



EMIRATES NBD BANK PJSC
(Incorporated with limited liability in the United Arab Emirates)

U.S.\$750,000,000 Perpetual Additional Tier 1 Capital Securities

The U.S.\$750,000,000 Perpetual Additional Tier 1 Capital Securities (the "Capital Securities") shall be issued by Emirates NBD Bank PJSC (the "Issuer" or "ENBD") on 9 July 2020 (the "Issue Date"). Interest Payment Amounts (as defined in the Conditions) shall be payable subject to and in accordance with terms and conditions set out in the "Terms and Conditions of the Capital Securities" (the "Conditions") on the Prevailing Principal Amount (as defined in the Conditions) of the Capital Securities from (and including) the Issue Date to (but excluding) 9 July 2026 (the "First Reset Date") at a rate of 6.125 per cent. per annum. If the Capital Securities are not redeemed in accordance with the Conditions on or prior to the First Reset Date, Interest Payment Amounts shall continue to be payable from (and including) the First Reset Date subject to and in accordance with the Conditions at a fixed rate, to be reset on the First Reset Date and every six years thereafter, equal to the Relevant Six-Year Reset Rate (as defined in the Conditions) plus a margin of 5.702 per cent. per annum. Interest Payment Amounts will (subject to the occurrence of a Non-Payment Event (as defined in, and as more particularly provided in, Condition 6.1 (Interest Cancellation – Non-Payment Event))) be payable semi-annually in arrear on 9 January and 9 July in each year, commencing on 9 January 2021 (each, an "Interest Payment Date"). Payments on the Capital Securities will be made free and clear of, without withholding or deduction for, or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or within the Tax Jurisdiction (as defined in the Conditions) (the "Taxes") to the extent described under Condition 12 (Taxation). All payments by the Issuer in respect of the Capital Securities shall be conditional upon satisfaction of the Solvency Conditions (as defined in the Conditions) and no bankruptcy order in respect of the Issuer having been issued by a court in the United Arab Emirates, as more particularly described in Condition 4 (Status and Subordination) (see, in particular, "Risk Factors – Factors which are material for the purpose of assessing the risks associated with the Capital Securities – The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer").

If a Non-Viability Event (as defined in the Conditions) occurs, a Write-down (as defined in the Conditions) shall occur on the relevant Non-Viability Event Write-down Date (as defined in the Conditions), as more particularly described in Condition 10 (Write-Down at the Point of Non-Viability). In such circumstances, the Capital Securities shall automatically be deemed to be irrevocably and unconditionally written-down by the relevant Write-down Amount (as defined in the Conditions) and, in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital Securities then outstanding, the Capital Securities shall be cancelled (see "Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – The right to receive repayment of the principal amount of the Capital Securities and the right for any further interest will be permanently written-down upon the occurrence of a Non-Viability Event").

The Issuer may elect, in its sole discretion, and in certain circumstances shall be required, not to pay interest falling due on the Capital Securities. Any Interest Payment Amounts not paid as aforesaid will not accumulate and the holder of a Capital Security shall not have any claim in respect thereof.

The Capital Securities are undated and have no final maturity. Unless the Capital Securities have previously been redeemed or purchased and cancelled as provided in the Conditions, the Capital Securities may, at the option of the Issuer, subject to the prior approval of the Regulator (as defined in the Conditions), be redeemed (in whole but not in part) at the Early Redemption Amount (as defined in the Conditions) on 9 April 2026 and on any date thereafter up to and including the First Reset Date or on any Interest Payment Date following the First Reset Date. In addition, the Capital Securities may, upon the occurrence of a Tax Event or Capital Event (each as defined in the Conditions), be redeemed (in whole but not in part) at the Tax Redemption Amount or the Capital Event Redemption Amount (each as defined in the Conditions), respectively, subject to the prior approval of the Regulator and subject to the Conditions.

The payment obligations of the Issuer under the Capital Securities (i) constitute direct, unsecured, conditional (as described in Conditions 4.2(b) (Subordination of the Capital Securities) and 4.3 (Solvency Conditions)) and subordinated obligations of the Issuer that rank *pari passu* and without preference or priority amongst themselves; (ii) rank subordinate and junior to all Senior Obligations (as defined in the Conditions) (but not further or otherwise); (iii) rank *pari passu* with all *Pari Passu* Obligations (as defined in the Conditions); and (iv) rank in priority only to all Junior Obligations (as defined in the Conditions). **Notwithstanding any other provisions in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.**

Upon the occurrence of an Enforcement Event (as defined in the Conditions), any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent (as defined in the Conditions), effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (Write down at the point of Non-Viability) and Condition 11.4 (Enforcement Events – Restrictions) become forthwith due and payable at its Early Redemption Amount (as defined in the Conditions), without presentation, demand, protest or other notice of any kind.

An investment in the Capital Securities involves certain risks. For a discussion of these risks, see "Risk Factors".

The Capital Securities may only be offered, sold or transferred in registered form in minimum principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Delivery of the Capital Securities in book-entry form will be made on the Issue Date. The Capital Securities will be represented by interests in a global certificate in registered form (the "Global Certificate") deposited on or about the Issue Date with, and registered in the name of a nominee for, a common depository (the "Common Depository") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Individual Certificates (as defined in the Conditions) evidencing holdings of interests in the Capital Securities will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "CSSF"), in its capacity as the Luxembourg competent authority under Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") as a prospectus for the purpose of giving information with regard to the issue of the Capital Securities. The CSSF has only approved this 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 the Capital Securities. Investors should make their own assessment as to the suitability of investing in the Capital Securities. The CSSF gives no undertaking as to the economic or financial soundness of the issue of the Capital Securities or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for the Capital Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market (the "Luxembourg Regulated Market") and to be listed on the official list (the "Luxembourg Official List"). This Prospectus has been approved by the Dubai Financial Services Authority (the "DFSA") under Rule 2.6 of the DFSA's Markets Rules (the "Markets Rules") and is therefore an approved prospectus for the purposes of Article 14 of the DIFC Law No. 1 of 2012 (the "Markets Law"). Application has also been made to the DFSA for the Capital Securities to be admitted to the official list of securities maintained by the DFSA (the "DFSA Official List") and to Nasdaq Dubai for such Capital Securities to be admitted to trading on Nasdaq Dubai.

References in this Prospectus to Capital Securities being "listed" (and all related references) shall mean that such Capital Securities have been (a) admitted to listing on the Luxembourg Official List and the DFSA Official List and (b) admitted to trading on the Luxembourg Regulated Market (which is a regulated market for the purposes of Directive 2014/65/EU, as amended ("MiFID II")) and on Nasdaq Dubai.

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information. The liability for the content of this Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of the Capital Securities to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Capital Securities to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

This Prospectus will be valid for a year from 7 July 2020. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid. For the purposes of this Prospectus, "valid" means valid for admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement this Prospectus is only required within its period of validity between the time when this Prospectus is approved and the closing of the offer period for the Capital Securities or the time when trading on a regulated market begins, whichever occurs later.

Amounts payable under the Capital Securities, following the First Reset Date, will be calculated by reference to rates for U.S. Treasury securities which are published by the U.S. Federal Reserve System. As of the date of this Prospectus, the U.S. Department of Treasury does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "Benchmarks Regulation"). As far as the Issuer is aware, the U.S. Department of Treasury does not fall within the scope of the Benchmarks Regulation by virtue of article 2 of the Benchmarks Regulation.

The Issuer has been assigned long-term credit ratings of A+ (stable outlook) and A3 (negative outlook) by Fitch Ratings Limited ("Fitch") and Moody's Investors Service Cyprus Ltd ("Moody's"), respectively. The Issuer has been assigned short-term credit ratings of F1 and P-2 by Fitch and Moody's, respectively. As at the date of this Prospectus, the Capital Securities are not rated. Each of Fitch and Moody's is established in the European Union or the United Kingdom (the "UK") and is registered under Regulation (EC) No. 1060/2009, as amended (the "CRA Regulation"). As such each of Fitch and Moody's is included in the list of credit rating agencies published by ESMA on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

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.

The Capital Securities have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Capital Securities may be offered or sold solely to persons who are not U.S. Persons outside the United States in reliance on Regulation S. Each purchaser of the Capital Securities is hereby notified that the offer and sale of Capital Securities to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Joint Structuring Agents and Joint Global Coordinators

HSBC

Emirates NBD Capital

Standard Chartered Bank

Joint Lead Managers

Citigroup

BofA Securities

Emirates NBD Capital

First Abu Dhabi Bank

HSBC

Standard Chartered Bank

The date of this Prospectus is 7 July 2020

IMPORTANT NOTICE

This Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules and comprises a prospectus for the purposes of Article 6(3) of the Prospectus Regulation.

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

Certain information contained in "*Risk Factors*", "*Description of the Issuer – ENBD's Competition*", and "*The UAE Banking and Financial Services System*" (as indicated therein) has been extracted from independent, third party sources. The Issuer confirms that all third party information contained in this 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 third party information contained in this Prospectus is stated where such information appears in this Prospectus.

The accuracy or completeness of the information contained or incorporated by reference in this Prospectus has not been independently verified by the Joint Lead Managers 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 Joint Lead Managers or any of their respective directors, officers, affiliates, advisers or agents (i) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Capital Securities or their distribution or (ii) for any acts or omissions of the Issuer or any other person in connection with this Prospectus or the issue and offering of the Capital Securities. To the fullest extent permitted by law, the Joint Lead Managers do not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Capital Securities or their distribution.

No person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the issuance of the Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers.

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issuance of the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the issuance or to advise any investor in the Capital Securities of any information coming to their attention.

Investors should review, *inter alia*, the information contained or incorporated by reference in this Prospectus when deciding whether or not to purchase any Capital Securities.

The Capital Securities have not been, nor will be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered 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 and

applicable state securities laws. Accordingly, the Capital Securities may be offered or sold solely to persons who are not U.S. Persons outside the United States in reliance on Regulation S.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Capital Securities may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Capital Securities 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 Joint Lead Managers which is intended to permit a public offering of any Capital Securities or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither this 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 Prospectus or any Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of any Capital Securities. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of any Capital Securities in the United States, the UK, the European Economic Area (the "EEA"), the Kingdom of Bahrain, the State of Qatar (including the Qatar International Financial Centre), the Kingdom of Saudi Arabia, the Dubai International Financial Centre, the UAE (excluding the Dubai International Financial Centre), Hong Kong, Japan and Singapore (see "*Subscription and Sale*").

The Capital Securities may not be a suitable investment for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances, and is advised to consult its own tax advisers, legal advisers and business advisers as to tax, legal, business and related matters (as applicable) concerning the purchase of any Capital Securities.

In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for payments of principal or interest is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Capital Securities and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments and high risk, and may not be a suitable or appropriate investment for all investors (see, "*MiFID II Product Governance/Professional Investors and ECPs only Target Market*" and "*PRIIPs Regulation/Prohibition of Sales to EEA and UK Retail Investors*" below). In some jurisdictions, regulatory authorities have adopted or published laws, regulations and/or guidance with respect to the offer or sale of securities similar to the Capital Securities. There are risks inherent in the holding of the Capital Securities, including risks relating to their subordination and the circumstances in which holders of the Capital Securities may suffer a loss as a result of the holding of the Capital Securities. For a discussion on certain considerations to be taken into account in respect of the holding of Capital Securities see "*Risk Factors*". 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 the Capital Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the resulting effects on the value of the Capital Securities 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) the Capital Securities are legal investments for it; (b) the Capital Securities can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus including, without limitation, any statements regarding the financial position of the Issuer, or the business strategy, management plans and objectives for future operations of the Issuer, 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 the Issuer believes that the expectations reflected in their forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any expressed or implied by forward-looking statements. Forward-looking statements may be based on numerous assumptions regarding the Issuer's present, and future, business strategies and the environment in which the Issuer expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from any in the forward-looking statements are discussed in this Prospectus (see "*Risk Factors*"). Forward-looking statements speak only as at the date of this Prospectus and, subject as required by applicable law or regulation, the Issuer expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Prospectus to reflect any change in the expectations of the Issuer or any change in events, conditions or circumstances on which any forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuer cannot assure potential investors that any projected results or events will be achieved and the Issuer cautions potential investors not to place undue reliance on these statements.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Capital Securities 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, 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 Capital Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Capital

Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION

Solely for the purposes of its obligations pursuant to Section 309B(1)(a) and Section 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) as amended or modified from time to time (the "SFA"), the Issuer has determined, and hereby notifies all "relevant persons" (as defined in Section 309(A) of the SFA), that the Capital Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

STABILISATION

In connection with the issue of the Capital Securities, Standard Chartered Bank (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Capital Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the Capital Securities and sixty (60) days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

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

NOTICE TO THE RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

PRESENTATION OF FINANCIAL INFORMATION

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

All references in this document to "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to United States dollars, to "**dirham**" and "**AED**" refer to UAE dirham, to "**TL**" refer to Turkish Lira and 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 on the Functioning of the European Union, as amended. The exchange rate between the AED and the United States dollar has been fixed since 22 November 1980 at U.S.\$1.00 = AED 3.6725. Such translation should not be construed as representing that United Arab Emirates dirham amounts have been or could have been converted into United States dollars at this or any other rate of exchange. All references to "**UAE**" are to the United Arab Emirates.

