IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base prospectus (the "**Base Prospectus**"). In accessing the attached Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Emirates Development Bank P.J.S.C. (the "**Bank**") as a result of such access.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN AND WILL NOT 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, PLEDGED OR OTHERWISE TRANSFERRED 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) EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE ATTACHED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE SOLE ARRANGER AND THE DEALERS (EACH AS DEFINED IN THE BASE PROSPECTUS BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THE ATTACHED BASE PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

THE ATTACHED BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE ATTACHED BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE "**ORDER**") OR HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (EACH SUCH PERSON BEING REFERRED TO AS A "**RELEVANT PERSON**"). THIS COMMUNICATION IS BEING DIRECTED ONLY AT RELEVANT PERSONS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. NO PERSON OTHER THAN A RELEVANT PERSON SHOULD RELY ON IT.

Confirmation of Your Representation: By accessing the attached Base Prospectus you confirm to the Sole Arranger and the Dealers (as defined in the attached Base Prospectus) and the Bank that: (i) you understand and agree to the terms set out herein; (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions; (iii) you consent to delivery of the attached Base Prospectus by electronic transmission; (iv) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Dealers; and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Notes.

You are reminded that the attached Base Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received the attached Base Prospectus by e-mail, you should not reply by e-mail to such communication. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you received the attached Base Prospectus by e-mail, your use of that e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or a solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Bank in such jurisdiction.

Under no circumstances shall the attached Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached Base Prospectus.

The attached Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Sole Arranger, the Dealers, the Bank nor any person who controls or is a director, officer, employee or agent of the Dealers, the Bank nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Dealers.

The distribution of the attached Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Dealers and the Bank to inform themselves about, and to observe, any such restrictions.

BASE PROSPECTUS

EMIRATES DEVELOPMENT BANK P.J.S.C.

(incorporated with limited liability in the Emirate of Abu Dhabi, the United Arab Emirates)

U.S.$3,000,000,000
Euro Medium Term Note Programme

Under this U.S.$3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Emirates Development Bank P.J.S.C. ("**EDB**" or the "**Bank**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Bank and the relevant Dealer(s) (as defined below).

Notes may be issued in bearer or registered form (respectively, "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$3,000,000,000 (or its equivalent in other currencies calculated as provided in the Dealer Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the dealers specified under "*Overview of the Programme*" and any additional dealer(s) appointed under the Programme from time to time by the Bank (each a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer(s)**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the ability of the Bank to fulfil its obligations under the Notes, see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus 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 DIFC Law No. 1 of 2012 (the "**Markets Law**"). Application has also been made to the DFSA for certain Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Bank and the relevant Dealer. The Bank may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Bank. The DFSA has also not assessed the suitability of any Notes issued under the Programme to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether any Notes issued under this Base Prospectus are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the DFSA and Nasdaq Dubai.

The Bank has been assigned a credit rating of AA- with a stable outlook by Fitch Ratings Ltd. ("**Fitch**") and AA- with a stable outlook by S&P Global Ratings Europe Limited ("**S&P**"). The Programme has been rated AA- by Fitch. The United Arab Emirates has been assigned a credit rating of AA with a stable outlook by Fitch and Aa2 with a stable outlook by Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**"). Moody's Singapore is not established in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**") but the rating it has assigned is endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under Regulation (EU) No. 1060/2009 on credit rating agencies, as amended (the "**EU CRA Regulation**"). S&P is established in the EEA and registered under the EU CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs) in accordance with the EU CRA Regulation. The rating S&P has assigned is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under Regulation (EU) No. 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and have not been withdrawn. Each of Moody's and Fitch is established in the UK and registered under the UK CRA Regulation. Each of Moody's and Fitch appears on the latest update of the list of registered credit rating agencies on the UK Financial Conduct Authority's (the "**FCA**") Financial Services Register. The rating Moody's has assigned is endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under the EU CRA Regulation. The rating Fitch has assigned is endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the EU CRA Regulation. **A credit 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.**

