Group Internal Audit provides internal auditing services across ENBD and its subsidiary companies. Group Internal Audit has a principal reporting line to the Board Audit Committee (the "**BAC**"), a body composed of non-executive directors. Planned audit activities are subject to review and approval by the BAC, which also evaluates and approves the level of resources available to Group Internal Audit for such activities.

The BAC meets four times annually to discuss the audit reports produced by Group Internal Audit and to discuss the status of management actions on any issues previously raised with the committee. In addition to these meetings, the Group Chief Audit Officer has access to the Chairman of the BAC and the Chief Executive Officer as required.

The primary objective of Group Internal Audit is to independently assess the adequacy and effectiveness of the control framework through which the activities of ENBD are conducted. Group Internal Audit uses a risk-profiling methodology to assess the relative degree of risk in each of the auditable business units and for selecting the business activity to audit. BAC approval is obtained for the risk based annual audit plan.

Group Internal Audit is organised into specialist teams aligned with ENBD's primary business and support areas, and focuses on the employment of professionally qualified individuals with industry specific experience.

Group Internal Audit is itself subject to a review periodically by independent third party assessors appointed by the BAC.

### **Capital Adequacy**

Under the current Basel III capital requirements, the UAE Central Bank requires domestic systemically important banks ("**D-SIBs**") operating in the UAE to maintain a prescribed minimum ratio of total capital to total risk-weighted assets of 14.5 per cent. (of which CET1 ratio has to be 11 per cent. and Tier 1 ratio 12.5 per cent.).

The tiered components of a UAE bank's regulatory capital comprise of:

- CET 1 capital ("**CET1**"), which includes share capital, share premium, legal, statutory and other reserves, fair value reserves, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes;
- Additional Tier 1 capital ("**Tier 1**"), which includes eligible non-common equity capital instruments; and
- Tier 2 capital, which includes qualifying subordinated debt and undisclosed reserves.

While the calculation of capital adequacy ratios in the UAE broadly follows the BIS guidelines, claims on, or guaranteed by, GCC central governments and central banks are risk weighted at zero per cent. (where applicable) and claims on GCC government non-commercial public sector entities are risk-weighted at 20 per cent.

When assessing the capital adequacy of an individual bank, the UAE Central Bank can take a number of factors into consideration under a Supervisory Review and Evaluation Process, such as the extent and nature of credit concentration, policies and procedures and internal control systems; and may set a higher total capital requirement for that particular bank if it deems it necessary.

As of 31 December 2019, the Group was above the UAE Central Bank imposed requirement, with a total capital adequacy ratio of 18.5 per cent., a Tier 1 capital adequacy ratio of 17.4 per cent. and a CET1 ratio of 15.3 per cent.

Under Federal Law No.14 of 2018 (the "**2018 Federal Law**"), the Central Bank may determine reserve requirements for UAE banks. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends have to be authorised by the UAE Central Bank.

See "*Risk Factors – Risks relating to the UAE and the MENAT region – Impact of regulatory changes in the UAE*".

## **Compliance Policies**

ENBD aspires to the highest standards of ethical conduct, transparency and compliance with the local and international laws, rules and regulations which govern its businesses. To support this, ENBD has implemented a compliance framework that includes a range of policies, systems and controls. All employees of ENBD are required to adhere to its compliance policies at all times and any breaches of which must be reported to the Group Compliance function. ENBD's compliance policies include, but are not limited to Anti-Money Laundering, Sanctions, Conflicts of Interest, Personal Account Dealing, Breaches and Foreign Account Tax Compliance Act and Common Reporting Standards.

### **Group Anti-Money Laundering ("AML") Policy**

The Group AML Policy provides an indication of a range of issues (inclusive of internal controls, governance, assurance and monitoring, risk management, the risk-based approach, customer due diligence ("**CDD**"), suspicious activity reports), that each respective business unit should take into consideration.

As part of its Group AML Compliance policy, CDD is covered as a necessary aspect to determine the money laundering risk that the Group encounters when providing a service to a customer. The requirements to establish and verify the identity of a customer before providing a service to that customer is a key obligation that must be undertaken. Appropriate measures are determined through risk analysis of the customer relationship. Notably, CDD initially takes place under the circumstances of on-boarding, as well as subsequently as a trigger based event and potential (annual or otherwise) review, pending on the customer in question and individual circumstances.

The money laundering reporting officer ("**MLRO**") is responsible for managing the overall AML and Counter Terrorism Financing ("**CTF**") programme of the Group, setting policy and providing overall guidance and advice. This includes ensuring AML compliance assessments of the Group's customers, products and services as well as oversight of the Group's AML, CDD and customer screening systems and benchmarking against international best practice and standards. The MLRO is also responsible for the submission of the MLRO Report to senior management and the financial services regulator, the UAE Central Bank.

While policies provide important guidance, the AML and CTF programme also relies on a variety of internal controls, including management reports and other built-in safeguards that keep the compliance programme working.

One of the most important controls over the prevention and detection of money laundering is to have staff that are alert to the risks of money laundering and are well trained in the identification of unusual activities or transactions that can be suspicious. Hence, periodic bank-wide employee training is delivered online as well as via classroom-based sessions, explaining the significance of policies, staff responsibilities and requirements.

### **Group Sanctions Policy**

The Group is also committed to compliance with the economic and trade sanctions laws in all jurisdictions in which the Group operates.

The Group Sanctions Policy mandates that the Group and its subsidiaries must comply with the sanctions laws of various sanctioning bodies. These include, where applicable, compliance with the United States sanctions administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control and the Bureau of Industry & Security, as well as the European Union, United Kingdom (including Her Majesty's Treasury) and the United Nations.

The Group should not enter into, or continue with, a client relationship or transaction where the individual, entity or any party to the business has been identified as a sanctioned target.

ENBD has systems and controls in place to ensure compliance with sanctions regulations prescribed by the regulators and to monitor transactions against applicable sanctions requirements. ENBD uses automated systems to screen and monitor customers and transactions to help ensure compliance with key regulatory requirements.

All staff members are required to be aware of ENBD's AML, CTF and sanctions policies and procedures, which are available to all staff members through ENBD's intranet. In addition, ENBD considers specific training programmes for customer-facing staff.

### **Group Conflicts of Interest Policy and Group Personal Account Dealing Policy**

As a financial institution, it is important that ENBD implements appropriate arrangements to ensure that any conflicts of interest are managed fairly and in full compliance with the laws and regulations of all jurisdictions in which the Group operates.

The Group has developed the Conflicts of Interest and Personal Account Dealing Policies to address the identification and management of Conflicts of Interest that may arise in the conduct of its business activities to mitigate the risk of treating a customer(s) unfairly and therefore reduce the associated reputational risk.

The Conflicts of Interest Policy sets the Group's overriding principle and expectations for managing conflicts of interest, including the Group's standards in relation to the establishment and maintenance of "information barriers". The Personal Account Dealing Policy sets out the framework and guidelines in relation to personal account dealing and the management of insider information to ensure that the personal investments of employees are free from any conflicts of interest.

### **Group Compliance Breaches Policy**

ENBD as a group is exposed to potential compliance failures as a result of such matters as regulatory changes, the nature of tasks involved, human error and system failure. It is important that all business areas are aware of what constitutes a compliance breach and the importance of reporting, remediating, recording and escalation to prevent the likelihood of a repeat instance.

### **Group Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS") Policy**

ENBD as a Group is exposed to the FATCA broad extraterritorial reach which requires all non-U.S. Foreign Financial Institutions to register with the U.S. Internal Revenue Service, identify, document and report on accounts maintained by U.S. persons to the Inland Revenue Service or local regulatory bodies.

Similarly CRS, often regarded as the non-US version of FATCA, requires financial institutions operating in one or more of the 102 participating jurisdictions, such as ENBD, to identify and document tax residents of those jurisdictions and report these to the local regulators and tax authorities. Such local regulators and tax authorities may then exchange the information with the various jurisdictions on an annual basis.

The Group FATCA Policy sets out the minimum standards to be achieved and maintained by ENBD and all of its branches, subsidiaries, special purpose vehicles, trusts and funds.

### **Funding**

GM&T manages the overall short-term and long-term liquidity of ENBD, guided by the overriding principle of prudent liquidity management and with frequent reporting to, and instruction from, ENBD's ALCO.

The majority of ENBD funding is provided by customer deposits. The inter-bank market is used for residual funding purposes and term funding is used to lengthen the maturity profile and diversify the client base. The current liquidity position of ENBD is considered to be good. To mitigate future liquidity risks (e.g. associated with market events), GM&T maintains a liquidity buffer, which is designed to be of a size sufficient to deal with all foreseeable liquidity events.

ENBD and its operational companies also raise money through the international capital markets. All capital markets debt raising activity by ENBD and its operational companies is controlled by the Group Funding Desk of GM&T.

For short-term funding, EBI established a U.S.\$4 billion Euro Commercial Paper programme (the "**ECP Programme**"). Following the amalgamation of EBI and NBD with ENBD in November 2009, ENBD is now the issuer under the ECP Programme and is responsible for all series of commercial paper issued by EBI and outstanding under the programme.

ENBD does from time to time buy back its own debt (senior and subordinated) in the open market.

In June 2009, EBI raised AED 4 billion of Tier 1 debt securities. The sole investor was ICD (which is wholly-owned by the Government of Dubai), the majority shareholder of ENBD. These securities are perpetual, subordinated and unsecured and for the first five years have an annual 6.45 per cent. fixed rate coupon, after which they carry a floating rate coupon linked to EIBOR plus a margin of 4 per cent. The UAE Central Bank has approved the qualification of these securities for Tier 1 Regulatory Capital purposes. Further, as mentioned above, ENBD's capital was increased in March 2009 by the conversion of AED 12.6 billion of deposits from the UAE Federal Government into longer-term subordinated debt. ENBD has since fully repaid the deposits from the UAE Federal Government.