Summary of Alternative Performance Measures

The list below presents "Alternative Performance Measures" as defined in the ESMA Guidelines ("**ESMA Guidelines**") on Alternative Performance Measures. These financial measures presented by ENBD in this Prospectus provide useful supplementary information to both investors and ENBD's management, as they facilitate the evaluation of company performance and should be read in conjunction with ENBD's financial statements incorporated by reference into this Prospectus. The basis of calculating these performance measures along with the rationale for including them is explained below but it is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies:

<u>Metric</u>	<u>Calculation</u>	<u>Rationale for inclusion</u>	<u>2019 Year End Financial Statements ("FS") line item</u>	<u>FS page number</u>
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 spent to earn income expressed as a percentage. It compares cost with income	General and administrative expenses	10
			Total operating income	10
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 finance receivables. This is a widely used measure to assess the asset quality of banks	Expected credit losses	51 and 53
			Credit impaired loans and receivables	51
			Credit impaired Islamic financing receivables	53
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 book 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	Loans and receivables	9
			Customer deposits	9
			Islamic financing receivables	9
			Islamic customer deposits	9
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 this will have a significant impact on a bank's profitability	Interest and similar income	10
			Interest and similar expense	10
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 book	Loans and receivables	9
			Islamic financing receivables	9
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	Impaired loans	104
			Gross loans	104

CONTENTS

	Page
RISK FACTORS	1
OVERVIEW OF THE ISSUANCE	21
DOCUMENTS INCORPORATED BY REFERENCE	26
TERMS AND CONDITIONS OF THE CAPITAL SECURITIES	28
USE OF PROCEEDS	50
DESCRIPTION OF THE ISSUER.....	51
MANAGEMENT OF THE ISSUER.....	82
THE UAE BANKING AND FINANCIAL SERVICES SYSTEM	88
TAXATION	99
SUBSCRIPTION AND SALE	101
GENERAL INFORMATION	105

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. 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 Capital Securities 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 Capital Securities 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 Capital Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Capital Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Capital Securities" shall have the same meanings in this section. References in "Risks relating to ENBD's business which may affect its ability to fulfil its obligations under or in connection with the Capital Securities" 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 its ability to fulfil its obligations under or in connection with the Capital Securities; (ii) Risks relating to the UAE and the MENAT region; (iii) Risks relating to enforcement of ENBD's obligations under the Capital Securities; (iv) Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities; and (v) Risks related to the market generally.

Risks relating to ENBD's business which may affect its ability to fulfil its obligations under or in connection with the Capital Securities

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 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 UAE 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 UAE 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 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 Capital Securities) 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 UAE 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 ratings may affect the market value of the Capital Securities.

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 UAE 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 Capital Securities, or which could adversely affect the market price and liquidity of the Capital Securities.

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 under or in connection with the Capital Securities – 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 UAE 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 UAE 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 the Issuer 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 the Capital Securities and could lead to holders losing some or all of their investment in the Capital Securities.

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 (and therefore ENBD's) business, financial condition, results of operations and prospects.

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.

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 Capital Securities.

Risks relating to enforcement of ENBD's obligations under the Capital Securities

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 Capital Securities. There is little precedent to predict how a claim on behalf of holders of Capital Securities 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 Capital Securities are dependent upon the Issuer making payments to investors in the manner contemplated under the Capital Securities. If the Issuer fails to do so, it may be necessary to bring an action against the Issuer to enforce its obligations and/or to claim damages which could be both time-consuming and costly.

ENBD has irrevocably agreed to the Capital Securities, the Agency Agreement, the Deed of Covenant and the Subscription Agreement (as defined in "*Subscription and Sale*") being governed by English law. Unresolved disputes in relation to the Capital Securities, the Agency Agreement, the Deed of Covenant and/or the Subscription Agreement 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 11 (*Enforcement Events*), in the event that the Issuer fails to perform its obligations under the Capital Securities, the potential remedies available to the holders of the Capital Securities 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 11 (*Enforcement Events*) and an obligation on the holders of the Capital Securities 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 the Issuer to perform its obligations as set out in the Capital Securities.

Sovereign immunity

Under the Capital Securities ENBD has waived its rights in relation to sovereign immunity in respect of the Conditions. 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 Capital Securities are legal, valid, binding and enforceable under the laws of the UAE and applicable in Dubai.

Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities

The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer

Prospective investors should note that the payment obligations of the Issuer under the Conditions rank: (i) subordinate and junior to all Senior Obligations; (ii) *pari passu* with all *Pari Passu* Obligations; and (iii) in priority only to all Junior Obligations. Accordingly, the payment obligations of the Issuer under the Conditions rank junior to all unsubordinated payment obligations of the Issuer (including payment obligations to depositors of the Issuer in respect of their due claims) and all subordinated payment obligations of the Issuer to which the payment obligations under the Conditions rank or are expressed to rank junior, and *pari passu* with all subordinated payment obligations of the Issuer which rank or are expressed to rank *pari passu* with the payment obligations under the Conditions.

Prospective investors should also note that the payment obligations of the Issuer under the Conditions are conditional upon the following (together, the "**Solvency Conditions**"):

- (a) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;
- (b) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and
- (c) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

Further, the payment obligations of the Issuer under the Capital Securities are unsecured and no collateral is or will be given by the Issuer in relation thereto.

Notwithstanding any other provisions in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the UAE, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

In addition, a holder of the Capital Securities may exercise its enforcement rights in relation to the Capital Securities only in the manner provided in Condition 11 (*Enforcement Events*). If an Enforcement Event occurs and the Issuer fails to satisfy any of the Solvency Conditions or if a bankruptcy order in respect of the Issuer has been issued by a court in the UAE, the claims of the holders of the Capital Securities under the Capital Securities will be extinguished.

Furthermore, any indication or perceived indication that any of the Solvency Conditions may not be satisfied or that such a bankruptcy order may be issued may have a material adverse effect on the market price of the Capital Securities.

No limitation on issuing senior securities

Other than the limitations in relation to the issue of further Additional Tier 1 Capital by the Issuer as set out in Condition 4.4 (*Status and Subordination – Other Issues*) which limits the circumstances in which Additional Tier 1 Capital of the Issuer can be issued that ranks senior to the Capital Securities, there is no restriction on the Issuer incurring additional indebtedness or issuing securities or creating any guarantee or contractual support arrangement which would rank senior to the Capital Securities.

Payments of Interest Payment Amounts are conditional upon certain events and may be cancelled and are non-cumulative

No Interest Payment Amounts are payable if a Non-Payment Event (as more particularly provided in Condition 6.1 (*Interest Cancellation – Non-Payment Event*)) occurs (subject to Condition 6.2 (*Interest*

Cancellation – Effect of Non-Payment Event). Each of the following events is a Non-Payment Event for the purposes of the Conditions:

- (a) the Interest Payment Amount payable, when aggregated with any distributions or amounts payable by the Issuer on any *Pari Passu* Obligations having the same date in respect of payment of such distributions or amounts as, or otherwise due and payable on, the date for payment of the relevant Interest Payment Amount, exceeds, on the relevant date for payment of such Interest Payment Amount, the Distributable Items;
- (b) the Issuer is, on that Interest Payment Date, in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to breach of capital buffers imposed on the Issuer by the Regulator, as appropriate) or payment of the relevant Interest Payment Amount would cause it to be in breach thereof;
- (c) the Regulator having notified the Issuer that the Interest Payment Amount due on that Interest Payment Date should not be paid for any reason the Regulator may deem necessary;
- (d) the Solvency Conditions are not satisfied (or would no longer be satisfied if the relevant Interest Payment Amount was paid); or
- (e) the Issuer, in its sole discretion, has elected that Interest Payment Amounts shall not be paid to holders of the Capital Securities on such Interest Payment Date (other than in respect of any amounts due on any date on which the Capital Securities are to be redeemed in full, in respect of which this sub-paragraph (e) does not apply), including, without limitation, if the Issuer incurs a net loss during the relevant Interest Period.

In relation to limb (a) above, as at the Issue Date, "Distributable Items" is defined in the Conditions as "the amount of the Issuer's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in the most recent audited or (as the case may be) auditor reviewed consolidated financial statements of the Issuer or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital instruments that do not constitute Common Equity Tier 1 Capital". As at 31 December 2019, the Issuer's Distributable Items amounted to AED 43.4 billion.

However, current guidance issued by the Regulator has indicated that the definition of "Distributable Items" may in the future be calculated by reference to the latest audited or (as the case may be) auditor reviewed non-consolidated financial statements. To the extent that this change comes into effect in the future, the level of Distributable Items as so calculated might be lower than otherwise would be the case if the change does not take effect.

In the event of a Non-Payment Event, certain restrictions on declaration of dividends or distributions and redemption of certain securities by the Issuer will apply in accordance with Condition 6.3 (*Interest Cancellation – Dividend and Redemption Restrictions*). However, the holders of the Capital Securities shall have no claim in respect of any Interest Payment Amount not paid as a result of a Non-Payment Event and the non-payment of any Interest Payment Amount in such a circumstance shall not constitute an Enforcement Event. The Issuer shall not have any obligation to make any subsequent payment in respect of any such unpaid amount. Any failure to provide notice of a Non-Payment Event in accordance with the Conditions will not invalidate the cancellation of the relevant payment of the Interest Payment Amount. In the absence of notice of a Non-Payment Event having been given in accordance with Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*), the fact of non-payment of an Interest Payment Amount on the relevant Interest Payment Date shall be evidence of the occurrence of a Non-Payment Event.

In such case, the holders of the Capital Securities will not receive Interest Payment Amounts on their investment in the Capital Securities and shall not have any claim in respect thereof. Any non-payment of Interest Payment Amounts or perceived risk of such non-payment may have a material adverse effect on the market value of the Capital Securities.

Perpetual securities

The Capital Securities are perpetual securities which have no scheduled repayment date. Holders of the Capital Securities have no ability to require the Issuer to redeem their Capital Securities unless, and subject

to the restrictions described in Condition 11 (*Enforcement Events*), an Enforcement Event occurs. The Issuer has the option to redeem the Capital Securities in certain circumstances as more particularly described in Condition 9 (*Redemption and Variation*), although there is no assurance that it will do so.

This means that the holders of the Capital Securities should be aware that they may be required to bear the financial risks of an investment in the Capital Securities and have no ability to cash in their investment, except:

- (a) if the Issuer exercises its rights to redeem the Capital Securities in accordance with Condition 9 (*Redemption and Variation*);
- (b) upon the occurrence of an Enforcement Event, to the extent possible under the limited remedies set out in Condition 11 (*Enforcement Events*); or
- (c) by selling their Capital Securities.

There can be no assurance that holders of the Capital Securities will be able to reinvest the amount received upon redemption or sale at a rate that will provide the same rate of return as their investment in the Capital Securities.

The right to receive repayment of the principal amount of the Capital Securities and the right for any further interest will be permanently written-down upon the occurrence of a Non-Viability Event

If a Non-Viability Event occurs, the Prevailing Principal Amount of the Capital Securities then outstanding will be written-down in whole or, in exceptional cases, in part on a *pro rata* basis, in each case as solely determined by the Regulator. Pursuant to a Write-down, the rights of any holder of Capital Securities for payment of any amounts under or in respect of the Capital Securities (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event), in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event or notice in relation thereto. In the case of a Write-down in whole, the Capital Securities shall be cancelled. As a result, upon the occurrence of a Non-Viability Event, the holders of the Capital Securities may lose the entire amount of their investment in the Capital Securities.

In the exceptional cases in which a Write-down in part is required by the Regulator, a Write-down may occur on one or more occasions as solely determined by the Regulator provided, however, that the principal amount of a Capital Security shall never be reduced to below nil.

Furthermore, upon the occurrence of any Write-down in part pursuant to Condition 10 (*Write-down at the Point of Non-Viability*), Interest Payment Amounts will accrue on the reduced principal amount of the Capital Securities (subject to the Conditions). Also, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event or any redemption of the Capital Securities will be by reference to such reduced principal amount of the Capital Securities.

A "**Non-Viability Event**" means that the Regulator has notified the Issuer in writing that it has determined that the Issuer has, or will become, Non-Viable without: (a) a Write-down; or (b) a public injection of capital (or equivalent support).

The Issuer shall be "**Non-Viable**" if: (a) it is insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business; or (b) any other event or circumstance occurs, which is specified as constituting non-viability by the Regulator, or in the Capital Regulations.

The terms of the Issuer's Existing 2014 Tier 1 Securities do not include write-down or similar features with triggers comparable to those of the Capital Securities. As a result, in the event that the Capital Securities are subject to a Write-down, the Existing 2014 Tier 1 Securities will not be subject to a Write-down and the holders thereof shall continue to be entitled to receive payments in accordance with their respective terms. Whilst the terms of the Issuer's Existing 2019 Tier 1 Securities do contain equivalent write-down provisions to the Capital Securities, there can be no guarantee that the Regulator would exercise the write-down provisions of the Existing 2019 Tier 1 Securities in the same manner as the Capital Securities or at all. In addition, the Conditions do not in any way impose restrictions on the Issuer following a Write-down,

including restrictions on making any distribution or equivalent payment in connection with any Junior Obligations (including, without limitation, any ordinary shares of the Issuer) or any *Pari Passu* Obligations.