Where a Series of Notes is rated, such rating will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Sole Arranger
Emirates NBD Capital

Dealers

Emirates NBD Capital | **Standard Chartered Bank**

Abu Dhabi Commercial Bank PJSC | **ICBC Dubai (DIFC) Branch**

Crédit Agricole CIB

The date of this Base Prospectus is 8 November 2023

IMPORTANT NOTICES

This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of giving information with regard to the Bank and the Notes which, according to the particular nature of the Bank and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, profits and losses, financial position, financial performance and prospects of the Bank.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Bank. The DFSA has also not assessed the suitability of any Notes issued under this Programme to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether any Notes issued under this Base Prospectus are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Notes issued under the Programme are issued in tranches (each tranche of Notes being a "**Tranche**"). Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called the final terms (the "**Final Terms**") as described under "*Final Terms*" below.

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the applicable Final Terms.

Each Tranche of Notes may be rated or unrated. Such rating will be specified in the applicable Final Terms. 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. Please also refer to "*Risks related to the market generally – Credit ratings may not reflect all risks*" in the Risk Factors section of this Base Prospectus.

The Bank accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche (as defined herein) of Notes issued under the Programme and declares that, to the best of its knowledge, and having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. The information on the websites to which this Base Prospectus refers do not form part of this Base Prospectus.

Where information has been sourced from a third party, the Bank confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third-party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus. Certain information under the heading "*General Information – Clearing of the Notes*" has been obtained from the clearing systems referred to herein.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Bank or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Bank, the Sole Arranger, the Dealers or any of the Agents.

The Sole Arranger, the Dealers and the Agents (each as defined herein) have not independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Arranger, the Dealers and the Agents as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Bank in connection with the Programme. None of the Sole Arranger, the Dealers or the Agents accept any liability in relation to the information contained in this Base Prospectus, information incorporated by reference or any other information provided by the Bank in connection with the Programme and none of the Sole Arranger, the Dealers or the Agents accept any responsibility for any acts or omissions of the Bank or any other person (other than the relevant Dealers) in connection with the issue and offering of any Notes. To the fullest extent permitted by law, none of the Sole Arranger or Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Sole Arranger or a Dealer or on its behalf in connection with the Bank, or the issue and offering of any Notes. The Sole Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Bank since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Sole Arranger, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

No comment is made or advice given by the Bank, the Sole Arranger, the Dealers or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Bank and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not 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 are subject to U.S. tax law requirements. The Notes 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 Regulations 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.

The Bank, the Sole Arranger, the Dealers and the Agents do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Bank, the Sole Arranger, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Bank.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.$3,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplementary prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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 and tax advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. In addition, potential investors should consult their own tax advisers on how the rules relating to the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") may apply to payments they receive under the Notes.

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms in respect of any Tranche of Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); (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 EU MiFID II; or (iii) not a qualified investor as defined in Regulation 2017/1129. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the applicable Final Terms in respect of any Tranche of Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Tranche of Notes may include a legend entitled "*EU MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Tranche of Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain ("**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 Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006, as amended from time to time). This Base Prospectus and related offering documents have not been and will not be registered as a Base Prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base 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 Base Prospectus or related offering documents and it has not in any way considered the merits of the 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 Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

The offering complies with Legislative Decree No.(4) of 2001 with respect to the Prevention and Prohibition of the Laundering of Money and the Ministerial Orders issued thereunder, including but not limited to, Ministerial Order No.(7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering and Anti-Money Laundering and Combating of Financial Crime Module contained in the Central Bank of Bahrain Rulebook, Volume 6.

NOTICE TO RESIDENTS OF MALAYSIA

Any Notes to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Notes in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part 1 of Schedule 6 or Section 229(1)(b), Part 1 of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Bank and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

NOTICE TO 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 RESIDENTS OF THE STATE OF QATAR

The Notes will not be offered, sold or delivered, 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 Base Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in the State of Qatar (including the Qatar Financial Centre) and do not constitute debt financing in the State of Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar (including the Qatar Financial Centre).

