**IBOR Transition Update**

Dear Valued Client

**What just happened to the Sterling market?**

A key milestone in the discontinuation of the Sterling London Interbank Offered Rate (GBP LIBOR) has occurred.

As of 1 April 2021, most new Sterling denominated financial products will no longer reference GBP LIBOR, but will instead reference the Sterling Overnight Index Average rate (SONIA) or other alternatives, such as the Bank of England Base Rate.

This milestone aligns with the roadmap of the Working Group on Sterling Risk-Free Reference Rates (RFRWG) and has also been endorsed by the Bank of England.

The RFRWG’s stated recommendation was that by the end of Q1 2021 market participants would cease initiating new GBP LIBOR-linked linear derivatives, loan facilities, bonds and securitization products that would expire after 2021. This would also apply to all new or re-financed GBP LIBOR-linked bilateral and syndicated loans (including multi-currency facilities which include a Sterling denominated facility).

While this move away from GBP LIBOR will apply to almost all new Sterling denominated financial products in the market, the RFRWG also acknowledges that there will be limited circumstances under which new GBP LIBOR-linked products expiring after 2021 may still need to be so documented. These would generally pertain to drawdowns on or after 1 April 2021 under loan facilities entered into before that date. The RFRWG has published guidance on other financial products that can avail of this limited exception.

**What does this change in the Sterling market mean for you now?**

Emirates NBD Bank PJSC (ENBD) will adhere to the regulatory guidance of the RFRWG and the Bank of England in respect of Sterling denominated financial products and other LIBOR reform related regulatory guidance.

Notwithstanding the change in the market for new Sterling denominated products, GBP LIBOR is expected to continue to be published until the end of 2021. So, for example, you can still drawdown a GBP denominated facility linked to GBP LIBOR (subject to satisfaction of the conditions in your existing loan facility entered into on or before 31 March 2021).

For any new Sterling denominated loans or other financial products, ENBD will offer these products by reference to SONIA (other than those new products permitted to be GBP LIBOR-linked in limited circumstances).

For more information on the LIBOR transition, please refer to the FAQs on our website. For any further queries relating to the discontinuation of LIBOR, please contact your Relationship Manager.
Are there other LIBOR transition considerations?

Since LIBOR is and has been widely used, its discontinuation may impact, amongst other things, the payments under and/or the value of the finance products you currently have or that you may obtain in the future, your systems and processes, hedging arrangements and tax and accounting treatment. The implications of LIBOR discontinuation will differ depending on the product and/or service that you use.

When entering into transactions with ENBD, you should consider the risks and benefits of using a particular benchmark and understand the consequences if such a benchmark is changed or discontinued. You should consider whether you have suitable contingency plans in place should any of the events described above happen. You should consider, and keep under review (on your own behalf or through independent professional advice), the potential impact and risks of any future changes to the relevant benchmark rates under the financial contracts and financial instruments that you have (or may in the future enter into) with ENBD.

We recommend that you keep up to date with the latest industry developments in relation to the upcoming changes and the potential alternative benchmark rates that may be relevant to you.

Best regards,

Emirates NBD

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