The circumstances triggering a Write-down are unpredictable

The occurrence of a Non-Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control. The occurrence of a Non-Viability Event is subject to, *inter alia*, a subjective determination by the Regulator. As a result, the Regulator may require a Write-down in circumstances that are beyond the control of the Issuer and with which the Issuer or the holder of the Capital Securities may not agree. Furthermore, although the Conditions provide that the Regulator may require a Write-down in whole or in part upon the occurrence of a Non-Viability Event, the current stated position of the Regulator is that a Write-down in whole will apply in all such cases save only in exceptional cases as determined by the Regulator in its sole discretion.

Investors should also be aware that the application of a non-viability loss absorption feature similar to Condition 10 (*Write-Down at the Point of Non-Viability*) has not been tested in the UAE and therefore some degree of uncertainty exists in its application. The exercise (or perceived likelihood of exercise) of any such power by the Regulator or any suggestion of such exercise could materially adversely affect the value of the Capital Securities and could lead to holders losing some or all of their investment in the Capital Securities.

The Conditions contain limited Enforcement Events and remedies

The Enforcement Events in the Conditions are limited to: (i) a payment default by the Issuer for a period of seven Business Days in the case of any principal and 14 days in the case of interest (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Event); (ii) a final determination is made by a court or other official body that the Issuer is insolvent or bankrupt or unable to pay its debts; (iii) an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its board of directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the holders of the Capital Securities; or (b) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or (iv) any event occurs which under the laws of the UAE has an analogous effect to those described in (ii) and (iii) above.

Moreover, pursuant to Condition 11 (*Enforcement Events*), upon the occurrence of an Enforcement Event, limited remedies are available to a holder of the Capital Securities. A holder of the Capital Securities may give notice to the Issuer (at the specified office of the Fiscal Agent) that the Capital Securities are due and payable at the Early Redemption Amount and thereafter: (i) institute any steps, actions or proceedings for the winding-up of the Issuer; and/or (ii) prove in the winding-up of the Issuer; and/or (iii) claim in the liquidation of the Issuer for such payment (in each case, without prejudice to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*), which provides (amongst other things) that if the Solvency Conditions are not satisfied or if a bankruptcy order in respect of the Issuer has been issued by a court in the UAE, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished). In addition, any holder of the Capital Securities may at its discretion institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Conditions other than any payment obligation of the Issuer (including, without limitation, payment of any principal or satisfaction of any payments in respect of the Conditions, including any damages awarded for breach of any obligations).

Furthermore, pursuant to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*), claims in respect of Senior Obligations of the Issuer would first have to be satisfied in any winding-up or liquidation before holders of the Capital Securities may expect to obtain any amounts in respect of the Capital Securities and, prior thereto, holders of the Capital Securities may only have limited (if any) ability to influence the conduct of such winding-up or liquidation. If an Enforcement Event occurs and the Issuer has failed to satisfy any of the Solvency Conditions or if a bankruptcy order in respect of the Issuer has been issued by a court in the UAE, all claims of the holders of the Capital Securities under the

Capital Securities will be extinguished, and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

Resettable fixed rate instruments have a market risk

A holder of an instrument with a fixed interest rate that will be reset during the term of the instrument (as will be the case for the Capital Securities with effect from each Reset Date if not previously redeemed and/or purchased and cancelled) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. While the expected interest rate on the Capital Securities is fixed until the First Reset Date (with a reset of the Interest Rate on the First Reset Date as set out in the Conditions and every sixth anniversary thereafter), the current investment return rate in the capital markets (the "**market return rate**") typically changes on a daily basis. As the market return rate changes, the market value of the Capital Securities may also change, but in the opposite direction. If the market return rate increases, the market value of the Capital Securities would typically decrease. If the market return rate falls, the market value of the Capital Securities would typically increase. The holders of Capital Securities should be aware that movements in these market return rates can adversely affect the market value of the Capital Securities and can lead to losses for the holders of Capital Securities if they sell the Capital Securities.

Variation upon the occurrence of a Capital Event or a Tax Event

Upon the occurrence of a Capital Event or a Tax Event, the Issuer may, subject as provided in Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) (as the case may be) and without the need for any consent of the holders of the Capital Securities, vary the terms of the Capital Securities such that they become or remain (as appropriate) Qualifying Tier 1 Instruments and, in the case of a variation upon the occurrence of a Tax Event, so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required.

A Capital Event will arise if the Issuer is notified in writing by the Regulator to the effect that the outstanding principal amount (or the amount that qualifies as regulatory capital, if some amount of the Capital Securities is held by the Issuer or whose purchase is funded by the Issuer) of the Capital Securities would cease to be eligible to qualify, in whole or in part, for inclusion in the consolidated Additional Tier 1 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and provided that the Issuer satisfies the Regulator that such non-qualification was not reasonably foreseeable at the time of issuance of the Capital Securities.

A Tax Event will arise if, on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts (whether or not a Non-Payment Event has occurred), as a result of a Tax Law Change which becomes effective on or after the Issue Date (and such requirement cannot be avoided by the Issuer taking reasonable measures available to it), and provided that the Issuer satisfies the Regulator that such Tax Law Change was not reasonably foreseeable at the time of issuance of the Capital Securities.

The tax and stamp duty consequences of holding the Capital Securities following variation as contemplated in Condition 9 (*Redemption and Variation*) could be different for certain holders of the Capital Securities from the tax and stamp duty consequences for them of holding the Capital Securities prior to such variation and the Issuer shall not be responsible to any holder of the Capital Securities for any such consequences in connection therewith. No assurance can be given as to whether any of these changes will negatively affect any particular holder of the Capital Securities.

The Capital Securities may be subject to early redemption; redemptions conditional

Upon the occurrence of a Tax Event or a Capital Event, or at its option on the First Call Date or on any date thereafter up to and including the First Reset Date or on any Interest Payment Date following the First Reset Date, the Issuer may, having given not less than 10 nor more than 15 days' prior notice to the holders of the Capital Securities in accordance with Condition 15 (*Notices*), redeem in accordance with the Conditions all (but not some only) of the Capital Securities at the Tax Redemption Amount, Capital Event Redemption Amount or Early Redemption Amount (as applicable) (as more particularly described in Condition 9.1(b) (*Redemption and Variation – Issuer's Call Option*), Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*)).

Any redemption of the Capital Securities is subject to the requirements in Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*), including (to the extent then required) obtaining the prior consent of the Regulator. There can be no guarantee that the consent of the Regulator will be received on time or at all.

There is no assurance that the holders of the Capital Securities will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities. During any period when the Issuer may redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the Tax Redemption Amount, the Capital Event Redemption Amount or the Early Redemption Amount payable, as the case may be. Potential investors should consider re-investment risk in light of other investments available at that time.

Modification

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

The Conditions also provide that the Fiscal Agent and the Issuer may agree, without the consent of holders of the Capital Securities, to any modification of any Capital Securities, in the circumstances specified in Condition 16 (*Meetings of Holders of the Capital Securities and Modification*).

The Conditions also provide that the Issuer may, without the consent or approval of the holders of the Capital Securities, vary the Conditions so that they become or, as appropriate, remain, Qualifying Tier 1 Instruments and, in the case of a variation upon the occurrence of a Tax Event, so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required, as provided in Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*).

Trading in the clearing systems

As the Capital Securities have a denomination consisting of U.S.\$200,000, plus higher integral multiples of U.S.\$1,000, it is possible that such Capital Securities may be traded in amounts that are not integral multiples of U.S.\$200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than U.S.\$200,000 in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to at least U.S.\$200,000 in order to be eligible to receive an Individual Certificate.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

Change of law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practices after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Capital Securities.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Capital Securities will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (together, the "ICSDs"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Individual Certificates. The ICSDs and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate. While the Capital Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the ICSDs and their respective participants. While Capital Securities are represented by the Global Certificate, the Issuer will discharge its payment obligation under such Capital Security by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Capital Securities.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Capital Securities so represented. 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.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or to the Capital Securities. 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 Capital Securities. 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 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 and 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 or 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 is set out on the cover of this Prospectus.

Taxation risks on payments

Payments made by the Issuer in respect of the Capital Securities could become subject to taxation. Condition 12 (*Taxation*) requires the Issuer to pay additional amounts in certain circumstances in the event that any withholding or deduction is imposed by the UAE or Dubai in respect of any interest payments under the Capital Securities (but not in respect of principal), such that net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Capital Securities in the absence of such withholding or deduction.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk and exchange rate risk:

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Capital Securities will develop or, if it does develop, that it will provide the holders of the Capital Securities with liquidity of investment or that it will continue for the life of the Capital Securities. The Capital Securities generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as they are perpetual securities (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – Perpetual securities*"), are subordinated (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – The Capital Securities are subordinated, conditional and unsecured obligations of the Issuer*") and payments of Interest Payment Amounts may be restricted in certain circumstances (see "*Risk Factors – Risks which are material for the purpose of assessing the risks associated with the terms of the Capital Securities – Payments of Interest Payment Amounts are conditional upon certain events and may be cancelled and are non-cumulative*").

Application has been made for the Capital Securities to be: (a) admitted to listing on the Luxembourg Official List and the DFSA Official List; and (b) admitted to trading on the Luxembourg Regulated Market

and on Nasdaq Dubai. However, there can be no assurance that any such listing will occur or will enhance the liquidity of the Capital Securities.

Illiquidity may have an adverse effect on the market value of the Capital Securities. Accordingly, a holder of the Capital Securities may not be able to find a buyer to buy its Capital Securities readily or at prices that will enable the holder of the Capital Securities to realise a desired yield. The market value of the Capital Securities may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Capital Securities. Accordingly, the purchase of Capital Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Capital Securities and the financial and other risks associated with an investment in the Capital Securities.

Exchange rate risks and exchange controls

The Issuer will pay any principal and interest payable on the Capital Securities in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars 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 U.S. dollars would decrease: (a) the Investor's Currency-equivalent yield on the Capital Securities; (b) the Investor's Currency-equivalent value of the principal payable on the Capital Securities; and (c) the Investor's Currency-equivalent market value of the Capital Securities.

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.

OVERVIEW OF THE ISSUANCE

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Any decision to invest in the Capital Securities should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in "Terms and Conditions of the Capital Securities" shall have the same meanings in the following description.

Issuer:	Emirates NBD Bank PJSC.
Description:	U.S.\$750,000,000 Perpetual Additional Tier 1 Capital Securities.
Joint Structuring Agents and Joint Global Coordinators:	HSBC Bank plc, Emirates NBD Bank PJSC and Standard Chartered Bank.
Joint Lead Managers:	Citigroup Global Markets Limited, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Merrill Lynch International and Standard Chartered Bank.
Fiscal Agent and Calculation Agent:	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Issue Date:	9 July 2020.
Issue Price:	100 per cent.
Interest Payment Dates:	9 January and 9 July in every year, commencing on 9 January 2021.
Interest Payment Amounts:	Subject to Condition 6 (<i>Interest Cancellation</i>), the Capital Securities shall, during the Initial Period, bear interest at a rate of 6.125 per cent. per annum (the " Initial Interest Rate ") on the Prevailing Principal Amount of the Capital Securities (being the aggregate of a margin of 5.702 per cent. per annum (the " Margin ") and the Relevant Six-Year Reset Rate). The Interest Payment Amount payable on each Interest Payment Date during the Initial Period shall be U.S.\$30.625 per U.S.\$1,000 in principal amount of the Capital Securities. For the purpose of calculating payments of interest following the Initial Period, the Interest Rate will be reset on each Reset Date on the basis of the aggregate of the Margin and the Relevant Six-Year Reset Rate on the relevant U.S. Securities Determination Date, as determined by the Calculation Agent (see Condition 5 (<i>Interest</i>)).

If a Non-Payment Event occurs, the Issuer shall not pay the corresponding Interest Payment Amount and the Issuer shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount as more particularly described in Condition 6 (*Interest Cancellation*). In such circumstances, interest will not be cumulative and any interest which is not paid will not accumulate or compound and holders of the Capital Securities will have no right to receive such interest at any time, even if interest is paid in the future.

Form of Capital Securities:

The Capital Securities will be issued in registered form. The Capital Securities will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Individual Certificates evidencing a holding of Capital Securities will be issued in exchange for interests in the Global Certificate only in limited circumstances.

Clearance and Settlement:

Holders of the Capital Securities must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.

Denomination:

The Capital Securities will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Status of the Capital Securities:

Each Capital Security will rank *pari passu* without preference or priority, with all other Capital Securities.

Subordination of the Capital Securities:

The payment obligations of the Issuer under the Capital Securities (the "**Obligations**") will: (a) constitute Additional Tier 1 Capital of the Issuer; (b) constitute direct, unsecured, conditional (as described below) and subordinated obligations of the Issuer that rank *pari passu* and without preference or priority amongst themselves; (c) rank subordinate and junior to all Senior Obligations; (d) rank *pari passu* with all *Pari Passu* Obligations; and (e) rank in priority only to all Junior Obligations.

Notwithstanding any other provision in the Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.