In March 2013, ENBD issued regulatory Tier 2 Capital notes amounting to U.S.\$750 million. The notes had a 10-year maturity and were callable after five years, were subordinated, unsecured and had been issued at a fixed interest rate of 4.875 per cent. These notes were fully called in March 2018.

In May 2013, ENBD issued regulatory Tier 1 Capital notes amounting to U.S.\$1 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate of 5.75 per cent. with a reset after six years. These notes were fully called in May 2019.

In September 2014, ENBD issued regulatory Tier 1 Capital notes amounting to U.S.\$500 million. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate of 6.375 per cent. with a reset after six years.

In September 2018, ENBD refinanced its U.S.\$1,700 million club deal through a new three-year deal paying a coupon of U.S.\$3-month LIBOR plus a margin of 97 bps.

In March 2019, ENBD issued regulatory Tier 1 Capital notes amounting to U.S.\$1,000 million. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate of 6.125 per cent. with a reset after six years.

In November 2019, ENBD raised AED 6.5 billion by way of a rights issue. The new shares were issued at an issue price of AED 8.50 per share and rank *pari passu* with ENBD's existing shares.

As at 31 December 2019, ENBD and its main operational companies had, since July 2002, launched bond issues on eight exchanges: Dublin, Luxembourg, London, Nasdaq Dubai, Singapore, Sydney, Switzerland and Taiwan. As at 31 December 2019 outstanding issuance for ENBD and its main operational companies totalled U.S.\$11.2 billion (excluding Additional Tier 1 securities) with U.S.\$4.3 billion issued during the year ending 31 December 2019.

The following table shows the maturity profile of the Group's Strategic Funding Liabilities outstanding as at 31 December 2019:

| Year       | Amount<br>(AED Millions) |
|------------|--------------------------|
| 2020 ..... | 14.1                     |
| 2021 ..... | 12.1                     |
| 2022 ..... | 9.7                      |

| <b>Year</b>       | <b>Amount</b><br><i>(AED Millions)</i> |
|-------------------|----------------------------------------|
| 2023 .....        | 1.9                                    |
| 2024 .....        | 2.3                                    |
| Beyond 2024 ..... | 9.1                                    |

## **Information Technology**

The Group's Information Technology ("IT") division is focused on utilising the most advanced IT systems to secure the Group's customers and ensure that customers' data is well protected and secured against unauthorised entry. ENBD envisages the role of information technology to be significant in ensuring that IT remains responsive and flexible to the competitive and dynamic forces of the environment within which it operates. Accordingly ENBD continues to invest in IT to ensure that it is resourced in line with modern banking requirements.

The Group's IT division is currently in its final year of the four year, four-phased AED 1 billion digital transformation. This digital transformation aims to grow the Group's digital innovation advantage in tandem with its increased global footprint. As at the date of this Base Prospectus, the digital transformation has achieved several regional and global technology "firsts", including the launch of a private cloud for the Group, its own enterprise data platform and the launch of over fifty "agile squads" now operational across the Group IT. In 2020, the digital transformation will continue to enhance the Group's end-to-end IT capabilities (through developments in IT architecture, operations, governance and security) while also enabling comprehensive data management and agile delivery of key systems.

In addition to the digital transformation, the Group IT division continued to provide strategic support for key Group business initiatives in 2019, such as Liv. and the Group's international operations in Egypt, India and the Kingdom of Saudi Arabia.

## **Insurance**

ENBD has various insurance policies in place, including directors and officers insurance, third party liability insurance and bankers blanket bond insurance. ENBD believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which ENBD may be exposed.

## **Litigation**

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. ENBD has formal controls and policies for managing all types of legal claims. In the event of defending a claim, once professional advice has been obtained and if it is deemed that ENBD may be at risk of losing a claim, the amount of potential loss is reasonably estimated. ENBD then makes adjustments to account for any adverse effects which the claim may have on its financial standing. However, ENBD is not involved in any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and the results of operations and is not aware of any such material litigation, arbitration or administrative proceeding that is pending or threatened.

Therefore, no material provision has been made as at 31 December 2019 regarding any outstanding legal proceedings against ENBD.

## **Fiscal Year**

The fiscal year of ENBD is the calendar year ending on 31 December.

## **Recent Developments**

### ***Financial Performance for the three months ended 31 March 2020***

The following information has been extracted from the unaudited condensed consolidated interim financial statements of ENBD as at and for the three months ended 31 March 2020, that includes the comparative financial information for the three months ended 31 March 2019:

|                                                                                                                       | <b>31 March 2020</b><br><b>(Unaudited)</b><br><i>(AED millions)</i> | <b>31 March 2019</b><br><b>(Unaudited)</b><br><i>(AED millions)</i> |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| Net interest income and income from Islamic financing and investment products net of distribution to depositors ..... | 4,936.3                                                             | 3,400.0                                                             |
| <b>Net fee and commission income</b> .....                                                                            | <b>1,181.0</b>                                                      | <b>740.2</b>                                                        |
| Net gain/(loss) on trading securities .....                                                                           | 39.5                                                                | 71.7                                                                |
| Other operating income .....                                                                                          | 727.9                                                               | 504.9                                                               |
| <b>Total operating income</b> .....                                                                                   | <b>6,884.8</b>                                                      | <b>4,716.8</b>                                                      |
| General and administrative expenses.....                                                                              | (2,048.7)                                                           | (1,396.5)                                                           |
| <b>Operating profit before impairment</b> .....                                                                       | <b>4,836.1</b>                                                      | <b>3,320.3</b>                                                      |
| Net impairment loss on financial assets.....                                                                          | (2,558.5)                                                           | (570.1)                                                             |
| <b>Operating profit after impairment</b> .....                                                                        | <b>2,277.6</b>                                                      | <b>2,750.1</b>                                                      |
| Share of profit / (loss) of associates and joint ventures.....                                                        | 0.1                                                                 | 27.3                                                                |
| <b>Group profit for the period before tax</b> .....                                                                   | <b>2,277.7</b>                                                      | <b>2,777.5</b>                                                      |
| Taxation charge.....                                                                                                  | (196.9)                                                             | (34.0)                                                              |
| <b>Group profit for the period after tax</b> .....                                                                    | <b>2,080.8</b>                                                      | <b>2,743.4</b>                                                      |

For the three months ended 31 March 2020, the Group's profit for the period after tax decreased by 24.2 per cent. to AED 2,080.8 million, as compared to the same period in prior year, due to higher provisions.

For the three months ended 31 March 2020, total operating income increased by 46.0 per cent. to AED 6,884.8 million, as compared to the same period in the prior year, mainly due to the positive impact from the DenizBank acquisition in 2019. For the three months ended 31 March 2020, net interest income and income from Islamic financing and investment products net of distribution to depositors increased by 45.2 per cent. to AED 4,936.3 million as compared to the same period in the prior year. Excluding DenizBank, the Group's net interest income decreased by 1.0 per cent. between 31 March 2019 and 31 March 2020. This marginal decline between 31 March 2019 and 31 March 2020 was due to lower interest rates in the three months ended 31 March 2020, however this was partially offset by loan growth of 6 per cent. in the period from 31 March 2019 to 31 March 2020.

The impaired loan ratio decreased during this period from 5.9 per cent. as at 31 March 2019 to 5.5 per cent. as at 31 March 2020. ENBD's impairment coverage ratio decreased from 123.9 per cent. as at 31 March 2019 to 120.5 per cent. as at 31 March 2020. Capital adequacy ratios decreased from 22.0 per cent. as at 31 March 2019 to 17.9 per cent. as at 31 March 2020.

## MANAGEMENT OF THE ISSUER

### Board of Directors

ENBD is managed by the Board, which is comprised of up to nine members elected by its shareholders to serve terms of three years. The Board is composed of individuals independent of the Government of Dubai and decisions are taken by the Board in the sole interest of ENBD.

As at the date of this Base Prospectus, the Board is comprised of the nine directors listed below.

| Name                                             | Position      |
|--------------------------------------------------|---------------|
| H.H. Sheikh Ahmed bin Saeed Al Maktoum.....      | Chairman      |
| Mr. Hesham Abdulla Al Qassim .....               | Vice Chairman |
| Mr. Hussain Hassan Mirza Al Sayegh.....          | Director      |
| Mr. Buti Obaid Buti Al Mulla .....               | Director      |
| Mr. Shoaib Mir Hashem Khoory .....               | Director      |
| Mr. Mohamed Hamad Obaid Khamis Al Shehi.....     | Director      |
| Mr. Mohamed Hadi Ahmad Abdulla Al Hussaini ..... | Director      |
| Mr. Salem Mohammed Obaidalla .....               | Director      |
| Mr. Ali Humaid Ali Al Owais.....                 | Director      |

**H.H. Sheikh Ahmed bin Saeed Al Maktoum** was appointed as the Chairman of ENBD in June 2011. His Highness holds a Bachelor degree from the University of Denver, Colorado, USA and he is a Fellow of the Royal Aeronautical Society, a recipient of the Commandeur de l'Ordre de la Legion d'Honneur (the Legion of Honour) of France and a recipient of the Verfassungsportugaleser of Germany. His Highness is currently the Chairman and Chief Executive of the Emirates Group, which includes Emirates Airlines, dnata and other aviation related entities. In addition, His Highness is the Chairman of the Supreme Fiscal Committee of the Government of Dubai (the "SFC"), Supreme Council of Energy, British University of Dubai, Noor Investment Group LLC, Noor Takaful PJSC and Dubai World, President of the Dubai Civil Aviation Authority (since 1985) and a director of ICD.

**Mr. Hesham Abdulla Al Qassim** was appointed as the Vice Chairman of ENBD in June 2011. Mr. Al Qassim is currently the Vice Chairman and CEO of Dubai Real Estate Corporation/Wasl. In addition, he is the Chairman of Emirates Islamic, Emirates NBD Egypt and DenizBank and a member of the boards of directors of Amlak Finance PJSC, International Humanitarian City, NGI, DIFC Authority, DIFC Investments LLC and the Federal Authority for Government Human Resources.