Solvency Conditions:

Payments in respect of the Obligations by the Issuer are conditional upon the following (together, the "**Solvency Conditions**"):

- (i) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;
- (ii) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and

- (iii) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

Redemption and Variation:

The Capital Securities are perpetual securities in respect of which there is no fixed or final redemption date. The Capital Securities may be redeemed in whole but not in part, or the terms thereof may be varied by the Issuer only in accordance with the provisions of Condition 9 (*Redemption and Variation*).

Pursuant to Condition 9.1(b) (*Redemption and Variation – Issuer's Call Option*), the Issuer may, on any Call Date, redeem all, but not some only, of the Capital Securities at the Early Redemption Amount.

In addition (on any date on or after the Issue Date, whether or not an Interest Payment Date), upon the occurrence of a Tax Event or a Capital Event, all but not some only, of the Capital Securities may be redeemed or the terms of the Capital Securities may be varied, in each case in accordance with Conditions 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) and 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*).

Any redemption of the Capital Securities is subject to the conditions described in Condition 9.1 (*Redemption and Variation - No Fixed Redemption Date and Conditions for Redemption and Variation*).

Write-down at the point of Non-Viability:

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 10.2 (*Write-Down at the Point of Non-Viability – Non-Viability Notice*).

"Write-down" means:

- (i) the holders' rights under the Capital Securities shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount;
- (ii) in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital Securities then outstanding, the Capital Securities shall be cancelled; and
- (iii) all rights of any holder for payment or any amounts under or in respect of the Capital Securities, in a proportion corresponding to the relevant Write-down Amount (and any corresponding Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date.

Purchase:

Subject to the Issuer (to the extent then required by the Regulator or the Capital Regulations): (A) having obtained the prior

written consent of the Regulator; (B) being in compliance with the Applicable Regulatory Capital Requirements immediately following such purchase; and (C) being Solvent at the time of purchase, the Issuer or any of its subsidiaries may, after the First Call Date, purchase the Capital Securities in the open market or otherwise at such price(s) and upon such other conditions as may be agreed upon between the Issuer or the relevant subsidiary (as the case may be) and the relevant holders of Capital Securities. Upon any such purchase, the Issuer may deliver such Capital Securities for cancellation.

Enforcement Events: Upon the occurrence of an Enforcement Event, any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (*Write down at the point of Non-Viability*) and Condition 11.4 (*Restrictions*), become forthwith due and payable at its Early Redemption Amount, without presentation, demand, protest or other notice of any kind.

Withholding Tax: All payments in respect of the Capital Securities will be made free and clear of, without withholding or deduction for, or on account of, withholding taxes imposed by the relevant Tax Jurisdiction, subject as provided in Condition 12 (*Taxation*). In the event that any such deduction is made, the Issuer will, in respect of interest (but not in respect of principal), save in certain limited circumstances provided in Condition 12 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Ratings: The Issuer has been assigned long-term credit ratings of A+ (stable outlook) and A3 (negative outlook) by Fitch and Moody's, respectively. The Issuer has been assigned short-term credit ratings of F1 and P-2 by Fitch and Moody's, respectively.

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.

Listing and Admission to Trading: Application has been made for the Capital Securities to be: (a) admitted to listing on the Luxembourg Official List and the DFSA Official List; and (b) admitted to trading on the Luxembourg Regulated Market and on Nasdaq Dubai.

Governing Law and Dispute Resolution: The Capital Securities and any non-contractual obligations arising out of or in connection with the Capital Securities will be governed by, and shall be construed in accordance with, English law.

The Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of, relating to or having any connection with 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 the Capital Securities, the Agency Agreement or the Deed of Covenant, the Issuer has consented to arbitration in accordance with the LCIA Arbitration Rules unless any holder of Capital Securities (in the case of the Capital Securities or the Deed of Covenant) or Agent (in the case of the Agency 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 (or such other court of competent jurisdiction as such party may elect).

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Capital Securities in the United States (Regulation S Category 2), the United Kingdom, the EEA, the Kingdom of Bahrain, the State of Qatar (including the Qatar International Financial Centre), the Kingdom of Saudi Arabia, the Dubai International Financial Centre, the UAE (excluding the Dubai International Financial Centre), Hong Kong, Japan and Singapore and such other restrictions as may be required in connection with the offering and sale of the Capital Securities (see "*Subscription and Sale*").

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF and the DFSA shall be incorporated in, and form part of, this 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) 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) (the "**2019 Financial Statements**"), 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 (pages 1-8); and

- (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), 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 (pages 1-6).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained upon request, free of charge, from the registered office of ENBD and from the specified office of the Fiscal Agent and have been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Information contained on any websites referenced herein does not form part of this Prospectus and has not been scrutinised or approved by the CSSF or the DFSA, except hyperlinks to the electronic addresses of the documents incorporated by reference as set out in (a) – (c) above.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following are the Terms and Conditions of the Capital Securities which will be incorporated by reference into the Global Certificate (as defined below) and endorsed on each Individual Certificate (if issued) in respect of the Capital Securities:

Each of the U.S.\$750,000,000 Perpetual Additional Tier 1 Capital Securities (the "**Capital Securities**") is issued by Emirates NBD Bank PJSC in its capacity as issuer (the "**Issuer**") pursuant to the Deed of Covenant and the Agency Agreement (each as defined below).

Payments relating to the Capital Securities will be made pursuant to an agency agreement dated the Issue Date (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (in such capacity, the "**Fiscal Agent**" and together with any further or other paying agents appointed from time to time in respect of the Capital Securities, the "**Paying Agents**"), Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**") and as transfer agent (in such capacity, the "**Transfer Agent**" and, together with the Registrar and any further or other transfer agents appointed from time to time in respect of the Capital Securities, the "**Transfer Agents**") and Deutsche Bank AG, London Branch as calculation agent (the "**Calculation Agent**", which expression includes any other calculation agent appointed from time to time in respect of the Capital Securities). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these terms and conditions (the "**Conditions**") as the Agents. References to the "**Agents**" or any of them shall include their successors. The Capital Securities are constituted by a deed of covenant dated the Issue Date (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer.

Any reference to "**holders**" in relation to any Capital Securities shall mean the persons in whose name the Capital Securities are registered and shall, in relation to any Capital Securities represented by a Global Certificate, be construed as provided below.

Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the specified office of the Agents. The holders of the Capital Securities 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. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Deed of Covenant.

1. INTERPRETATION

Words and expressions defined in the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of any inconsistency between any such document and these Conditions, these Conditions will prevail. In addition, in these Conditions, the following expressions have the following meanings:

"**Additional Amounts**" has the meaning given to it in Condition 12 (*Taxation*);

"**Additional Tier 1 Capital**" means capital qualifying as, and approved by the Regulator as, additional tier 1 capital in accordance with the Capital Regulations;

"**Applicable Regulatory Capital Requirements**" means any requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Issuer, including transitional rules and waivers granted in respect of the foregoing;

"**Assets**" means the consolidated gross assets of the Issuer as shown in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Directors, 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;

"**Authorised Denomination**" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"**Authorised Signatory**" means any person who is duly authorised by the Issuer to sign documents on its behalf and whose specimen signature has been provided to the Fiscal Agent;

"Basel III Documents" means the Basel Committee on Banking Supervision document "A global regulatory framework for more resilient banks and banking systems" released by the Basel Committee on Banking Supervision on 16 December 2010 and revised in June 2011 and the Annex contained in its document "Basel Committee issues final elements of the reforms to raise the quality of regulatory capital" on 13 January 2011;

"Business Day" means a day, other than a Friday, Saturday, Sunday or public holiday, on which registered banks settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Dubai, London and New York City;

"Call Date" means the First Call Date and any date thereafter up to and including the First Reset Date and any Interest Payment Date following the First Reset Date;

"Capital Event" is deemed to have occurred if the Issuer is notified in writing by the Regulator to the effect that the outstanding principal amount (or the amount that qualifies as regulatory capital, if some amount of the Capital Securities is held by the Issuer or whose purchase is funded by the Issuer) of the Capital Securities would cease to be eligible to qualify, in whole or in part, for inclusion in the consolidated Additional Tier 1 Capital of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital), and provided that the Issuer satisfies the Regulator that such non-qualification was not reasonably foreseeable at the time of issuance of the Capital Securities;

"Capital Event Redemption Amount" in relation to a Capital Security means 101 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"Capital Regulations" means, at any time, the regulations, requirements, standards, guidelines and policies relating to the maintenance of capital and/or capital adequacy then in effect in the United Arab Emirates, including those of the Regulator;

"Central Bank" means the Central Bank of the United Arab Emirates or any successor thereto;

"Certificate" means the Global Certificate or an Individual Certificate, as the case may be;

"Clearstream, Luxembourg" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"Code" has the meaning given to it in Condition 7.3 (*Payments – Payments Subject to Laws*);

"Common Equity Tier 1 Capital" means capital qualifying as, and approved by the Regulator as common equity tier 1 capital in accordance with the Capital Regulations;

"Day-count Fraction" means the actual number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Interest Period in which the relevant period falls (including the first such day but excluding the last));

"Designated Account" has the meaning given to it in Condition 7.1 (*Payments – Payments in respect of Individual Certificates*);

"Designated Bank" has the meaning given to it in Condition 7.1 (*Payments – Payments in respect of Individual Certificates*);

"Directors" means the executive and non-executive directors of the Issuer who make up its board of directors;

"Dispute" has the meaning given to it in Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*);

"Distributable Items" means the amount of the Issuer's consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law) after the transfer of any amounts to non-distributable reserves, all as set out in the most recent audited or (as the case may be) auditor reviewed

consolidated financial statements of the Issuer or any equivalent or successor term from time to time as prescribed by the Capital Regulations, including the applicable criteria for Tier 1 Capital instruments that do not constitute Common Equity Tier 1 Capital;

"Dividend Stopper Date" has the meaning given to it in Condition 6.3 (*Interest Cancellation - Dividend and Redemption Restrictions*);

"Early Redemption Amount" in relation to a Capital Security, means 100 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"Enforcement Event" means:

- (a) ***Non-payment***: the Issuer fails to pay an amount in the nature of principal or interest due and payable by it pursuant to the Conditions and the failure continues for a period of seven Business Days in the case of principal and 14 days in the case of interest (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Event); or
- (b) ***Insolvency***: a final determination is made by a court or other official body that the Issuer is insolvent or bankrupt or unable to pay its debts; or
- (c) ***Winding-up***: an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its board of directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the holders of the Capital Securities; or (ii) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or
- (d) ***Analogous Event***: any event occurs which under the laws of the United Arab Emirates has an analogous effect to any of the events referred to in paragraph (b) or (c) above;

"Euroclear" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"Exchange Event" has the meaning given to it in Condition 3.4 (*Transfers of Capital Securities and Exchange for Individual Certificates – Exchange for Individual Certificates*);

"Existing 2014 Tier 1 Securities" means the U.S.\$500,000,000 Perpetual Tier 1 Capital Securities issued by Emirates NBD 2014 Tier 1 Limited on 17 September 2014 (XS1111114135), guaranteed by the Issuer;

"Existing 2019 Tier 1 Securities" means the U.S.\$1,000,000,000 Perpetual Additional Tier 1 Capital Securities issued by the Issuer on 20 March 2019 (XS1964681610);

"Existing Tier 1 Securities" means the Existing 2014 Tier 1 Securities and the Existing 2019 Tier 1 Securities;

"Extraordinary Resolution" has the meaning given to it in the Agency Agreement;

"First Call Date" means 9 April 2026;

"First Reset Date" means 9 July 2026;

"First Interest Payment Date" means 9 January 2021;

"Global Certificate" means the global registered certificate;

"Individual Certificate" means a registered certificate in definitive form;

"Initial Interest Rate" has the meaning given to it in Condition 5.1 (*Interest – Initial Interest Rate and Interest Payment Dates*);

"Initial Period" means the period (from and including) the Issue Date to (but excluding) the First Reset Date;

"Interest Payment Amount" means, subject to Condition 6 (*Interest Cancellation*) and Condition 7 (*Payments*), the interest payable on each Interest Payment Date;

"Interest Payment Date" means each of 9 January and 9 July in every year, commencing on the First Interest Payment Date;

"Interest Period" means, in the case of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and, subsequently, the period from (and including) an Interest Payment Date to (but excluding) the succeeding Interest Payment Date;

"Interest Rate" means, in respect of the Initial Period, the Initial Interest Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 5.2 (*Interest – Interest Rate following the Initial Period*);

"Issue Date" means 9 July 2020;

"Junior Obligations" means all claims of the holders of Ordinary Shares, all payment obligations of the Issuer in respect of its Other Common Equity Tier 1 Instruments and any other payment obligations that rank or are expressed to rank junior to the Capital Securities;

"H.15 (519)" means the weekly statistical release designated as such, or any successor or replacement publication, published by the Board of Governors of the United States Federal Reserve System and **"most recent H.15 (519)"** means the H.15 (519) published closest in time but prior to the applicable Interest Rate determination date. H.15 (519) may be currently obtained at the following website: <https://www.federalreserve.gov/releases/h15/>;

"LCIA" means the London Court of International Arbitration;

"Liabilities" means the consolidated gross liabilities of the Issuer as shown in the latest audited or (as the case may be) auditor reviewed consolidated balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors, 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;

"Margin" has the meaning given to it in Condition 5.1 (*Interest – Initial Interest Rate and Interest Payment Dates*);

"Non-Payment Event" has the meaning given to it in Condition 6.1 (*Interest Cancellation – Non-Payment Event*);

"Non-Viability Event" means that the Regulator has notified the Issuer in writing that it has determined that the Issuer has, or will, become Non-Viable without:

- (a) a Write-down; or
- (b) a public injection of capital (or equivalent support);

"Non-Viability Event Write-down Date" shall be the date on which a Write-down will take place as specified in a relevant Non-Viability Notice, which date shall be as determined by the Regulator;

"Non-Viability Notice" has the meaning given to it in Condition 10.1 (*Write-Down at the Point of Non-Viability – Non-Viability Notice*);

"Non-Viable" means (a) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business or (b) any other event or circumstance occurs, which is specified as constituting non-viability by the Regulator or in the Capital Regulations;

"**Obligations**" has the meaning given to it in Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*);

"**Ordinary Shares**" means ordinary shares of the Issuer;

"**Other Common Equity Tier 1 Instruments**" means securities issued by the Issuer that qualify as Common Equity Tier 1 Capital of the Issuer other than Ordinary Shares;

"**Outstanding Payments**" means, in relation to any amounts payable on redemption of the Capital Securities, an amount representing any accrued and unpaid interest for the Interest Period during which redemption occurs to the date of redemption;

"**Pari Passu Obligations**" means the Issuer's payment obligations (as issuer or guarantor, as applicable) under the Existing Tier 1 Securities and all other subordinated payment obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Obligations;

"**Payment Day**" has the meaning given to it in Condition 7.4 (*Payments – Payment Day*);

"**Prevailing Principal Amount**" means, in respect of a Capital Security, the initial principal amount of such Capital Security as reduced by any Write-down of such Capital Security (on one or more occasions) pursuant to Condition 10 (*Write-down at the Point of Non-Viability*);

"**Proceedings**" has the meaning given to it in Condition 18.4 (*Governing Law and Dispute Resolution – Effect of Exercise of Option to Litigate*);

"**Qualifying Tier 1 Instruments**" means instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) other than Ordinary Shares or Other Common Equity Tier 1 Instruments, issued directly or indirectly by the Issuer that:

- (a) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital;
- (b) have terms and conditions not materially less favourable to a holder of the Capital Securities than the terms and conditions of the Capital Securities (as reasonably determined by the Issuer (**provided that** in making this determination the Issuer is not required to take into account the tax treatment of the varied instrument in the hands of all or any holders of the Capital Securities, or any transfer or similar taxes that may apply on the acquisition of the new instrument) **provided that** a certification to such effect of two Authorised Signatories shall have been delivered to the Fiscal Agent prior to the variation of the terms of the Capital Securities);
- (c) continue to be direct or indirect obligations of the Issuer;
- (d) rank on a winding up at least *pari passu* with the Obligations;
- (e) have the same outstanding principal amount and interest payment dates as the Capital Securities and at least equal interest or distribution rate or rate of return as the Capital Securities;
- (f) (where the instruments are varied prior to the First Call Date) have a first call date no earlier than the First Call Date and otherwise have the same optional redemption dates as the Capital Securities (as originally issued); and
- (g) if, immediately prior to the variation of the terms of the Capital Securities in accordance with Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) (as applicable), (A) the Capital Securities were listed or admitted to trading on a Regulated Market, have been listed or admitted to trading on a Regulated Market; or (B) the Capital Securities were listed or admitted to trading on a recognised stock exchange other than a Regulated Market, have been listed or admitted to trading on any internationally recognised stock exchange (including, without limitation, a Regulated

Market), in each case as selected by the Issuer and notified to the holders of the Capital Securities in accordance with Condition 15 (*Notices*),

and which may include such technical changes as necessary to reflect the requirements of Additional Tier 1 Capital under the Capital Regulations then applicable to the Issuer (including, without limitation, such technical changes as may be required in the adoption and implementation of the Basel III Documents);

"Record Date" means, in the case of any Interest Payment Amount, the date falling on the 15th day before the relevant Interest Payment Date and, in the case of the payment of a Redemption Amount, the date falling two Payment Days before the date for payment of the relevant Redemption Amount (as the case may be);

"Redemption Amount" means the Early Redemption Amount, the Tax Redemption Amount or the Capital Event Redemption Amount (as the case may be);

"Register" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"Regulated Market" means a regulated market for the purposes of Directive 2014/65/EU (as amended);

"Regulator" means the Central Bank or any successor entity having primary bank supervisory authority with respect to the Issuer in the United Arab Emirates;

"Relevant Date" has the meaning given to it in Condition 12 (*Taxation*);

"Relevant Six-Year Reset Rate" means: (i) the per annum rate (expressed as a decimal) equal to the weekly average yield to maturity for U.S. Treasury securities with a maturity of six years and trading in the public securities markets; or (ii) in respect of any Reset Period, if there is no such published U.S. Treasury security with a maturity of six years and trading in the public securities markets, then the rate will be determined on the relevant U.S. Securities Determination Date by interpolation between the most recent weekly average yield to maturity for two series of U.S. Treasury securities trading in the public securities market: (A) one maturing as close as possible to, but earlier than, the immediately following Reset Date; and (B) the other maturing as close as possible to, but later than, the immediately following Reset Date, in each case as published in the most recent H.15 (519). In respect of any Reset Period, if the Issuer cannot procure the determination of the Relevant Six-Year Reset Rate on the relevant U.S. Securities Determination Date pursuant to the methods described in (i) and (ii) above, then the Relevant Six-Year Reset Rate will be: (a) equal to the rate applicable to the immediately preceding Reset Period; or (b) in the case of the Reset Period commencing on the First Reset Date, 0.423 per cent.;

"Relevant Period" has the meaning given to it in Condition 5.1 (*Interest - Initial Interest Rate and Interest Payment Dates*);

"Reset Date" means the First Reset Date and every sixth anniversary thereafter;

"Reset Period" means the period from and including the first Reset Date to but excluding the following Reset Date, and each successive period thereafter from and including such Reset Date to but excluding the next succeeding Reset Date;

"Rules" has the meaning given to it in Condition 18.2 (*Governing Law and Dispute Resolution – Arbitration*);

"Senior Obligations" means all unsubordinated payment obligations of the Issuer (including payment obligations to the Issuer's depositors in respect of their due claims) and all subordinated payment obligations (if any) of the Issuer except Junior Obligations or *Pari Passu* Obligations;

"Solvency Conditions" has the meaning given to it in Condition 4.3 (*Status and Subordination – Solvency Conditions*);

"Solvent" means that: (i) the Issuer is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities;

"Tax Event" means on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts (whether or not a Non-Payment Event has occurred), as a result of any change in, or amendment to or interpretation of, the laws, published practice or regulations of a Tax Jurisdiction, or any change in the application or interpretation of such laws or regulations (each, a **"Tax Law Change"**), which Tax Law Change becomes effective on or after the Issue Date (and such requirement cannot be avoided by the Issuer taking reasonable measures available to it), and provided that the Issuer satisfies the Regulator that such Tax Law Change was not reasonably foreseeable at the time of issuance of the Capital Securities;

"Tax Jurisdiction" has the meaning given to it in Condition 12 (*Taxation*);

"Tax Law Change" has the meaning given to it in the definition of "Tax Event";

"Tax Redemption Amount" in relation to a Capital Security, means 100 per cent. of its Prevailing Principal Amount together with any Outstanding Payments;

"Taxes" has the meaning given to it in Condition 12 (*Taxation*);

"Tier 1 Capital" means capital qualifying as, and approved by the Regulator as, tier 1 capital in accordance with the Capital Regulations;

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

"U.S. Securities Determination Date" means the second U.S. Government Securities Business Day before the commencement of the Reset Period for which the rate will apply;

"Write-down" means:

- (a) the holders' rights under the Capital Securities shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the relevant Write-down Amount;
- (b) in the case of the Write-down Amount corresponding to the full Prevailing Principal Amount of the Capital Securities then outstanding, the Capital Securities shall be cancelled; and
- (c) all rights of any holder for payment of any amounts under or in respect of the Capital Securities (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Enforcement Event), in a proportion corresponding to the relevant Write-down Amount (and any corresponding Interest Payment Amounts), shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date,

and all references to **"Written-down"** shall be construed accordingly; and

"Write-down Amount" means, in relation to any Non-Viability Event Write-Down Date, the amount as determined by the Regulator by which the aggregate Prevailing Principal Amount of the Capital Securities then outstanding is to be Written-down on a *pro rata* basis and shall be calculated per Capital Security by reference to the Prevailing Principal Amount of each Capital Security then outstanding which is to be Written-down.

All references in these Conditions to **"U.S. dollars"**, **"U.S.\$"** and **"\$"** are to the lawful currency of the United States of America.

2. **FORM, DENOMINATION AND TITLE**

2.1 **Form and Denomination**

The Capital Securities are issued in registered form in nominal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each an "**Authorised Denomination**"). An Individual Certificate will be issued to each holder of the Capital Securities in respect of its registered holding of Capital Securities. Each Individual Certificate will be numbered serially with an identifying number which will be recorded on the relevant Individual Certificate and in the register of holders of the Capital Securities (the "**Register**").

Upon issue, the Capital Securities will be represented by the Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. The Conditions are supplemented by certain provisions contained in the Global Certificate.

2.2 **Title**

The holder of any Capital Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the holder.

For so long as any of the Capital Securities is represented by the Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Capital Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Capital Securities 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 each of the Issuer and the Agents as the holder of such nominal amount of such Capital Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Capital Securities, for which purpose the registered holder of the Global Certificate shall be treated by each of the Issuer and any Agent as the holder of such nominal amount of such Capital Securities in accordance with and subject to the terms of the Global Certificate.

3. **TRANSFERS OF CAPITAL SECURITIES AND EXCHANGE FOR INDIVIDUAL CERTIFICATES**

3.1 **Transfers of interests in the Global Certificate**

Capital Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg (as the case may be).

3.2 **Transfer of Individual Certificates**

Subject to the conditions set forth in the Agency Agreement, Capital Securities represented by Individual Certificates may be transferred in whole or in part (in Authorised Denominations). In order to effect any such transfer: (a) the holder or holders must (i) surrender the relevant Individual Certificate(s) for registration of the transfer of the Capital Security (or the relevant part of the Capital Security) 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 (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and (b) 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 5 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within five business days (being for

this purpose a day on which commercial banks are open for business (including dealings in foreign currencies) in the cities where the specified office of the Registrar and (if applicable) 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 Individual Certificate of a like aggregate nominal amount to the Capital Security (or the relevant part of the Capital Security) transferred. In the case of the transfer of part only of a Capital Security represented by an Individual Certificate, a new Individual Certificate in respect of the balance of the Capital Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

3.3 **Costs of registration**

Holders of the Capital Securities 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.

3.4 **Exchange for Individual Certificates**

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event (as defined below). The Issuer will give notice to holders of the Capital Securities in accordance with Condition 15 (*Notices*) if an Exchange Event occurs as soon as practicable thereafter. For these purposes, an "Exchange Event" shall occur if: (a) an Enforcement Event has occurred; or (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Issuer is available.

In such circumstances, the Global Certificate shall be exchanged in full for Individual Certificates and the Issuer will, at the cost of the Issuer, cause sufficient Individual Certificates to be executed and delivered to the Registrar within ten days following the request for exchange for completion and dispatch to the holders of the Capital Securities.

3.5 **Closed Periods**

No holder of Capital Securities may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of such Capital Security.

3.6 **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 shall have been approved by the Issuer and the Fiscal Agent.

4. **STATUS AND SUBORDINATION**

4.1 **Status of the Capital Securities**

Each Capital Security will rank *pari passu* without preference or priority, with all other Capital Securities.

4.2 **Subordination of the Capital Securities**

- (a) The payment obligations of the Issuer under the Capital Securities (the "**Obligations**") will: (i) constitute Additional Tier 1 Capital of the Issuer; (ii) constitute direct, unsecured, conditional (as described in Conditions 4.2(b) (*Subordination of the Capital Securities*) and 4.3 (*Solvency Conditions*)) and subordinated obligations of the Issuer that rank *pari*

passu and without preference or priority amongst themselves; (iii) rank subordinate and junior to all Senior Obligations (but not further or otherwise); (iv) rank *pari passu* with all *Pari Passu* Obligations; and (v) rank in priority only to all Junior Obligations.

- (b) Notwithstanding any other provisions in these Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Capital Securities under the Capital Securities will be extinguished and the Capital Securities will be cancelled without any further payment to be made by the Issuer under the Capital Securities.
- (c) Subject to applicable law, each holder of the Capital Securities 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 the Capital Securities. No collateral is or will be given for the Obligations and any collateral that may have been or may in the future be given in connection with other obligations of the Issuer shall not secure the Obligations.

4.3 Solvency Conditions

Payments in respect of the Obligations by the Issuer are conditional upon the following (together, the "**Solvency Conditions**"):

- (a) the Issuer being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations;
- (b) the Issuer being capable of making payment of the relevant Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Senior Obligations and all *Pari Passu* Obligations and still be Solvent immediately thereafter; and
- (c) the total share capital (including, without limitation, retained earnings) of the Issuer being greater than zero at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the relevant Obligations.