**Mr. Hussain Hassan Mirza Al Sayegh** was appointed as a director of ENBD in July 2007. He is currently the Chairman of Jotun UAE Ltd and Jotun Powder Coatings UAE LLC, the Deputy Chairman of Oilfields Supply Centre Ltd and Al Nasr Leisureland, and a member of the boards of directors of Emirates National Oil Company Limited (ENOC) LLC, Emirates Petroleum Products Company (EPPCO) LLC, Al Maktoum Foundation, the National Bank of Fujairah, Marsh Inesco and Mawarid Finance PJSC.

**Mr. Buti Obaid Buti Al Mulla** was appointed as a director of ENBD in July 2007. He is currently the Chairman of Dubai Insurance Co., Vice Chairman of Emirates Islamic and Emirates Investment Bank PJSC and a director of Dubai Bank.

**Mr. Shoaib Mir Hashem Khoory** was appointed as a director of ENBD in June 2011. Mr. Khoory is the Managing Director of Mir Hashim Khoory LLC. He is the Chairman of Dubai Bank, MAHY Khoory, Group International Institute Management (GIIM) French School in Dubai, International Concept Education LLC FZ, Meydan MHK Education LLC FZ, Meydan MHK Healthcare LLC FZ, and a director of Emirates Islamic, Dubai Real Estate Corporation/WASL, Jebel Ali Cement Factory, Emirates Telecommunications Corporation (Etisalat), and Mir Hashim Khoory LLC.

**Mr. Mohamed Hamad Obaid Khamis Al Shehi** was appointed as a director of ENBD in June 2011. Mr. Al Shehi is also the Secretary of the SFC and a member of the Economic Development Committee, Sectoral Committees of the Executive Council. In addition, he is the Chairman of Emirates Financial Services and a director of Emirates Islamic, Dubai Bank, Emirates NBD Asset Management Ltd, ENBD Capital, Dubai Real Estate Corporation and Galadari Brothers Co. LLC.

**Mr. Mohamed Hadi Ahmad Abdulla Al Hussaini** was appointed as a director of ENBD in June 2011. Mr. Al Hussaini is a director of Emirates NBD Bank PJSC, Emirates Islamic, Emirates NBD Egypt, DenizBank

and Dubai Refreshments Company and is chairman of Emirates Integrated Telecommunications Company PJSC and Emaar Malls.

**Mr. Salem Mohammed Obaidalla** was appointed as a director of ENBD in February 2019. Mr. Obaidalla is currently the Senior Vice President – Aeropollitical & Industry Affairs of Emirates Airline. He has extensive professional experience and contributed to the success of launching new stations in addition to handling the launch of various destinations, such as Amsterdam, Prague, Madrid, Geneva, Copenhagen, St. Petersburg, Dublin, Barcelona, and Lisbon. Mr. Obaidalla holds a Business Administration degree from Wentworth Institute of Technology in Boston, United States.

**Mr. Ali Humaid Ali Al Owais** was appointed as a director of ENBD in March 2013. Mr. Ali is the Chairman of Al Owais Group, United Food Company PJSC, United Can Company LLC and Moderna Group LLC. He is the Vice Chairman of Dubai Refreshment Co. PJSC, Modern Bakery and director of Emirates Islamic, Dar Al Takaful and Oman Refreshment Company.

The business address for each of ENBD's directors is c/o Emirates NBD Bank PJSC, Baniyas Road, Deira, P.O. Box 777, Dubai, UAE.

No member of the Board has any actual or potential conflict of interest between his duties to ENBD and his private interests or other duties.

### Senior Management

The day-to-day management of ENBD is conducted by the following senior managers (the "Senior Managers").

| Name                        | Position                                                                      |
|-----------------------------|-------------------------------------------------------------------------------|
| Shayne Nelson.....          | Group Chief Executive Officer                                                 |
| Abdullah Qassem .....       | Group Chief Operating Officer                                                 |
| Patrick Sullivan .....      | Group Chief Financial Officer                                                 |
| Manoj Chawla .....          | Group Chief Risk Officer                                                      |
| Ahmed Qassim .....          | Senior Executive Vice President. Head of Corporate and Institutional Banking  |
| Suvo Sarkar .....           | Senior Executive Vice President. Head of Retail Banking and Wealth Management |
| Aazar Ali Khwaja.....       | Senior Executive Vice President. Head of Global Markets and Treasury          |
| Neeraj Makin.....           | Senior Executive Vice President, Head of International and Group Strategy     |
| Eman Abdultrazaq .....      | Group Chief Human Resource Officer                                            |
| Hamad Khalaf Alhosani ..... | Vice President. Company Secretary                                             |

### **Shayne Nelson, Group Chief Executive Officer**

Shayne Nelson has served as Chief Executive Officer of ENBD since November 2013. Shayne has an extensive banking career with experience in various roles. Prior to joining ENBD, he served as the Chief Executive Officer of Standard Chartered Private Bank in Singapore. He was also the Chairman of Standard Chartered Saadiq Islamic Advisory Board and a board member of Standard Chartered Bank (China) Ltd.

Shayne was also appointed as the Regional Chief Executive Officer for Standard Chartered Bank Middle East and North Africa, Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the board of the Dubai International Financial Centre. He also held the position of Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad.

Shayne's strong background within banking also includes previous positions as Standard Chartered's Chief Risk Officer for Wholesale Banking, Regional Head of Corporate and Institutional Banking Audit in the Asia Pacific Region and India, as well as Regional Head of Credit in Hong Kong, the PRC and North East Asia. He was also the Head of Corporate and Institutional Banking for Westpac Banking Corporation in Western Australia.

Shayne is also a member of the board of directors of ENBD Capital and Emirates Financial Services, a Founding Member of the Higher Colleges of Technology Industry Advisory Council, a Graduate Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Managers.



***Abdulla Qassem, Group Chief Operating Officer***

Abdulla Qassem has served as Group Chief Operating Officer of ENBD since September 2009. Abdulla studied Computer Science & Business Administration at St. Edwards University, Austin, Texas. His professional career began at EBI in 1988 where he rose from the position of Programmer to General Manager, IT Operations & Administration.

Abdulla's responsibilities in respect of the Group encompass the provision of IT services, including the introduction of innovative technologies to the Group as well as oversight over administration and banking operations.

Abdulla is also a director of D-Clear Europe Ltd and Smart Stream Technology Group plc, Chairman of Tanfeeth, Vice-Chairman of SINNAD (Bahrain) and Vice-Chairman of the ENBD EXCO and the Chairman of Emirates NBD Properties LLC.

***Patrick Sullivan, Group Chief Financial Officer***

Patrick Sullivan is the Group's new Chief Financial Officer and has served since January 2020. Patrick is a Chartered Accountant with 30 years experience in banking and finance across the UK, China, Hong Kong, Russia, New Zealand and the UAE. Prior to joining ENBD, Patrick worked in a number of senior finance roles within Standard Chartered Bank, including Group Financial Controller, Standard Chartered China Chief Financial Officer and Greater China Head of Finance, Wholesale Banking. Patrick also previously held international roles in Banking and Capital Markets at PricewaterhouseCoopers.

***Manoj Chawla, Group Chief Risk Officer***

Manoj Chawla has served as General Manager, Risk of ENBD since September 2013. Prior to joining ENBD, Manoj worked as Country Chief Risk Officer with a global bank and was based in the UAE, Thailand and Singapore. Manoj is a risk professional with over 25 years of experience in risk management across various risk disciplines with key expertise in building risk infrastructure, portfolio restructuring and management and managing merger and acquisition risk. Manoj is a qualified Chartered Accountant, lawyer, Company Secretary and a certified Islamic finance executive.

***Ahmed Qassim, Senior Executive Vice President and Head of Corporate and Institutional Banking***

Ahmed Qassim is the Group's Senior Executive Vice President and Head of Corporate and Institutional Banking. Prior to this role, Ahmed also served as Chief Executive Officer of ENBD Capital. Ahmed has 11 years of experience in investment banking and structured finance and prior to joining ENBD served as the Chief Executive Officer of Dubai Group and as a member on the boards of Bank Muscat, Shuaa Capital, EFG-Hermes and Sun Hung Kai. He was previously a director in Investment Banking at ENBD Capital where he led the Equity Capital Markets and M&A teams, and has also held senior roles at General Electric and Mubadala. Ahmed has a Master's in Business Administration from the University of Victoria in Canada.

***Suvo Sarkar, Senior Executive Vice President and Head of Retail Banking and Wealth Management***

Suvo is the Group's Senior Executive Vice President and Head of Retail Banking and Wealth Management businesses. He is also the executive chairman of two of the Bank's subsidiaries: ENBD Asset Management, and Emirates NBD Securities. Additionally, he serves on the boards of Emirates NBD Egypt, ENBD Capital KSA and Tanfeeth, the Bank's operations processing subsidiary. Suvo is an experienced consumer banking professional with over 30 years of multi-functional experience in multiple geographies across the Middle East and Asia with three multinational banks – Standard Chartered Bank, ANZ Grindlays and Deutsche Bank AG, and two regional banks – National Bank of Dubai P.J.S.C. and Emirates NBD Bank PJSC.

***Aazar Khwaja, Senior Executive Vice President, Head of Global Markets and Treasury***

Aazar Khwaja is the Group's Senior Executive Vice President, Head of Global Markets and Treasury and has served ENBD since joining in September 2012. He has more than 20 years of experience in treasury and global markets across a number of geographies. Prior to joining ENBD, he was the Regional Treasurer for Emerging Markets/Africa with Barclays Bank PLC, during which he also served as Chairman of Barclays' regional Asset and Liability Management Committee. His previous roles include Managing Director and Head of Fixed Income, Currency and Commodities in Citigroup's Central and Eastern European division, Group Treasurer for Saudi Hollandi (ABN AMRO) Bank in the Kingdom of Saudi

Arabia, Managing Director of Treasury for ABN AMRO/K&H Bank in Hungary, General Manager of Treasury for ABN AMRO in Romania, as well as Country Treasurer for Citibank NA in Pakistan.