4.4 Other Issues

So long as any of the Capital Securities remain outstanding, the Issuer will not issue any securities (regardless of name or designation) or create any guarantee of, or provide any contractual support arrangement in respect of, the obligations of any other entity which in each case constitutes (whether on a solo, or a solo consolidated or a consolidated basis) Additional Tier 1 Capital of the Issuer if claims in respect of such securities, guarantee or contractual support arrangement would rank (as regards distributions on a return of assets on a winding-up or in respect of distribution or payment of dividends and/or any other amounts thereunder) senior to the Obligations. This prohibition will not apply if at the same time or prior thereto: (a) these Conditions are amended to ensure that the holders obtain and/or (b) the Obligations have the benefit of such of those rights and entitlements as are contained in or attached to such securities or under such guarantee or contractual support arrangement as are required so as to ensure that claims in respect of the Obligations rank *pari passu* with, and contain substantially equivalent rights of priority as to distributions or payments on, such securities or under such guarantee or contractual support arrangement.

5. INTEREST

5.1 Initial Interest Rate and Interest Payment Dates

Subject to Condition 6 (*Interest Cancellation*), the Capital Securities shall, during the Initial Period, bear interest at a rate of 6.125 per cent. per annum (the "**Initial Interest Rate**") on the Prevailing Principal Amount of the Capital Securities (being the aggregate of a margin of 5.702 per cent. per annum (the "**Margin**") and the Relevant Six-Year Reset Rate) in accordance with the

provisions of this Condition 5 (*Interest*). The Interest Payment Amount payable on each Interest Payment Date during the Initial Period shall be U.S.\$30.625 per U.S.\$1,000 in principal amount of the Capital Securities.

Subject to Condition 6 (*Interest Cancellation*), interest shall be payable on the Capital Securities semi-annually in arrear on each Interest Payment Date, in each case as provided in this Condition 5 (*Interest*). Interest is discretionary, will not be cumulative and any interest which is not paid will not accumulate or compound and holders of the Capital Securities will have no right to receive such interest at any time, even if interest is paid in the future.

If interest is required to be calculated in respect of a period of less than a full Interest Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of: (a) the applicable Interest Rate; (b) the Prevailing Principal Amount of the relevant Capital Security then outstanding; and (c) the applicable Day-count Fraction for the Relevant Period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

5.2 **Interest Rate following the Initial Period**

For the purpose of calculating payments of interest following the Initial Period, the Interest Rate will be reset on each Reset Date on the basis of the aggregate of the Margin and the Relevant Six-Year Reset Rate on the relevant U.S. Securities Determination Date, as determined by the Calculation Agent.

The Calculation Agent will, as soon as practicable upon determination of the Interest Rate which shall apply to the Reset Period commencing on the relevant Reset Date, cause the applicable Interest Rate and the corresponding Interest Payment Amount to be notified to each of the Paying Agents and the holders of the Capital Securities in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the second Business Day thereafter.

5.3 **Determinations of Calculation Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*), shall (in the absence of manifest error) be binding on the Calculation Agent, the Paying Agents and the holders of the Capital Securities and (in the absence of manifest error) no liability to the holders of the Capital Securities shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6. **INTEREST CANCELLATION**

6.1 **Non-Payment Event**

Notwithstanding Condition 5.1 (*Interest – Initial Interest Rate and Interest Payment Dates*), subject to Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*), if any of the following events occurs (each, a "**Non-Payment Event**"), Interest Payment Amounts shall not be paid on the corresponding Interest Payment Date:

- (a) the Interest Payment Amount payable, when aggregated with any distributions or amounts payable by the Issuer on any *Pari Passu* Obligations having the same date in respect of payment of such distributions or amounts as, or otherwise due and payable on, the date for payment of Interest Payment Amounts, exceeds, on the relevant date for payment of such Interest Payment Amount, the Distributable Items;
- (b) the Issuer is, on that Interest Payment Date, in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to breach of capital buffers imposed on the Issuer by the Regulator, as appropriate) or payment of the relevant Interest Payment Amount would cause it to be in breach thereof;
- (c) the Regulator having notified the Issuer that the Interest Payment Amount due on that Interest Payment Date should not be paid for any reason the Regulator may deem necessary;

- (d) the Solvency Conditions are not satisfied (or would no longer be satisfied if the relevant Interest Payment Amount was paid); or
- (e) the Issuer, in its sole discretion, has elected that Interest Payment Amounts shall not be paid to holders of the Capital Securities on such Interest Payment Date (other than in respect of any amounts due on any date on which the Capital Securities are to be redeemed in full, in respect of which this Condition 6.1(e) does not apply), including, without limitation, if the Issuer incurs a net loss during the relevant Interest Period.

6.2 **Effect of Non-Payment Event**

If a Non-Payment Event occurs, then the Issuer shall give notice to the Fiscal Agent and the holders of the Capital Securities (in accordance with Condition 15 (*Notices*)) (which notice shall be revocable) providing details of the Non-Payment Event as soon as practicable (or, in the case of a Non-Payment Event pursuant to Condition 6.1(e), no later than five Business Days prior to such event). However, any failure to provide such notice will not invalidate the cancellation of the relevant payment of the Interest Payment Amount. In the absence of notice of a Non-Payment Event having been given in accordance with this Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*), the fact of non-payment of an Interest Payment Amount on the relevant Interest Payment Date shall be evidence of the occurrence of a Non-Payment Event.

Holders of the Capital Securities shall have no claim in respect of any Interest Payment Amount not paid as a result of a Non-Payment Event (whether or not notice of such Non-Payment Event has been given in accordance with this Condition 6.2 (*Interest Cancellation – Effect of Non-Payment Event*)) and any non-payment of an Interest Payment Amount in such circumstances shall not constitute an Enforcement Event. The Issuer shall not make or shall not have any obligation to make any subsequent payment in respect of any such unpaid Interest Payment Amount.

6.3 **Dividend and Redemption Restrictions**

If any Interest Payment Amount is not paid as a consequence of a Non-Payment Event pursuant to Condition 6.1 (*Interest Cancellation - Non-Payment Event*), then, from the date of such Non-Payment Event (the "**Dividend Stopper Date**"), the Issuer will not, so long as any of the Capital Securities are outstanding:

- (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or
- (b) declare or pay profit or any other distribution on any of its Other Common Equity Tier 1 Instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, *pari passu* with or junior to the Obligations (excluding securities the terms of which do not at the relevant time enable the Issuer to defer or otherwise not to make such payment), only to the extent such restrictions on payment or distribution is permitted under the Capital Regulations for Tier 1 Capital applicable from time to time; or
- (c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or
- (d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Other Common Equity Tier 1 Instruments or any securities issued by the Issuer ranking, as to the right of repayment of capital, *pari passu* with or junior to the Obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the Capital Regulations for Tier 1 Capital applicable from time to time,

in each case unless or until one Interest Payment Amount following the Dividend Stopper Date has been made in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the holders of the Capital Securities).

7. PAYMENTS

7.1 Payments in respect of Individual Certificates

Subject as provided below, payments will be made by credit or transfer to an account maintained by the payee with, or, at the option of the payee, by a cheque drawn on, a bank in New York City.

Payments of principal in respect of each Capital Security will be made against presentation and surrender of the Individual Certificate 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 Capital Security appearing in the Register at the close of business in the place of the Registrar's specified office on the Record Date. Notwithstanding the previous sentence, if: (a) a holder does not have a Designated Account; or (b) the principal amount of the Capital Securities held by a holder is less than U.S.\$200,000, payment will instead be made by a cheque in U.S. dollars drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank in New York City.

Payments of interest in respect of each Capital Security will be made by a cheque in U.S. dollars 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 Capital Security appearing in the Register at the close of business in the place of the Registrar's specified office on the Record Date at his address shown in the Register on the Record Date and at his risk. 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 Capital Security, 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) in respect of the Capital Securities 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. Payments of interest due in respect of each Capital Security on redemption will be made in the same manner as payment of the principal amount of such Capital Security.

Holders of Capital Securities will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Capital Security 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 Capital Securities.

7.2 Payments in respect of the Global Certificate

The holder of the Global Certificate shall be the only person entitled to receive payments in respect of Capital Securities represented by the Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Certificate 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 Capital Securities represented by such Global Certificate 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 Certificate. Each payment made in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

7.3 Payments Subject to Laws

All payments are subject in all cases to: (a) any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*); and (b) 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 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law in any jurisdiction implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of the Capital Securities in respect of such payments.

7.4 **Payment Day**

If the date for payment of any amount in respect of the Capital Securities 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 13 (*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 New York City and London.

7.5 **Interpretation of principal and interest**

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

- (a) the Early Redemption Amount of the Capital Securities;
- (b) the Capital Event Redemption Amount of the Capital Securities; and
- (c) the Tax Redemption Amount of the Capital Securities.

Any reference in the Conditions to interest or Interest Payment Amounts in respect of the Capital Securities shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 12 (*Taxation*).

8. **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 a Fiscal Agent and a Registrar; and
- (b) with effect from the U.S. Securities Determination Date prior to the First Reset Date, and so long as any Capital Securities remain outstanding thereafter, there will be a Calculation Agent; and
- (c) so long as the Capital Securities 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
- (d) there will at all times be a Paying Agent and a Transfer Agent with a specified office in Europe.

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 holders of the Capital Securities in accordance with Condition 15 (*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 holders of the Capital Securities. 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.

9. REDEMPTION AND VARIATION

9.1 Redemption and Variation

(a) *No Fixed Redemption Date and Conditions for Redemption and Variation*

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 4 (*Status and Subordination*), Condition 10 (*Write-down at the Point of Non-Viability*) and Condition 11 (*Enforcement Events*) and without prejudice to the provisions of Condition 13 (*Prescription*)) only have the right to redeem the Capital Securities or vary the terms thereof upon satisfaction of and in accordance with the following provisions of this Condition 9 (*Redemption and Variation*).

The redemption of the Capital Securities or variation of the Conditions, in each case pursuant to this Condition 9 (*Redemption and Variation*), is subject to the following conditions (to the extent then required by the Regulator or the Capital Regulations):

- (i) the prior written consent of the Regulator;
- (ii) the requirement that both at the time when the relevant notice of redemption or variation is given and immediately following such redemption or variation (as applicable), the Issuer is or will be (as the case may be) in compliance with the Applicable Regulatory Capital Requirements; and
- (iii) the Solvency Conditions being satisfied.

(b) *Issuer's Call Option*

Subject to Condition 9.1(a) (*No Fixed Redemption Date and Conditions for Redemption and Variation*), the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (which notice shall specify the date fixed for redemption) redeem all but not some only, of the Capital Securities at the Early Redemption Amount (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

Redemption of the Capital Securities pursuant to this Condition 9.1(b) (*Issuer's Call Option*) may only occur on a Call Date.

(c) *Redemption or Variation due to Taxation*

- (i) Subject to Condition 9.1(a) (*No Fixed Redemption Date and Conditions for Redemption and Variation*), upon the occurrence of a Tax Event, the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*): (A) redeem all, but not some only, of the Capital Securities at the Tax Redemption Amount; or (B) vary the terms of the Capital Securities so that they become or, as appropriate, remain, Qualifying Tier 1 Instruments and so that the relevant withholding or deduction otherwise arising from the relevant Tax Law Change is no longer required, in each case without any requirement for consent or approval of the holders of the Capital Securities.
- (ii) Redemption of the Capital Securities, or variation of the Conditions, in each case pursuant to this Condition 9.1(c) (*Redemption or Variation due to Taxation*) may

occur on any date after the Issue Date (whether or not such date is an Interest Payment Date).

- (iii) At the same time as the publication of any notice of redemption or variation (as the case may be) pursuant to this Condition 9.1(c) (*Redemption or Variation due to Taxation*), the Issuer shall give to the Fiscal Agent: (A) a certificate signed by two Authorised Signatories of the Issuer stating that: (I) the relevant conditions set out in Condition 9.1(a) (*No Fixed Redemption Date and Conditions for Redemption and Variation*) have been satisfied; (II) a Tax Event has occurred; and (III) in the case of a variation only, the varied Capital Securities will be Qualifying Tier 1 Instruments and that the Regulator has confirmed that the varied Capital Securities will satisfy limb (a) of the definition of Qualifying Tier 1 Instruments; and (B) an opinion of independent legal advisors of recognised standing to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of the Tax Event. Such certificate delivered in accordance with this Condition shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out in (A)(I) to (III) above. Upon expiry of such notice, the Issuer shall redeem or vary the terms of the Capital Securities (as the case may be) (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

(d) ***Redemption or Variation for Capital Event***

- (i) Subject to Condition 9.1(a) (*No Fixed Redemption Date and Conditions for Redemption and Variation*), upon the occurrence of a Capital Event, the Issuer may (acting in its sole discretion), by giving not less than 10 nor more than 15 days' prior written notice to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*): (A) redeem all, but not some only, of the Capital Securities at the Capital Event Redemption Amount; or (B) solely for the purpose of ensuring compliance with Applicable Regulatory Capital Requirements vary the terms of the Capital Securities so that they become or, as appropriate, remain, Qualifying Tier 1 Instruments, in each case without any requirement for consent or approval of the holders of the Capital Securities.
- (ii) Redemption of the Capital Securities, or variation of the Conditions, pursuant to this Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) may occur on any date after the Issue Date (whether or not an Interest Payment Date).
- (iii) At the same time as the delivery of any notice of redemption or variation (as the case may be) pursuant to this Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*), the Issuer shall give to the Fiscal Agent a certificate signed by two Authorised Signatories stating that: (A) the relevant conditions set out in Condition 9.1(a) (*Redemption and Variation – No Fixed Redemption Date and Conditions for Redemption and Variation*) have been satisfied; (B) a Capital Event has occurred; and (C) in the case of a variation only, the varied Capital Securities will be Qualifying Tier 1 Instruments and that the Regulator has confirmed that the varied Capital Securities will satisfy limb (a) of the definition of Qualifying Tier 1 Instruments. Such certificate shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out above. Upon expiry of such notice, the Issuer shall redeem or vary the terms of the Capital Securities (as the case may be) (provided such notice has not been revoked by the Issuer giving notice of such revocation to the Fiscal Agent and the Registrar, and to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) (prior to the redemption date specified in the initial notice)).