***Neeraj Makin, Senior Executive Vice President, Head of International and Group Strategy***

Neeraj is the Group's Senior Executive Vice President, Head of International and Group Strategy and a member of the ENBD EXCO. He has over 11 years' experience with ENBD including serving as an Advisory Board Member of Network International Holdings plc from 2016 to 2019. Prior to joining ENBD Neeraj was a Senior Manager at Ernst & Young Transaction Advisory services and also previously worked at McKinsey and Co. He has a MBA in Finance from the International Management Institute in India and a Bachelor's degree in Physics and Mathematics from HNB Garhwal University in India.

***Eman Abdultrazzaq, Group Chief Human Resource Officer***

Eman is the Group's new Chief Human Resource Officer and also a member of the ENBD EXCO. Prior to joining ENBD, Eman worked at HSBC Bank Middle East Limited as Regional Head of Human Resources, Strategy and Planning and Chief of Staff for the Middle East, North Africa and Turkey. She is also a Board Member of the Emirates Institute for Banking and Financial Studies and Chairperson for the UAE Banks Federation Human Resources Committee.

***Hamad Khalaf Alhosani, Vice President, Company Secretary***

Hamad Khalaf Alhosani is the Group's Vice President and Company Secretary. Hamad has more than 13 years professional work experience in the Middle East region, including as Legal Counsel to a Managing Director for a UAE law firm for 8 years, Legal Counsel Director at National Bank of Abu Dhabi and Assistant Vice President – Legal Counsel at ENBD. Hamad is a qualified Advocacy Lawyer with a Bachelor's in Law and a Master's in Public Law from Sharjah University.

The business address for each of the Senior Managers is c/o Emirates NBD Bank PJSC, Baniyas Road, Deira, P.O. Box 777, Dubai, UAE.

No Senior Manager has any actual or potential conflict of interest between his duties to ENBD and his private interests or other duties.

**Committees**

ENBD has established five Board committees and four management committees, which include the following:

***Board Executive Committee***

The Board Executive Committee ("BEC") acts for the Board on urgent matters arising between regular Board meetings in cases where it is not possible to convene a meeting of the Board. The BEC has the powers of the Board in relation to the business and affairs of ENBD.

***Board Audit Committee***

The Board Audit Committee ("BAC") is responsible for reviewing all internal audit and management compliance reports that are produced by ENBD and providing direction to management on rectifying weaknesses or shortcomings highlighted in such reports. The BAC oversees and monitors all internal controls and systems in place for financial reporting and ensures legal and regulatory compliance on financial matters. The BAC is also responsible for receiving and reviewing management letters issued by external auditors and reports of regulatory bodies. The members of the BAC comprise members of the Board, and meetings are attended by the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, and the Company Secretary. Other members of executive and senior management may attend by invitation. The committee meets quarterly or periodically as and when required.

***Board Credit and Investment Committee***

This committee meets regularly to review the quality and performance of the credit exposures and investment portfolio of ENBD. The BCIC reviews and oversees the effectiveness of ENBD's credit and investment risk strategy whilst taking into consideration the risk appetite of ENBD. Amongst other things,

the BCIC approves lending strategy and policies, establishes delegated lending authorities and evaluates credit and investment proposals. The members of the BCIC comprise the Chairman of the Board and at least two other directors as well as the Chief Executive Officer and other members of management.

#### ***Board Risk Committee***

This committee is responsible for the corporate and risk governance framework of the Group. This includes the review, oversight and monitoring of the Group's risk management procedures, the Group's risk appetite and its overall risk profile. The committee also oversees ENBD's Basel III implementation. The committee convenes on a quarterly basis.

#### ***Board Nomination and Remuneration Committee***

This committee reviews and guides management on strategic human resource decisions relating to executive succession planning, nationalisation strategy, management appointments and remuneration policies. The committee, which meets on a quarterly basis, ensures that human resource governance within the Group is implemented in a professional and efficient manner.

#### ***Executive Committee***

The EXCO is headed by the Chief Executive Officer. The role of the EXCO is to collectively monitor the performance of ENBD and make decisions within the authority limits delegated to it by the Board. The EXCO makes specific recommendations to the Board on decisions that fall outside its delegated authority limits, including day-to-day running of the Group, strategic growth of the Group and implementation of decisions by the Board. The EXCO comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Legal Officer, the General Manager Wholesale Banking, the General Manager Retail Banking, the General Manager GM&T, the General Manager Human Resources, the General Manager International, the CEO Emirates Islamic and the Head of ENBD Egypt. The EXCO meets once every two weeks.

#### ***Assets and Liabilities Committee***

ENBD's ALCO is responsible for dealing with market risk exposures such as liquidity, interest rates, investment and economic capital management. ENBD's ALCO manages the structure and composition of ENBD's investment portfolio, structural interest rates, exchange rate positions and maturity gaps, as well as its capital adequacy position. ENBD's ALCO comprises the Chief Executive Officer, the Chief Financial Officer, the General Manager, Risk, the Head of Wholesale Banking, the Head of Consumer Banking and Wealth Management, the General Manager, GM&T and other senior executives. The Committee meets once a month in the normal course of business and more often if needed.

#### ***Management Credit Committee***

This committee meets twice a week and supports the BCIC and provides guidance to the management on the strategic objectives of ENBD. It assesses, approves and recommends facilities, renewal of existing facilities, debt settlement and write-offs, provisioning and amendments to pricing and ratings, within predetermined parameters. The MCC also monitors and reviews and recommends policies for the credit portfolio performance of ENBD's C&IB unit.

#### ***Management Investment Committee***

The Management Investment Committee is responsible for approving ENBD's investments and ensuring that an appropriate balance is achieved between risks and rewards. The Management Investment Committee manages ENBD's reputation risk by setting and enforcing investment guidelines. The Committee comprises members from GM&T, Risk and other senior management. The committee meets monthly.

#### ***Employees***

As at 31 December 2019, ENBD employed 11,094 employees (excluding the Egyptian business), the majority of whom were full-time employees and 524 of whom were employed in ENBD's overseas operations. As at 31 December 2018, ENBD employed 11,582 employees (excluding the Egyptian business), the majority of whom were full-time employees and 502 of whom were employed in ENBD's

overseas operations. ENBD has no history of industrial disputes and considers its relationship with its employees to be good.

### **Learning and Development**

ENBD's learning and development function plays a strategic role in equipping employees with the relevant skills required for delivering expected business performance and developing the capability to progress in their careers. ENBD's in-house Learning and Development Centre is fully equipped with state of the art facilities to deliver learning programs to address ENBD's business needs. The programs conducted are directed at all Group staff (both based in the UAE and internationally), including Tanfeeth and Emirates Islamic staff. The learning delivered blends classroom, digital learning courses and workshops.

The Group's Learning and Development programmes take place in a variety of formats, including classroom sessions, e-learning courses, and virtual sessions. To leverage digital learning capability ENBD has invested in world-class digital content providers, such as Udemy, SkillSoft and Coursera, as well as developing ENBD's in-house digital capabilities. Employees can access all digital learning content anytime and anywhere through ENBD's cloud-based Learning Management System. The Group's Learning and Development team also assist employees in attaining professional certifications such as Chartered Institute for Securities & Investment, Institute of Chartered Accountants in England and Wales – Certificate in Finance, Accounting and Business, and Associate Chartered Accountant Certificate. ENBD's Leadership and Management Development programs are aimed at leadership development at varying levels. Such training programs are often run in collaboration with world renowned executive education providers such as Harvard, MIT and INSEAD. In 2019, ENBD's learning and development function was critical in re-skilling staff in system changes for financial core consolidation, payments hub and express clearing and is expected to continue to educate staff on such system changes throughout 2020.

### **Remuneration Policy**

ENBD provides a competitive total reward policy to attract, motivate and retain high calibre employees to drive performance and growth of ENBD's businesses. The contractual pay consisting of base pay and job based allowances ensure that the pay levels are attractive. The variable pay offering for employees, in the form of incentives and bonuses, is dependent on performance. ENBD employees are also offered a number of benefits which are usual in the financial segment of the region, such as family medical insurance, financial facilities and severance/pension payments.

### **Emiratisation**

As part of the "Emiratisation" agenda, UAE banks are mandated to increase the number of UAE nationals on their payroll as part of the points system which was introduced by the Central Bank in 2017. The points system is based on encouraging the development and deployment of UAE nationals in different levels and critical roles in ENBD. ENBD is committed to achieving the UAE Central Bank "Emiratisation" targets and has implemented corresponding targets across all business and support units.

The Group employed more than 250 UAE nationals as at 31 December 2019, with approximately 24.0 per cent. employed in leadership roles. ENBD plans to continue to increase the percentage of UAE national employees in senior leadership and middle management roles in line with the "Emiratisation" agenda. ENBD has also specially designed programmes for UAE nationals including Personal Accelerated Learning program for National graduate trainees, National Management Program for junior and middle National managers and National Leadership Program for senior National leaders.

### **Related Parties**

ENBD enters into transactions with its major shareholders, directors, executive management and their related concerns in the ordinary course of its business and at commercial interest and commission rates. As at 31 December 2019, ENBD had made loans and receivables to related parties totalling AED 163.1 billion and had received customer and Islamic customer deposits from related parties totalling AED 7.0 billion.

## THE UNITED ARAB EMIRATES BANKING AND FINANCIAL SERVICES SYSTEM

As Dubai does not have a separate monetary or financial system, this section describes the UAE's monetary and financial system generally, although certain sections focus specifically on Dubai where information is available.

### Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The principal objective of the UAE's monetary policy to date has been to maintain the stability of the fixed exchange rate regime and to manage inflation. In common with most other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. dollars, the UAE dirham is linked to the U.S. dollar and the UAE authorities have expressed publicly their commitment to the UAE dirham and the fixed exchange rate regime. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.\$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE dirham is freely convertible.

### Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years 2015 to 2019:

|                                             | 31 December                 |         |         |         |                     |
|---------------------------------------------|-----------------------------|---------|---------|---------|---------------------|
|                                             | 2015                        | 2016    | 2017    | 2018    | 2019 <sup>(1)</sup> |
|                                             | <i>(in billions of AED)</i> |         |         |         |                     |
| Currency issued (M0).....                   | 73.5                        | 77.5    | 85.4    | 85.8    | 93.7                |
| Money supply (M1) <sup>(2)</sup> .....      | 456.9                       | 474.1   | 492.4   | 485.7   | 514.8               |
| Money supply (M2) <sup>(3)</sup> .....      | 1,186.8                     | 1,255.5 | 1,276.2 | 1,308.4 | 1,411.5             |
| Money supply (M3) <sup>(4)</sup> .....      | 1,342.9                     | 1,411.3 | 1,487.1 | 1,602.4 | 1,717.4             |
| Bank credit (domestic) <sup>(5)</sup> ..... | 1,381.2                     | 1,454.4 | 1,452.7 | 1,509.4 | 1,593.8             |
| of which: Credit to private sector.....     | 1,043.2                     | 1,094.6 | 1,105.0 | 1,150.0 | 1,150.9             |

Source: UAE Central Bank.

Notes:

- (1) Preliminary figures.
- (2) Consists of currency in circulation outside banks plus monetary deposits in local currency with banks (all short-term deposits on which bank customers can withdraw without prior notice).
- (3) Consists of Money Supply (M1) plus quasi-monetary deposits (Resident Time and Savings Deposits in Dirham + Resident Deposits in foreign currencies).
- (4) Consists of Money Supply (M2) plus Government deposits.
- (5) Includes lending to residents, non-banking financial institutions, trade bills discounted and loans and advances for the Government and public sector and private sector (corporates and individuals) in local and foreign currency.

### Foreign Reserves

The following table sets out the foreign assets holdings of the UAE Central Bank as at 31 December in each of the years 2015 to 2019:

|                                                   | 2015                        | 2016  | 2017  | 2018  | 2019 <sup>(1)</sup> |
|---------------------------------------------------|-----------------------------|-------|-------|-------|---------------------|
|                                                   | <i>(in billions of AED)</i> |       |       |       |                     |
| Foreign Assets Holdings (including the IMF) ..... | 345.2                       | 313.6 | 350.3 | 365.4 | 397.9               |

Source: UAE Central Bank.

Notes:

- (1) Preliminary figures.

These assets principally comprise held-to-maturity foreign securities and current account balances and deposits with banks abroad. In addition, the ruling families of the various Emirates as well as the governments of the Emirates and private citizens within the Emirates have significant sums invested abroad.

### Banking and Financial Services

The financial and insurance activities sector in Dubai contributed 11.1 per cent. of Dubai's GDP at current prices in 2018 (according to preliminary estimates by the Dubai Statistics Centre). Within the UAE as a whole, the financial sector was estimated to have contributed approximately 5.5 per cent. of nominal GDP in 2018 (according to the UAE Ministry of Economy Annual Economic Report 2019).

With 59 commercial banks (comprising 21 local banks with 656 branches as at 31 December 2019 and 38 foreign banks with 79 branches as at 31 December 2019) (*source*: preliminary data, Statistical Bulletin (December 2019), UAE Central Bank), serving a population estimated to be in the region of 9.7 million in mid-2019 (*source*: Statistical Yearbook 2019 edition, United Nations Department of Economic and Social Affairs, Statistics Division), the UAE could be viewed as an over-banked market, even by regional standards. However, on 3 July 2016, it was announced that the board of directors of National Bank of Abu Dhabi P.J.S.C. ("NBAD") and First Gulf Bank P.J.S.C. ("FGB") had voted unanimously to recommend to their respective shareholders a merger of the two Abu Dhabi-listed banks, which created the largest bank in the Middle East and North Africa region by assets which was rebranded as First Abu Dhabi Bank P.J.S.C. The merger of NBAD and FGB was formally consummated on 30 March 2017 and stimulated further consolidation amongst the UAE banks. In 2019, Abu Dhabi Commercial Bank P.J.S.C., Union National Bank P.J.S.C. and Al Hilal Bank P.J.S.C. agreed a merger to create the third largest bank in the UAE, which was completed in May 2019 (*source*: Bloomberg). In January 2020, Dubai Islamic Bank P.J.S.C also announced the completion of its acquisition of Noor Bank P.J.S.C (*source*: Reuters).

The UAE's membership of the World Trade Organisation will likely require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

The table below provides a statistical analysis of the UAE banking sector as at 31 December in each of the years 2015 to 2019:

|                                                      | 31 December |         |         |         |                     |
|------------------------------------------------------|-------------|---------|---------|---------|---------------------|
|                                                      | 2015        | 2016    | 2017    | 2018    | 2019 <sup>(4)</sup> |
| Total number of commercial banks .....               | 57          | 60      | 61      | 60      | 59                  |
| Total number of branches.....                        | 960         | 931     | 853     | 823     | 735                 |
| Total number of employees <sup>(1)</sup> .....       | 40,159      | 37,547  | 34,675  | 36,629  | 35,637              |
| Bank credit (domestic) (AED billions) <sup>(2)</sup> | 1,381.2     | 1,454.4 | 1,452.7 | 1,509.4 | 1,593.8             |
| Total assets (AED billions) .....                    | 2,478.2     | 2,613.6 | 2,694.0 | 2,868.5 | 3,085.8             |
| Total deposits <sup>(3)</sup> (AED billions).....    | 1,471.6     | 1,562.9 | 1,627.3 | 1,755.6 | 1,870.1             |

*Source*: Statistical Bulletin (December 2019), UAE Central Bank.

*Notes*:

- (1) Excluding auxiliary staff.  
(2) Includes lending to residents, non-banking financial institutions, trade bills discounted and loans and advances for the Government and public sector and private sector (corporates and individuals) in local and foreign currency.  
(3) Excluding inter-bank deposits.  
(4) Preliminary data.

### ***Principal Banks in the UAE***

The table below provides summary information for each of the four principal banks by asset size established in the UAE:

|                                         | Number of<br>Branches | Year<br>Established | Government<br>ownership<br>(%) | Assets <sup>(1)</sup><br>(AED<br>billions) |
|-----------------------------------------|-----------------------|---------------------|--------------------------------|--------------------------------------------|
| First Abu Dhabi Bank P.J.S.C. ....      | 76 <sup>(4)</sup>     | 2017 <sup>(2)</sup> | 37.0                           | 822.0                                      |
| Emirates NBD Bank P.J.S.C. ....         | 91 <sup>(1)</sup>     | 2007 <sup>(3)</sup> | 55.8                           | 683.3                                      |
| Abu Dhabi Commercial Bank P.J.S.C. .... | 72                    | 1985                | 62.52                          | 405.1                                      |
| Dubai Islamic Bank P.J.S.C. ....        | 71 <sup>(5)</sup>     | 1975                | 25.82                          | 231.8                                      |

*Sources*: UAE Central Bank and published financial statements.

*Notes*:

- (1) As at 31 December 2019.  
(2) Year of merger of NBAD and FGB.  
(3) Year of merger of EBI and NBD.  
(4) As at 30 September 2019.  
(5) As at 7 November 2019.

### ***Supervision of Banks***

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in

the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain. An improved risk management framework is currently being implemented, which is designed to provide the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

Historically, the UAE Central Bank has not acted as a lender of last resort, a role which has tended to fall on the individual Emirates. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (the "**IMLF**") allows non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see further "*Recent Trends in Banking – Liquidity*").

The 2018 Federal Law grants the UAE Central Bank powers to:

- Draw up and implement monetary policy;
- Exercise currency issuance;
- Organise licensed financial activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of the 2018 Federal Law and international standards;
- Set up appropriate regulations and standards for protection of customers of licensed financial institutions;
- Monitor the credit condition in the UAE, in order to contribute to the achievement of balanced growth in the national economy;
- Manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base as per the provisions of the 2018 Federal Law; and
- Regulate, develop, oversee and maintain soundness of the financial infrastructure systems in the UAE.

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 20 of 2018 regarding the procedures for Anti-Money Laundering and Combating the Financing of Terrorism and Illicit Organisations. Pursuant to this, the UAE has established the National Committee to Counter Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organisations, which is responsible for co-ordinating policy and systems on anti-money laundering and the combating of terrorism financing, assessing the effectiveness of such policies and systems and the representation of the UAE in international forums on these matters. Federal Law No. 20 of 2018 also recommends the establishment of an independent "Financial Information Unit" within the UAE Central Bank to receive and investigate reports submitted by financial institutions and corporate entities regarding suspected illicit financial activity.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. Similarly, in the Abu Dhabi Global Market in Abu Dhabi ("**ADGM**"), the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

### ***Characteristics of the Banking System***

Banking institutions in the UAE fall into a number of categories, including domestic commercial banks and licensed foreign commercial banks. The UAE banks are predominantly focused on the domestic market. With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. There is a

high degree of state involvement in the UAE banking sector, with the five largest banks having some degree of ownership by the governments and/or ruling families of individual Emirates.

Additionally, a number of banks have developed in the Islamic world, including in the UAE, to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with. The principal Dubai-based Islamic banks are Dubai Islamic Bank and Emirates Islamic.

## **COVID-19**

In response to the COVID-19 outbreak (*see "Risk Factors – Risks relating to ENBD's business which may affect ENBD's ability to fulfil its obligations in respect of Notes issued under the Programme – Risks arising from ENBD's business activities – Market Risks"*), effective from 15 March 2020, the UAE Central Bank has implemented the TESS, which includes a range of measures aimed at mitigating the economic effects of COVID-19 on the UAE economy. The TESS and other accompanying stimulus measures include (in addition to cutting interest rates as discussed in such risk factor):

### **TESS**

- allowing banks operating in the UAE access to loans and advances, against collateral, extended at zero cost by the UAE Central Bank until 31 December 2020, the proceeds of which are to be used by UAE banks to grant temporary relief to private sector corporate customers and retail clients;
- whilst keeping the existing 2.50 per cent. capital conservation buffer and the D-SIB buffer in place, allowing banks to utilise 60 per cent. of their capital conservation buffer and 100 per cent. of their D-SIB buffer without supervisory consequences until 31 December 2021, subject to having fully utilised the limit available under zero cost facility of the TESS;
- allowing banks that are subject to the LCR to fall below the regulatory LCR requirement of 100 per cent., provided that their LCR is higher than or equal to 70 per cent., while other banks are able to fall below the regulatory ELAR requirement of 10 per cent., provided that their ELAR is higher or equal to 7 per cent., with such changes to the LCR and ELAR applicable until 31 December 2021, subject to having fully utilised the limit available under zero cost facility of the TESS;
- expecting banks to leave unchanged and not downgrade the IFRS 9 staging and classification of customers at stage 1 who are receiving temporary relief linked to the TESS;

### **Further measures to support the UAE economy in response to COVID-19**

- decreasing the UAE Central Bank's minimum reserve requirement for all current, call and savings deposits from 14 per cent. to 7 per cent.;
- postponing the planned implementation of certain Basel III capital requirements until 31 March 2021; and
- allowing banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

## **Recent Trends in Banking**

### **Capital Adequacy**

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore,



the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

As part of the introduction of Basel III in the UAE, and pursuant to the February 2017 Regulations and the Capital Standards, ENBD is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019. Included within this UAE Central Bank prescribed minimum total capital adequacy ratio, ENBD, as a D-SIB, is required to maintain a D-SIB buffer of 1.50 per cent. with effect from 1 January 2019, which is to be met in its entirety by Common Equity Tier 1 capital. As of 31 December 2019, the Group's total capital adequacy ratio was 18.5 per cent. Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. (where applicable) and claims on GCC government non-commercial public sector entities are risk-weighted in accordance with the prescribed guidelines.

As noted above under "*COVID-19*", as part of the TESS, D-SIB banks are able to utilise 100 per cent. of their D-SIB buffer and 60 per cent. of their capital conservation buffer without supervisory consequences until 31 December 2021. In addition, the UAE Central Bank will allow banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024. Furthermore, the planned implementation of certain Basel III capital requirements has been postponed until 31 March 2021.

### ***Liquidity***

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, "**loans**" comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time-based customer deposits made by private individuals or private sector companies. According to preliminary data made available by the UAE Central Bank, together, these deposits constituted approximately 58.9 per cent. of total deposits of the UAE banking sector as at 31 December 2019, whereas the UAE federal government and the public sector constituted approximately 29.2 per cent. of total deposits within the UAE banking sector as at 31 December 2019. Non-resident and other sources contributed approximately 11.8 per cent. as at the same date (*source: UAE Banking Indicators (December 2019), UAE Central Bank*).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit ("**CD**") repurchase facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank. Further, banks can access funds through the IMLF.

In addition to these measures, the UAE federal government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

During 2008, Government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance of the Government of Abu Dhabi) subscribed for, in aggregate, a sum of AED 16.0 billion in subordinated Tier I capital notes issued by the then five largest Abu Dhabi banks: National Bank of Abu Dhabi P.J.S.C., Abu Dhabi Commercial Bank P.J.S.C., First Gulf Bank P.J.S.C., Union National Bank P.J.S.C. and Abu Dhabi Islamic Bank P.J.S.C.

In 2009, the Department of Finance of the Government of Dubai established a U.S.\$20.0 billion funding programme and the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of 4 per cent. per annum, was issued in its entirety to the UAE Central Bank. In November 2009, a second U.S.\$5.0 billion tranche was fully subscribed equally by National Bank of Abu Dhabi P.J.S.C. and Al Hilal Bank P.J.S.C.

In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**") which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

*Responsibilities of the board of directors:*

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

*Responsibilities of senior management:*

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

*Liquidity risk framework:*

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution-specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;

- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which were intended to apply until the Basel III LCR and NSFR (each as defined in the table below) come into effect. These include the following:

|                   | <b>Ratio</b>                                     | <b>Applicability Period</b>                 |
|-------------------|--------------------------------------------------|---------------------------------------------|
| Interim ratios:   | Liquid Asset Ratio (LAR > =10%)                  | 1 January 2013 – 30 June 2015               |
|                   | Eligible Liquid Assets Ratio (ELAR > = 10%)      | 1 July 2015 until LCR implementation        |
|                   | Advances to Stable Resources Ratio (ASRR < 100%) | 30 September 1986 until NSFR implementation |
| Basel III ratios: | Liquidity Coverage Ratio (LCR > 100%)            | 1 January 2019 onwards                      |
|                   | Net Stable Funding Ratio (NSFR < 100%)           | 2018 onwards                                |

The LAR was an interim ratio designed to apply until the LCR came into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the ELAR. Under the ELAR, UAE banks were required to hold an amount equivalent to at least 10 per cent. of their liabilities in high-quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also included the option for UAE banks to apply to the UAE Central Bank to move to assessment and reporting of bank liquidity to the UAE Central Bank as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they were required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval).

The LCR represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high quality liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail high quality liquid assets for this purpose. As noted under "COVID-19" above, as part of the TESS, banks that have adopted the LCR are able to fall below the regulatory LCR requirement of 100 per cent. provided that their LCR is higher than or equal to 70 per cent. Other banks are able to fall below the regulatory ELAR requirement of 10 per cent. provided that their ELAR is higher or equal to 7 per cent. The changes to the LCR and ELAR are applicable until 31 December 2021, subject to having fully utilised the limit available under zero cost facility of the TESS. See "*Risk Factors – Risks relating to ENBD's business which may affect ENBD's ability to fulfil its obligations in respect of Notes issued under the Programme – Risks arising from ENBD's business activities – Liquidity risks*" and "*Risk Management*" for more information.

As part of the UAE Central Bank's gradual implementation of the Basel III Reforms in the UAE, the UAE Central Bank has introduced LCR in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. by 2019. This graduated approach was designed to ensure that the LCR could be introduced without disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity in the UAE.

The ASRR was an interim ratio designed to apply until the NSFR came into effect in the UAE in 2018 (as described below). The ASRR recognised both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities. The NSFR in the UAE mirrors the Basel III standards. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("ASF") factors to the sources of funds and required stable funding ("RSF") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III standards.

### ***Provisions for Loan Losses***

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss, depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE were required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and advances to customers and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

### ***Large Exposures***

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to Board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published a notice amending certain of the large exposure limits set out above (the "**Large Exposure Notice**") amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

|                                                                                          | New Limit                                                           |           | Old Limit  |           |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------|------------|-----------|
|                                                                                          | Individual                                                          | Aggregate | Individual | Aggregate |
| UAE federal government and its non-commercial entities .....                             | Exempt                                                              | Exempt    | Exempt     | Exempt    |
| UAE local government and its non-commercial entities .....                               | No cap for UAE local government; 25% for each non-commercial entity | 100%      | Exempt     | Exempt    |
| Commercial entities of UAE federal government and UAE local government .                 | 25%                                                                 | 100%      | 25%        | None      |
| Commercial or other (non-commercial) private sector entities and individuals.....        | 25% max                                                             | None      | 7%         | None      |
| Shareholders who own 5 per cent. or more of the bank's capital and related entities..... | 20%                                                                 | 50%       | 7%         | None      |
| Exposure to bank's subsidiaries and affiliates .....                                     | 10%                                                                 | 25%       | 20%        | 60%       |
| Board members .....                                                                      | 5%                                                                  | 25%       | 5%         | 25%       |

### ***Mortgage Cap Regulation and Consumer Loan Regulation***

The UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers by way of a circular dated 23 February 2011 the ("**Retail Circular**") on retail banking and notice no. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the "**Official Gazette**") on 28 November 2013 and entered into force on 28 December 2013) (the "**Mortgage Regulations**"). These regulations, amongst other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months.

The Mortgage Regulations, which supersede UAE Central Bank notice no. 3871/2012 dated 30 December 2012, provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property). ENBD is compliant with the Retail Circular and the Mortgage Regulations. The Mortgage Regulations and other circulars may affect ENBD's net retail income and may potentially add to market price volatility in the UAE real estate market.

### ***Reserve Requirements***

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances. As noted above under "**COVID-19**", as part of the UAE Central Bank's stimulus package in response to COVID-19, the minimum reserve requirement for all current, call and savings deposits has been decreased from 14 per cent. to 7 per cent.

### ***Position of Depositors***

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

### ***Credit Information Agency***

In May 2010, the Government of Dubai appointed the Emirates Credit Information Company ("**Emcredit**") as the official body for providing credit information services in Dubai. Emcredit is now the entity

responsible for providing credit reporting services in the Emirate, with responsibility for collecting, storing, analysing and disseminating credit information in Dubai. Additionally, in February 2011, the UAE Central Bank issued new regulations in relation to the retail banking sector, aimed at controlling lending activities and excessive charges by banks, whilst also protecting banks by regulating lending and encouraging banks to carry out proper due diligence on potential borrowers.

### ***Establishment of a Credit Bureau in the UAE***

Al Etihad Credit Bureau ("AECB") is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. ENBD continues to submit its retail customer data to the AECB on a monthly basis, which meets the data accuracy thresholds laid down by the AECB.

### ***Federal Debt Management***

Federal Law No (9) of 2018 ("**Law No (9)**"), Regarding Public Debt provides that the outstanding public debt of the UAE shall not, at any time, exceed the amount determined by the cabinet, at a maximum of 250 per cent. of the Government Own-Stable Revenues (as defined in Law No (9)).

### ***Insurance***

There is an absence of published statistical data on the insurance sector in the UAE and Dubai. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy.

### ***Capital Markets***

The capital markets in the UAE are regulated by a number of entities, including the Emirates Securities and Commodities Authority (the "**SCA**"), which licenses intermediaries to trade on the DFM and the ADX. The SCA is a federal government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated.