(e) ***Taxes upon Variation***

In the event of a variation in accordance with Conditions 9.1(c) (*Redemption or Variation - Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption or Variation - Redemption or Variation for Capital Event*), the Issuer will not be obliged to pay and will not pay any liability of any holder of the Capital Securities to corporation tax, corporate income tax or tax on profits or gains or any similar tax arising in respect of the variation of the terms of the Capital Securities **provided that** (in the case of a Tax Event) or so that (in the case of a Capital Event) they become or, as appropriate, remain, Qualifying Tier 1 Instruments, including in respect of any stamp duty or similar other taxes arising on any subsequent transfer, disposal or deemed disposal of the Qualifying Tier 1 Instruments by such holder of the Capital Securities.

(f) ***No redemption in the case of a Non-Viability Notice being delivered***

The Issuer may not give a notice of redemption under this Condition 9 (*Redemption and Variation*) if a Non-Viability Notice has been given in respect of the Capital Securities. If a Non-Viability Notice is given after a notice of redemption has been given by the Issuer under this Condition 9 (*Redemption and Variation*) but before the relevant date fixed for redemption, such notice of redemption shall be deemed not to have been given and the Capital Securities shall not be redeemed.

9.2 **Purchase**

Subject to the Issuer (to the extent then required by the Regulator or the Capital Regulations): (a) obtaining the prior written consent of the Regulator; (b) being in compliance with the Applicable Regulatory Capital Requirements immediately following such purchase; and (c) being Solvent at the time of purchase, the Issuer or any of its subsidiaries may, after the First Call Date, purchase the Capital Securities in the open market or otherwise at such price(s) and upon such other conditions as may be agreed upon between the Issuer or the relevant subsidiary (as the case may be) and the relevant holders of Capital Securities. Upon any such purchase, the Issuer may deliver such Capital Securities for cancellation.

9.3 **Cancellation**

All Capital Securities which are redeemed will forthwith be cancelled. All Capital Securities so cancelled and any Capital Securities purchased and cancelled pursuant to Condition 9.2 (*Purchase*) cannot be reissued or resold.

10. **WRITE-DOWN AT THE POINT OF NON-VIABILITY**

10.1 **Non-Viability Event**

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 10.2 (*Non-Viability Notice*).

10.2 **Non-Viability Notice**

On the third Business Day following the date on which a Non-Viability Event occurs (or on such earlier date as determined by the Regulator), the Issuer will notify the Fiscal Agent, the Registrar and the holders of the Capital Securities thereof (in accordance with Condition 15 (*Notices*)) (such notice, a "**Non-Viability Notice**"). A Write-down will occur on the Non-Viability Event Write-down Date. In the case of a Write-down resulting in the reduction of the Prevailing Principal Amount of each Capital Security then outstanding to nil, with effect from the Non-Viability Event Write-down Date, the Capital Securities will be automatically terminated and the holders shall not be entitled to any claim for any amount in connection with the Capital Securities.

11. ENFORCEMENT EVENTS

11.1 Enforcement Event

Upon the occurrence of an Enforcement Event, any holder of the Capital Securities may give written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, that such Capital Security is due and payable, whereupon the same shall, subject to Condition 10 (*Write down at the point of Non-Viability*) and Condition 11.4 (*Enforcement Events – Restrictions*) become forthwith due and payable at its Early Redemption Amount, without presentation, demand, protest or other notice of any kind.

11.2 Dissolution Remedies

To the extent permitted by applicable law and by these Conditions, any holder of the Capital Securities may at its discretion (i) institute any steps, actions or proceedings for the winding-up of the Issuer and/or (ii) prove in the winding-up of the Issuer and/or (iii) claim in the liquidation of the Issuer (in each case, without prejudice to Condition 4.2 (*Status and Subordination – Subordination of the Capital Securities*)), for such payment referred to in Condition 11.1 (*Enforcement Events – Enforcement Event*), but the institution of any such steps, actions or 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. Subject to Condition 11.3 (*Enforcement Events – Performance Obligations*), no remedy against the Issuer, other than the institution of the steps, actions or proceedings referred to in this Condition 11 (*Enforcement Events*), and the proving or claiming in any dissolution, winding-up or liquidation of the Issuer, shall be available to the holders of the Capital Securities, whether for the recovering of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Capital Securities.

11.3 Performance Obligations

Without prejudice to the other provisions of this Condition 11 (*Enforcement Events*), any holder of the Capital Securities may at its discretion institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under these Conditions, in each case, other than any payment obligation of the Issuer (including, without limitation, payment of any principal or satisfaction of any payments in respect of the Conditions, including any damages awarded for breach of any obligations). However, in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

11.4 Restrictions

All claims by any holder of the Capital Securities against the Issuer (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer under the Capital Securities) shall be subject to, and shall be superseded by: (i) the provisions of Condition 10 (*Write-down at the Point of Non-Viability*), irrespective of whether the relevant Non-Viability Event occurs prior to or after the event which is the subject matter of the claim and (ii) the provisions of Condition 4 (*Status and Subordination*), irrespective of whether the breach of a Solvency Condition at the relevant time or the issue of a bankruptcy order in respect of the Issuer occurs prior to or after the event which is the subject matter of the claim.

12. TAXATION

All payments of principal and interest in respect of the Capital Securities by the Issuer will be made free and clear of, without withholding or deduction for, or on account of any present or future taxes duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Tax Jurisdiction ("**Taxes**") unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts in respect of Interest Payment Amounts (but not in respect of principal) as shall be necessary in order that the net amounts received by the holders of the Capital Securities after such withholding or deduction shall equal the respective Interest Payment Amount(s) which would otherwise have been receivable in respect of the Capital Securities (as the case may be), in the absence of such

withholding or deduction ("**Additional Amounts**"); except that no such Additional Amounts shall be payable with respect to any Capital Security:

- (a) presented for payment (where presentation is required) by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Capital Security; or
- (b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day; or
- (c) presented for payment in a Tax Jurisdiction.

As used in these Conditions:

- (i) "**Tax Jurisdiction**" means the United Arab Emirates or Dubai or any political sub division 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 or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) that, upon further presentation of the Capital Security in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation.

Notwithstanding any other provision in these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Capital Securities for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

13. **PRESCRIPTION**

Subject to applicable law, claims for payment in respect of the Capital Securities will become void unless made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

14. **REPLACEMENT OF INDIVIDUAL CERTIFICATES**

Should any Individual Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Individual Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Individual Certificate) and otherwise as the Issuer and the Registrar may require. Mutilated or defaced Individual Certificates must be surrendered before replacements will be issued.

15. **NOTICES**

All notices to the holders of the Capital Securities will be valid if mailed to them at their respective addresses in the register of the holders of the Capital Securities maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Capital Securities are for the time being listed. Any notice shall be deemed to have been given on the

second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

For so long as all the Capital Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices may be given by delivery of the relevant notice to those clearing systems for communication to the holders rather than by mailing as provided for in the paragraph above except that, so long as the Capital Securities are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Notices to be given by any holder of the Capital Securities shall be in writing and given by lodging the same, together (in the case of any Individual Certificate) with the relevant Individual Certificate(s), with the Registrar. Whilst any of the Capital Securities are represented by a Global Certificate, such notice may be given by any holder of a Capital Security to the Registrar through Euroclear and/or Clearstream, Luxembourg (as the case may be), in such manner as the Registrar, and Euroclear and/or Clearstream, Luxembourg (as the case may be) may approve for this purpose.

16. **MEETINGS OF HOLDERS OF THE CAPITAL SECURITIES AND MODIFICATION**

The Agency Agreement contains provisions for convening meetings of the holders of the Capital Securities to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Capital Securities or any of the provisions of the Agency Agreement or the Deed of Covenant. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by holders of the Capital Securities holding not less than ten per cent. in nominal amount of the Capital Securities 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 in aggregate not less than 50 per cent. in nominal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of the Capital Securities whatever the nominal amount of the Capital Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities (as specified in the Agency Agreement, and including (without limitation) modifying any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Capital Securities, altering the currency of payment of the Capital Securities or modifying the provisions concerning the quorum required at any meeting of holders of the Capital Securities or the majority required to pass the Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Capital Securities 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 Capital Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of the Capital Securities shall be binding on all the holders of the Capital Securities, whether or not they are present at the meeting, and whether or not they voted on the resolution.

The Agency Agreement provides that a written resolution signed by or on behalf of all the holders of Capital Securities shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of the Capital Securities duly convened and held. Such a written resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more the holders of the Capital Securities. Such a written resolution will be binding on all holders of the Capital Securities whether or not they participated in such written resolution.

The Fiscal Agent and the Issuer may agree, without the consent of the holders of the Capital Securities, to:

- (a) any modification (except as mentioned above) of the Capital Securities, the Agency Agreement or the Deed of Covenant which is not prejudicial to the interests of the holders of the Capital Securities (as determined by the Issuer in its sole opinion); or

- (b) any modification of the Capital Securities, the Agency Agreement or the Deed of Covenant 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.

In addition, the Fiscal Agent shall be obliged to agree to such modifications of the Capital Securities, the Agency Agreement or the Deed of Covenant as may be required in order to give effect to Condition 9.1(c) (*Redemption and Variation – Redemption or Variation due to Taxation*) or Condition 9.1(d) (*Redemption and Variation – Redemption or Variation for Capital Event*) in connection with any variation of the Capital Securities upon the occurrence of a Tax Event or a Capital Event (as applicable).

Any such modification shall be binding on the holders of the Capital Securities and any such modification shall be notified to the holders of the Capital Securities in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

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

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. **GOVERNING LAW AND DISPUTE RESOLUTION**

18.1 **Governing law**

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

18.2 **Arbitration**

Subject to Condition 18.3 (*Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Capital Securities (including any dispute as to their existence, validity, interpretation, performance, breach or termination 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 Capital Securities (a "**Dispute**")) shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 18.2 (*Arbitration*). For these purposes:

- (a) the seat, or legal place of arbitration will be London, England;
- (b) the language of the arbitration shall be English;
- (c) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (d) the governing law of the arbitration shall be English.

18.3 **Option to Litigate**

Notwithstanding Condition 18.2 (*Arbitration*) above, any holder of the Capital Securities may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any holder of the Capital Securities gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18.4 (*Effect of Exercise of Option to Litigate*) and, subject as provided below, any arbitration commenced under Condition 18.2 (*Arbitration*) 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 thereto.

If any notice to terminate the arbitration in accordance with this Condition 18.3 (*Option to Litigate*) is given after service of any Request for Arbitration in respect of any Dispute, the holder of the Capital Securities 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:

- (c) 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;
- (d) his entitlement to be paid his proper fees and disbursements; and
- (e) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

18.4 **Effect of Exercise of Option to Litigate**

In the event that a notice pursuant to Condition 18.3 (*Option to Litigate*) is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (b) 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
- (c) this Condition 18.4 (*Effect of Exercise of Option to Litigate*) is for the benefit of the holders of the Capital Securities only. As a result, and notwithstanding paragraph (a) above, any holder of the Capital Securities may take proceedings relating to a Dispute ("**Proceedings**") in any other court with jurisdiction. To the extent allowed by law, any holder of the Capital Securities may take concurrent Proceedings in any number of jurisdictions.

18.5 **Service of Process**

The Issuer 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.

18.6 **Waiver of Immunity**

The Issuer hereby irrevocably and unconditionally waives, with respect to the Capital Securities, 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.

USE OF PROCEEDS

The proceeds from the issue of the Capital Securities will be U.S.\$750,000,000, the estimated commissions, fees and expenses will be U.S.\$2,250,000 and the proceeds will be applied by the Issuer for its general corporate purposes and to further strengthen its capital base.

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 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 "Emiratization" 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:

Economic Activity	Amount	Percentage
	<i>(AED billions)</i>	<i>(%)</i>
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

Economic Activity	Amount	Percentage
Transport and Communications.....	7.6	1.9
Agriculture.....	8.1	2.0
Others.....	11.2	2.7
Total Customer Loans and Receivables.....	408.7	100.0

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:

Economic Activity	Amount	Percentage
	<i>(AED billions)</i>	<i>(%)</i>
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
Total Islamic Financing Receivables.....	60.2	100.0

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.