### ***Dubai Financial Market***

The DFM, which is now, along with Nasdaq Dubai, owned by Borse Dubai, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The following table sets out the number of traded shares, the value of traded shares, and the number of executed transactions on the DFM and the closing price of the DFM Index as at 31 December in each of the years 2015 to 2019:

|                                                      | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b>      |
|------------------------------------------------------|-------------|-------------|-------------|-------------|------------------|
| Number of traded shares ( <i>billions</i> ) .....    | 98.2        | 105.8       | 82.5        | 45.4        | — <sup>(1)</sup> |
| Value of traded shares ( <i>AED billions</i> ) ..... | 151.4       | 133.7       | 115.1       | 59.7        | 53.0             |
| Number of trades ( <i>millions</i> ) .....           | 1.6         | 1.3         | 1.1         | 1.5         | — <sup>(1)</sup> |
| Market capitalisation ( <i>AED billions</i> ) .....  | 308.1       | 337.6       | 394.0       | 343.3       | 375.0            |
| DFM Index year-end index closing price .....         | 3,151.00    | 3,530.88    | 3370.07     | 2,529.75    | 2764.86          |

Sources: Dubai Statistics Centre, DFM.

Notes:

<sup>(1)</sup> No published information available as of the date of this Base Prospectus.

## Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, DFM announced that it had made an offer to Borse Dubai Limited and the Nasdaq OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both Nasdaq Dubai and DFM are operating as two distinct markets that are subject to different regulatory frameworks. Nasdaq Dubai is regulated by the Dubai Financial Services Authority and the DFM is regulated by the SCA.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which has led to an increase in interest and investment from international institutional investors in Dubai.

Nasdaq Dubai's standards are comparable to those of leading international exchanges New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuer's access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a unique mix of regional and international brokers.

Nasdaq Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk and conventional bonds. Nasdaq Dubai listed eleven sukuk with a total nominal value of U.S.\$10.25 billion listed during 2017, maintaining its position as one of the world's largest exchanges for sukuk.

Equity listings on Nasdaq Dubai include DP World Limited, which had the Middle East's largest IPO in 2007 at U.S.\$5.0 billion, as well as Depa Limited and Orascom Construction Limited.

The following table sets out the number of traded shares, the value of traded shares and the number of executed transactions on Nasdaq Dubai, the market capitalisation of Nasdaq Dubai and the closing price as at 31 December of the FTSE Nasdaq Dubai UAE 20 Index (which tracks 20 liquid stocks listed on the DFM, the Abu Dhabi Securities Exchange and Nasdaq Dubai) in each of the years 2015 to 2019:

|                                                       | 2015     | 2016                    | 2017     | 2018                    | 2019                |
|-------------------------------------------------------|----------|-------------------------|----------|-------------------------|---------------------|
| Trading volume ( <i>millions</i> ).....               | 218.6    | 138.2                   | 273.2    | 164.6                   | 150.8               |
| Trading value ( <i>AED millions</i> ) .....           | 5,019.9  | 4,563.7                 | 4,883.7  | 4,234.4                 | _( <sup>(3)</sup> ) |
| Number of transactions .....                          | 30,637   | 22,913                  | 29,518   | 29,057                  | _( <sup>(3)</sup> ) |
| Market capitalisation ( <i>AED millions</i> ) .....   | 67,568.5 | 58,118.1                | 82,821.9 | 63,666.3 <sup>(2)</sup> | _( <sup>(3)</sup> ) |
| FTSE Nasdaq Dubai UAE 20 year-end closing price ..... | 3,063.35 | 3,293.85 <sup>(1)</sup> | 3288.69  | 3074.32                 | 3,184.38            |

Sources: Dubai Statistics Centre, Nasdaq Dubai.

Notes:

<sup>(1)</sup> As at 29 December 2016.

<sup>(2)</sup> As at 30 September 2018.

<sup>(3)</sup> No published information available as of the date of this Base Prospectus.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not constitute legal or tax advice. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the countries of their respective citizenship, residence or domicile of acquiring, holding and disposing of Notes and receiving payments under the Notes. 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.*

### **Dubai and the United Arab Emirates**

*The following is a general summary of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("**Dubai Law**") and does not constitute legal or tax advice. Prospective investors in the Notes are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase ownership or disposition of the Notes or any interest therein.*

Under existing Dubai Law, although an income tax decree has been enacted in Abu Dhabi and in Dubai (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)) which provides for tax to be imposed on the taxable income of all bodies corporate which carry on a trade or business, the regime is not currently enforced. In practice, only companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE have been required to pay tax. There are currently no withholding taxes required to be levied under UAE, Abu Dhabi or Dubai law in respect of payments on debt securities (including in relation to the Notes). In the event of the imposition of any withholding, the Issuer has undertaken to gross-up any payments subject to certain limitations, as described in Condition 7 (*Taxation*).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to revise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

### **Luxembourg Taxation**

The following overview is of a general nature. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### **(i) *Luxembourg tax residency of the Noteholders and Couponholders***

A Noteholder or a Couponholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes or Coupons, or the execution, performance, delivery and/or enforcement of the Notes or Coupons.

#### **(ii) *Withholding Tax***

##### *Luxembourg resident individual Noteholders and Couponholders*

Under Luxembourg general tax laws currently in force, and subject to the law of 23 December 2005 as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes or Coupons, nor on accrued but unpaid interest in respect of Notes or Coupons, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes or Coupons held by Luxembourg resident holders of



Notes. However, under the Relibi Law, a 20 per cent. Luxembourg withholding tax is levied on interest payments made or ascribed by Luxembourg-based paying agents (within the meaning of the Relibi Law) to an individual beneficial owner who is a resident of Luxembourg. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes or Coupons. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Furthermore, pursuant to the Relibi Law, Luxembourg resident individuals acting in the course of the management of their private wealth who are the beneficial owners of interest payments made by a paying agent established outside Luxembourg, in a Member State of either the European Union or the EEA or in the UK, can opt to self declare and pay a 20 per cent. tax on these interest payments.

Both the withholding tax of 20 per cent. and the self declared 20 per cent. tax, as described above, are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

#### *Luxembourg non-resident Noteholders and Couponholders*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest in the context of the holding, disposal, redemption or repurchase of the Notes or Coupons, nor on accrued but unpaid interest in respect of the Notes or Coupons.

### (iii) ***Income Taxation on Principal, Interest, Gains on Sales or Redemption***

#### (a) *Taxation of Luxembourg non-residents*

Noteholders or Couponholders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg with which the holding of the Notes or Coupons is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or Coupons or capital gains realised upon disposal or repayment of the Notes or Coupons.

#### (b) *Taxation of Luxembourg residents*

Noteholders or Couponholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is, in principle, reportable and taxable at the progressive rate unless the interest has been subject to withholding tax (see above “**Withholding tax**”) or to the self-applied tax, if applicable. Indeed, in accordance with the Relibi Law, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made by paying agents located in an EU Member State other than Luxembourg or a Member State of the European Economic Area other than an EU Member State. The withholding tax or self-applied tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis. If applicable, the 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders or Couponholders are not subject to taxation on capital gains upon the disposal of the Notes or Coupons, unless the disposal of the Notes or Coupons precedes the acquisition of the Notes or Coupons or the Notes or Coupons are disposed of within six months of the date of acquisition of these Notes or Coupons. Upon the sale, redemption or exchange of the Notes or Coupons, accrued but unpaid interest will be subject to the 20 per cent. withholding tax or the self-applied tax, if applicable. Individual Luxembourg resident Noteholders or Couponholders receiving

the interest as business income must include the portion of the price corresponding to this interest in their taxable income. The 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident corporate Noteholders or Couponholders, or non-resident Noteholders or Couponholders which have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes or Coupons is connected, must for income tax purposes include in their taxable income any interest (including accrued but unpaid interest) as well as the difference between the sale or redemption price and the lower of the cost or book value of the Notes or Coupons sold or redeemed.

Luxembourg resident corporate Noteholders or Couponholders which are companies benefiting from a special tax regime (such as (a) family wealth management companies subject to the amended law of 11 May 2007, (b) undertakings for collective investment subject to the amended law of 17 December 2010, (c) specialised investment funds subject to the amended law of 13 February 2007, or (d) reserved alternative investment funds governed by the law of 23 July 2016, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the annual subscription tax calculated on their (paid up) share capital (and share premium) or net asset value.

(c) *Net Wealth Tax*

Luxembourg net wealth tax will not be levied on the Notes or Coupons held by a corporate Noteholder or Couponholder, unless (a) such Noteholder or Couponholder is a Luxembourg resident other than a Noteholder or Couponholder governed by (i) the law of 17 December 2010 on undertakings for collective investment; (ii) the law of 13 February 2007 on specialised investment funds; (iii) the amended law of 22 March 2004 on securitisation; (iv) the amended law of 15 June 2004 on the investment company in risk capital; (v) the amended law of 11 May 2007 on family estate management companies; or (vi) by the law of 23 July 2016 on reserved alternative investment or (b) the Notes or Coupons are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative.

However, a securitisation company subject to the amended law of 22 March 2004 and a company subject to the amended law of 15 June 2004 on venture capital vehicles are, as from 1 January 2016, subject to a minimum net wealth tax, as well as, reserved alternative investment funds subject to the law of 23 July 2016, provided it is foreseen in the incorporation documents of the latter that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies.

(d) *Other Taxes*

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by Noteholders or Couponholders in connection with the issue of the Notes or Coupons, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes or Coupons, unless the documents relating to the Notes or Coupons are voluntarily registered in Luxembourg or appended to a document that requires mandatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or Coupons or in respect of the payment of interest or principal under the Notes or Coupons or the transfer of the Notes or Coupons. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Individual Noteholders or Couponholders not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Notes or Coupons. Where an individual Noteholder or Couponholder is a resident of Luxembourg for tax purposes at the time of death, the Notes or Coupons will be included in his taxable estate for inheritance tax assessment purposes.

No Luxembourg gift tax is levied upon a gift or donation of the Notes or Coupons, if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

### **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 Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, 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 Notes 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 Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to sections 1471 to 1474 (inclusive) of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) 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 Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the U.A.E.) 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, 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 Notes, 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 Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register (the "**grandfathering date**") generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions – Further Issues*") that have the same ISIN as the previously issued Notes and are not otherwise distinguishable from previously issued Notes are issued after the expiration of the grandfathering date and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering date, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (as amended and/or restated and/or supplemented from time to time, the "**Programme Agreement**") dated 9 July 2020 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer 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 Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold any Notes, and will not offer and sell any Notes (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all Notes of the Series of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms the relevant Dealer will be required to represent and agree that:

- (a) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 201220 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Bearer Notes from it for the purpose of offering or selling such Notes during the restricted period, it repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4)(ii) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 201220 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010)) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (other than a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of sub-paragraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Final Terms, the relevant Dealer will be required to represent and agree that:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of the Bearer Notes; and
- (b) in connection with the original issuance of the Bearer Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of the Bearer Notes.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes 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.

#### **Prohibition of Sale to EEA and UK Retail Investors**

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### **Public Offer Selling Restriction under the Prospectus Regulation**

If the applicable Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the EEA and the UK (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme

will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or
- (b) 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 Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a Base Prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a Base Prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) 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 (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or 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 Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **Japan**

The Notes 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**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines 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 and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes 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 such Notes, 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 (Chapter 289) 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 Notes 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 term 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 Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person as 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)(i)(B) 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.

## **France**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes tournissant le service d'investissement pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French Code *monétaire et financier*.

## **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in the Prospectus Regulation; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations; and
- (b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

### **Switzerland**

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that: (i) the Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland; (ii) neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the Swiss Financial Services Act; and (iii) neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Notes other than (i) to "professional investors" as defined in the SFO and any rules made under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"); or (ii) in other circumstances which do not result in the document being a "Base 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, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, 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 Notes 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.

### **The United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:



- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 1-104-2019 dated 30 September 2019 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with Article 11 and either Article 9 or Article 10 of the KSA Regulations.

The offer of the Notes 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 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

### **The PRC**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus, or the Notes or any material or information contained or incorporated by reference in this Base Prospectus relating to the Notes, have not been, and will not be submitted to become, approved/verified by or registered with any relevant government authorities under the PRC law. Accordingly, the Notes may not be offered or sold directly or indirectly in the PRC and this Base Prospectus may not be supplied to the public in the PRC or used in connection with any offer for subscription or sale of the Notes in the PRC directly or indirectly. The material or information contained or incorporated by reference in this Base Prospectus relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities by any person in the PRC. The Notes may only be invested by PRC investors that are authorised to engage in the purchase of Notes of the type being offered or sold.

PRC investors should note that they themselves are responsible for informing themselves about observing all legal and regulatory restrictions, obtaining all relevant government approvals/licences, verifications and/or registrations (if any) from all relevant PRC governmental authorities (including but not limited to the PBoC, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or other relevant regulatory bodies), and complying with all the applicable PRC regulations, including but not limited to any relevant PRC foreign exchange regulations and/or overseas investment regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made, and will not make, any offers, promotions, solicitations for sales of or for, as the case may be, any Notes in the PRC, except where permitted by the China Securities Regulatory Commission, the PBoC and other competent authorities or where the activity otherwise is permitted under the PRC law.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to 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 Notes 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 Notes 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 neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer or the Dealers represents that Notes 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 such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the relevant subscription agreement or dealer accession letter, as applicable.

## GENERAL INFORMATION

### Authorisation

The entry into the Programme and the issue of Notes under the Programme was duly authorised by a resolution of the Board on 30 September 2009. The update of the Programme was authorised by a resolution of the Board on 29 November 2019.

### Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Luxembourg Official List and admitted to trading on the Regulated Market.

Application has also been made to the DFSA for Notes 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.

### Documents Available

Copies of the following documents will, when published, be available for inspection from: (i) the registered office of ENBD and from the specified offices of the Paying Agents for the time being in London and Luxembourg and (ii) in the case of (a) – (c) and (e) below, the website of ENBD (<https://www.emiratesnbd.com/en/investor-relations/ratings-debt/public-issuances>):

- (a) Memorandum and Articles of Association (with an English translation thereof) of ENBD;
- (b) the unaudited condensed consolidated interim financial statements of ENBD in respect of the three months ended 31 March 2020, together with the review report prepared in connection therewith;
- (c) the audited consolidated financial statements of ENBD in respect of the financial years ended 31 December 2019 and 2018, in each case together with the audit reports prepared in connection therewith;
- (d) the Deed of Covenant and the Agency Agreement (which contains the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons);
- (e) a copy of this Base Prospectus and the documents incorporated by reference herein; and
- (f) any future base prospectuses, information memoranda, applicable Final Terms (save that the applicable Final Terms relating to a Note which is neither admitted to trading on a regulated market in the EEA or the UK nor offered in the EEA or the UK in circumstances where a Base Prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference.

To the extent the Paying Agents are unable to make the documents listed above available for inspection at their specified offices in London and Luxembourg by any event beyond its reasonable control, such Paying Agent may provide such documents for inspection to any Noteholder electronically, subject to such Noteholder being able to provide evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding and identity.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's Regulated Market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu). Copies of this Base Prospectus and each Final Terms relating to Notes which are admitted to trading on Nasdaq Dubai are available on Nasdaq Dubai's website at [www.nasdaqdubai.com](http://www.nasdaqdubai.com).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, ISIN, Financial Instrument

Short Name ("**FISN**") and the Classification of Financial Instruments ("**CFI**") code for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

#### **Legal Entity Identifier**

The Legal Entity Identifier ("**LEI**") code of ENBD is 54930029BCN8HF3B1286.

#### **Conditions for Determining Price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

#### **Significant or Material Change**

Save as disclosed in "*Risk Factors – Risks relating to ENBD's business which may affect its ability to fulfil its obligations in respect of Notes issued under the Programme – Risks arising from ENBD's business activities – Market Risks*" and "*Risk Factors – Risks relating to ENBD's business which may affect its ability to fulfil its obligations in respect of Notes issued under the Programme – Risks arising from ENBD's business activities – Credit Risks*", there has been no significant change in the financial or trading position or financial performance of the Group since 31 March 2020 and there has been no material adverse change in the prospects of ENBD since 31 December 2019.

#### **Litigation**

None of the Issuer nor 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 any of the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of any of the Issuer or the Group.

#### **Independent Auditors**

The auditors of ENBD are Deloitte & Touche (M.E.) ("**Deloitte**"). Deloitte were appointed as auditors of ENBD with effect from 1 January 2019 and (i) have reviewed, in accordance with International Standards on Auditing, ENBD's consolidated financial statements as of and for the three months ended 31 March 2020 as stated in their review report incorporated by reference herein; and (ii) audited, in accordance with International Standards on Auditing, ENBD's consolidated financial statements as of and for the year ended 31 December 2019 as stated in their report incorporated by reference herein.

Deloitte is regulated in the UAE by the UAE Ministry of Economy which has issued Deloitte with a license to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, Deloitte is not a member of a professional body in the UAE. All of Deloitte's audit partners are members of the institutes from where they received their professional qualification.

The auditors of ENBD were Ernst & Young Middle East (Dubai Br.). Ernst & Young Middle East (Dubai Br.) were appointed as auditors of ENBD on 6 March 2013 and have audited, in accordance with International Standards on Auditing, ENBD's consolidated financial statements as of and for the year ended 31 December 2018 as stated in their report incorporated by reference herein.

Ernst & Young Middle East (Dubai Br.) is regulated in the UAE by the UAE Ministry of Economy which has issued Ernst & Young Middle East (Dubai Br.) with a license to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, Ernst & Young Middle East (Dubai Br.) is not a member of a professional body in the UAE. All of Ernst & Young's audit partners are members of the institutes from where they received their professional qualification.

### **Dealers Transacting with ENBD**

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 Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer 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 Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. 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.

### **Validity of this Base Prospectus**

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12 month validity period.

### **ENBD's website**

ENBD's website is <http://www.emiratesnbd.com/>. 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.

## **ISSUER**

### **Emirates NBD Bank PJSC**

P.O. Box 777  
Dubai  
United Arab Emirates

## **ISSUING AND PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

## **PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

### **Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer  
L-1115 Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to English and Dubai law*

*To the Dealers as to English and Dubai law*

### **Clifford Chance LLP**

Level 15, Burj Daman  
Dubai International Financial Centre  
P.O. Box 9380  
Dubai  
United Arab Emirates

### **Norton Rose Fulbright (Middle East) LLP**

4th Floor, Gate Precinct Building 3  
Dubai International Financial Centre  
P.O. Box 103747  
Dubai  
United Arab Emirates

## **INDEPENDENT AUDITORS TO ENBD**

### **Deloitte & Touche (M.E.)**

Building 3, Level 6  
Emaar Square, Downtown Dubai  
P.O. Box 4254, Dubai  
United Arab Emirates

## **DEALERS**

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

### **BNP PARIBAS**

16, Boulevard des Italiens  
75009, Paris  
France

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **Commerzbank Aktiengesellschaft**

Kaiserstr. 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Germany

**Crédit Agricole Corporate and Investment  
Bank**

12 place des Etats-Unis  
CS 70052 92 547 Montrouge Cedex  
France

**Emirates NBD Bank PJSC**

P.O. Box 777  
Dubai  
United Arab Emirates

**ING Bank N.V.**

Foppingadreef 7  
1102 BD, Amsterdam  
The Netherlands

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**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

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Société Générale**

29 Boulevard Haussmann  
75009 Paris  
France

**Standard Chartered Bank**

7<sup>th</sup> Floor, Building One  
Gate Precinct  
Dubai International Financial Centre  
P.O. Box 999  
Dubai, United Arab Emirates

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer  
L-1115 Luxembourg