Product Type	Amount <i>(AED billion)</i>	Percentage <i>(%)</i>
Personal Loans	20.6	35.7
Mortgages	8.4	14.5
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
Total Loans and Receivables	57.7	100.0

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 20th 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 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 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 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

Ranking	Bank	Amount
		(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

Ranking	Bank	Amount
		(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
		(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 UAE 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.

	<u>2019</u>	<u>2018</u>
	<i>(AED billions)</i>	
Movement in allowances for Stage 3/specific impairment		
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 ⁽¹⁾
Balance as at 31 December	<u>20.9</u>	<u>19.3</u>
Movement in allowances for Stage 1 and Stage 2/collective impairment		
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)	-
Balance as at 31 December	<u>8.3</u>	<u>7.4</u>
Total	<u>29.2</u>	<u>26.7</u>

Notes:

⁽¹⁾ 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 - Summary of alternative performance measures".

	Year ended 31 December	
	2019	2018
	(%)	
Selected ratios:		
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 UAE 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:

<u>Year</u>	<u>Amount</u> <i>(AED Millions)</i>
2020	14.1
2021	12.1
2022	9.7
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 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:

	31 March 2020 (Unaudited) <i>(AED millions)</i>	31 March 2019 (Unaudited) <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
Net fee and commission income	1,181.0	740.2
Net gain/(loss) on trading securities	39.5	71.7
Other operating income.....	727.9	504.9
Total operating income	6,884.8	4,716.8
General and administrative expenses.....	(2,048.7)	(1,396.5)
Operating profit before impairment	4,836.1	3,320.3
Net impairment loss on financial assets.....	(2,558.5)	(570.1)
Operating profit after impairment	2,277.6	2,750.1
Share of profit / (loss) of associates and joint ventures.....	0.1	27.3
Group profit for the period before tax	2,277.7	2,777.5
Taxation charge.....	(196.9)	(34.0)
Group profit for the period after tax	2,080.8	2,743.4

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 Prospectus, the Board is comprised of the nine directors listed below.

<u>Name</u>	<u>Position</u>
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 – Aeropolitical & 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 Abdultrazaq, 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 UAE 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 ⁽¹⁾
	<i>(in billions of AED)</i>				
Currency issued (M0).....	73.5	77.5	85.4	85.8	93.7
Money supply (M1) ⁽²⁾	456.9	474.1	492.4	485.7	514.8
Money supply (M2) ⁽³⁾	1,186.8	1,255.5	1,276.2	1,308.4	1,411.5
Money supply (M3) ⁽⁴⁾	1,342.9	1,411.3	1,487.1	1,602.4	1,717.4
Bank credit (domestic) ⁽⁵⁾	1,381.2	1,454.4	1,452.7	1,509.4	1,593.8
<i>of which: Credit to private sector</i>	1,043.2	1094.6	1105.0	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 ⁽¹⁾
	<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 ⁽⁴⁾
Total number of commercial banks	57	60	61	60	59
Total number of branches.....	960	931	853	823	735
Total number of employees ⁽¹⁾	40,159	37,547	34,675	36,629	35,637
Bank credit (domestic) (AED billions) ⁽²⁾	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 ⁽³⁾ (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 Branches	Year Established	Government ownership (%)	Assets ⁽¹⁾ (AED billions)
First Abu Dhabi Bank P.J.S.C.	76 ⁽⁴⁾	2017 ⁽²⁾	37.0	822.0
Emirates NBD Bank P.J.S.C.	91 ⁽¹⁾	2007 ⁽³⁾	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 ⁽⁵⁾	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 its ability to fulfil its obligations under or in connection with the Capital Securities – 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:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR \geq 10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR \geq 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 its ability to fulfil its obligations under or in connection with the Capital Securities – 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:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of traded shares (<i>billions</i>)	98.2	105.8	82.5	45.4	_(¹)
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	_(¹)
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:

(¹) No published information available as of the date of this 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:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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	_(⁽³⁾)
Number of transactions	30,637	22,913	29,518	29,057	_(⁽³⁾)
Market capitalisation (<i>AED millions</i>)	67,568.5	58,118.1	82,821.9	63,666.3 ⁽²⁾	_(⁽³⁾)
FTSE Nasdaq Dubai UAE 20 year-end closing price	3,063.35	3,293.85 ⁽¹⁾	3288.69	3074.32	3,184.38

Sources: Dubai Statistics Centre, Nasdaq Dubai.

Notes:

⁽¹⁾ As at 29 December 2016.

⁽²⁾ As at 30 September 2018.

⁽³⁾ No published information available as of the date of this Prospectus.

TAXATION

The following is a general description of certain tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities and does not constitute legal or tax advice. Prospective purchasers of Capital Securities 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 Capital Securities and receiving payments under the Capital Securities. This summary is based upon the law as in effect on the date of this 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 Capital Securities 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 Capital Securities 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 Capital Securities). In the event of the imposition of any withholding, the Issuer has undertaken to gross-up any payments of interest subject to certain limitations, as described in Condition 12 (*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 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 Capital Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Capital Securities 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 Capital Securities 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 Capital Securities 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 UAE) 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 the Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, are uncertain and may be subject to change. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Capital Securities.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 7 July 2020 between the Issuer and the Joint Lead Managers, the Issuer has agreed to issue U.S.\$750,000,000 in aggregate principal amount of the Capital Securities and subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe or procure subscribers for the Capital Securities at the issue price of 100 per cent. of the principal amount of Capital Securities.

The Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and offering of the Capital Securities. The Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of Capital Securities and to indemnify the Joint Lead Managers against certain liabilities incurred by them in connection therewith.

United States

The Capital Securities 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered any Capital Securities, and will not offer, sell or deliver any Capital Securities: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of all Capital Securities as determined and certified as provided below, other than in accordance with Rule 903 of Regulation S under the Securities Act. Each Joint Lead Manager who purchases Capital Securities shall determine and certify to the Fiscal Agent the completion of the distribution of the Capital Securities. On the basis of such notification or notifications, the Fiscal Agent has agreed to notify such Joint Lead Manager of the end of the distribution compliance period with respect to the Capital Securities.

Until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of the Capital Securities within the United States by any dealer/manager (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.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Capital Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities 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:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) 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.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Capital Securities in the Kingdom of Bahrain except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (including the Qatar Financial Centre)

Each Joint Lead Manager has represented and agreed that it has not offered, delivered or sold, and will not offer, deliver or sell, at any time, directly or indirectly, any Capital Securities in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar (including the Qatar Financial Centre).

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 Capital Securities. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Capital Securities pursuant to an offering should note that the offer of Capital Securities 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 Capital Securities 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 Joint Lead Manager has represented that any offer of Capital Securities 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 Capital Securities 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 Capital Securities pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Capital Securities to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Capital Securities 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 Capital Securities 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.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Capital Securities 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.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Capital Securities 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.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); 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 (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities 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.

Japan

The Capital Securities 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 Joint Lead Manager has represented and agreed that it will not offer or sell any Capital Securities, directly or indirectly, 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 Joint Lead Manager has acknowledged that this Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause the Capital Securities 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to any person in Singapore other than: (a) 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; (b) 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 (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Capital Securities 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 Capital Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Joint Lead Manager has agreed 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 offers or sells any Capital Securities or possesses or distributes this Prospectus and that it will obtain any consent, approval or permission required by it for the offer or sale by it of any Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers or sales and neither the Issuer nor any of the other Joint Lead Managers shall have any responsibility therefor.

Neither the Issuer nor any of the Joint Lead Managers has represented that the Capital Securities 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. Persons into whose possession this Prospectus or the Capital Securities may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Prospectus and the offering and sale of Capital Securities.

GENERAL INFORMATION

Authorisation

The issue of the Capital Securities by the Issuer was duly authorised by resolutions of the Board of Directors of the Issuer on 26 November 2019 and by the shareholders of the Issuer on 10 March 2020.

Approval of the Prospectus, Admission to Trading and Listing of Capital Securities

Application has been made to the Luxembourg Stock Exchange for the Capital Securities to be admitted to listing on the Luxembourg Official List and to trading on the Luxembourg Regulated Market. It is expected that the listing of the Capital Securities on the Luxembourg Official List and admission of the Capital Securities to trading on the Luxembourg Regulated Market will be granted on or around the Issue Date. The total expenses related to the admission to trading on the Luxembourg Regulated Market are estimated at €12,600.

Application has also been made to the DFSA for the Capital Securities to be admitted to the DFSA Official List and to Nasdaq Dubai for the Capital Securities to be admitted to trading on Nasdaq Dubai. It is expected that the listing of the Capital Securities on the DFSA Official List and admission of the Capital Securities to trading on Nasdaq Dubai will be granted on or around the Issue Date. The total expenses relating to the admission to trading of the Capital Securities on Nasdaq Dubai are estimated to be U.S.\$7,000.

Documents Available

For as long as the Capital Securities are outstanding, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer, the specified offices of the Fiscal Agent for the time being in London and, in the case of the documents listed in paragraphs (a) to (d) below, at <https://www.emiratesnbd.com/en/investor-relations/ratings-debt/public-issuances/>:

- (a) the Memorandum and Articles of Association (with an English translation thereof) of the Issuer;
- (b) the unaudited condensed consolidated interim financial statements of the Issuer in respect of the three months ended 31 March 2020, together with the review report prepared in connection therewith;
- (c) the audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 December 2019 and 31 December 2018, in each case together with the audit reports prepared in connection therewith;
- (d) this Prospectus; and
- (e) the Agency Agreement (which contains the forms of the Global Certificate and the Individual Certificate) and the Deed of Covenant.

Clearing Systems and Identification Codes

The Capital Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN is XS2134363170 and the common code is 213436317. The Financial Instrument Short Name (FISN) and the Classification of Financial Instruments (CFI) Code in respect of the Capital Securities are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the ISIN, in each case, as may be updated.

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 S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Legal Entity Identifier ("LEI")

The LEI code of the Issuer is 54930029BCN8HF3B1286.

Website of the Issuer

The website of the Issuer is <https://www.emiratesnbd.com/>. The information on <https://www.emiratesnbd.com/> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

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 under or in connection with the Capital Securities – 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 under or in connection with the Capital Securities – 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 the Issuer since 31 December 2019.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer or the Group.

Independent Auditors

Ernst & Young Middle East (Dubai Br.) ("**EY**") 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. The address of EY is 28th Floor, Al Saqr Business Tower, Sheikh Zayed Road, P.O. Box 9267, Dubai, United Arab Emirates.

At the Issuer's General Assembly Meeting on 20 February 2019 the shareholders of the Issuer approved the appointment of Deloitte & Touche (M.E.) ("**Deloitte**") as auditors of the Issuer, who replaced EY as the auditors of the Issuer with effect from the 2019 financial year. Deloitte have 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. The address of Deloitte & Touche (M.E.) is Building 3, Level 6, Emaar Square, Downtown Dubai, P.O. Box 4254, Dubai, United Arab Emirates.

EY and Deloitte are regulated in the UAE by the UAE Ministry of Economy which has issued each of EY and Deloitte with a license to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, EY and Deloitte are not members of a professional body in the UAE. All of EY's and Deloitte's audit partners are members of the institutes from where they received their professional qualification.

Joint Lead Managers transacting with the Issuer

In the ordinary course of their business activities, the Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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 Capital Securities. Any such short positions could adversely affect future trading prices of the Capital Securities. The Joint Lead Managers 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.

ISSUER

Emirates NBD Bank PJSC

P.O. Box 777
Dubai
United Arab Emirates

FISCAL AGENT AND CALCULATION AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law and Dubai law

Clifford Chance LLP

Level 15, Burj Daman
Dubai International Financial Centre
P.O. Box 9380
Dubai
United Arab Emirates

To the Joint Lead Managers as to English law and Dubai law

Norton Rose Fulbright (Middle East) LLP

4th Floor, Gate Precinct, Building 3
Dubai International Financial Centre
P.O. Box 103747
Dubai
United Arab Emirates

JOINT STRUCTURING AGENTS AND JOINT GLOBAL COORDINATORS

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Emirates NBD Bank PJSC

c/o Emirates NBD Capital Limited
Level 12, West Wing
The Gate Building
DIFC, Dubai
United Arab Emirates
P.O. Box 506710

Standard Chartered Bank

7th Floor Building One, Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

JOINT LEAD MANAGERS

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Emirates NBD Bank PJSC

c/o Emirates NBD Capital Limited
Level 12, West Wing
The Gate Building
DIFC, Dubai
United Arab Emirates
P.O. Box 506710

First Abu Dhabi Bank PJSC
FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Merrill Lynch International
2 King Edward Street
London
EC1A 1HQ
United Kingdom

Standard Chartered Bank
7th Floor Building One, Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

AUDITORS

In respect of the period from 1 January 2019 to the date of this Prospectus

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square, Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

In respect of the period from 1 January 2018 to 31 January 2018

Ernst & Young Middle East (Dubai Br.)
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
P.O. Box 9267
Dubai
United Arab Emirates