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE

Unless otherwise stated in the applicable Final Terms, all Notes issued or to be issued under the Programme shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Market Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the applicable Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**").

BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by: (i) the Financial Conduct Authority (the "**FCA**") pursuant to Article 36 of the UK Benchmarks Regulation; or (ii) ESMA pursuant to Article 36 of the EU Benchmarks Regulation, as applicable. The registration status of any administrator under the UK Benchmarks Regulation or the EU benchmarks Regulation is a matter of public record and, save where required by applicable law, the Bank does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements

The financial statements relating to the Bank and included in this Base Prospectus are:

- the unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2023 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2022, which includes comparative information in respect of the year ended 31 December 2021 (the "**2022 Financial Statements**"); and
- the audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**2021 Financial Statements**" and, together with the 2022 Financial Statements, the "**Annual Financial Statements**").

The Interim Financial Statements and the Annual Financial Statements are together referred to in this Base Prospectus as the "**Financial Statements**".

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS**") and applicable requirements of the Federal Decree Law No. 7 issued on 18 September 2011.

The Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the requirements of applicable laws in the UAE. They do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the 2022 Financial Statements.

The Bank's financial year ends on 31 December and references in this Base Prospectus to "**2022**", "**2021**" and "**2020**" are to the 12-month period ending on 31 December in each such year.

Source of financial information

All interim financial information relating to the Bank in this Base Prospectus has been derived from the Interim Financial Statements. Unless otherwise specified, all financial information as at, and for the years ended, 31 December in each of 2022 and 2021 relating to the Bank in this Base Prospectus has been derived from the 2022 Financial Statements and all financial information as at, and for the year ended, 31 December 2020 relating to the Bank in this Base Prospectus has been derived from the 2021 Financial Statements.

Auditors

The Interim Financial Statements have not been subject to any audit, although they have been reviewed by Deloitte & Touche (M.E.), independent auditors ("**Deloitte**"), in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Deloitte issued an unqualified review report on the Interim Financial Statements.

The Annual Financial Statements were audited by Deloitte, in accordance with International Standards on Auditing, who issued an unqualified report on each of the Annual Financial Statements.

PRESENTATION OF OTHER INFORMATION

Defined terms and currencies

Unless otherwise indicated in this Base Prospectus, all references to:

- "**Abu Dhabi**" are to the Emirate of Abu Dhabi;
- "**AED**" and "**dirham**" are to the lawful currency of the UAE;

- "**billion**" are to a thousand million;
- "**CHF**" are to the lawful currency of Switzerland;
- "**Central Bank**" are to the central bank of the UAE;
- "**Dubai**" are to the Emirate of Dubai;
- "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
- "**GBP**", "**£**" and "**pounds sterling**" are to the lawful currency of the United Kingdom;
- "**GCC**" are to the Gulf Co-Operation Council;
- "**JPY**" are to the lawful currency of Japan;
- a "**Member State**" are to a Member State of the European Economic Area;
- the "**MENA region**" are to the Middle East and North Africa region;
- "**MiFID II**" are to Directive 2014/65/EU of the European Union on markets in financial instruments, as amended;
- "**Qatar**" are to the State of Qatar;
- "**Saudi Arabia**" are to the Kingdom of Saudi Arabia;
- the "**UAE**" are to the United Arab Emirates;
- the "**UAE Government**" are to the federal government of the UAE;
- "**U.S.**" and "**United States**" are to the United States of America; and
- "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00. All U.S. dollar translations of dirham amounts appearing in this Base Prospectus have been translated at this fixed exchange rate. Such translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or at any other rate of exchange.

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in dirham. The Bank's functional currency is dirham and the Bank prepares its financial statements in dirham.

Certain publicly available information

Certain information under the headings "*Risk factors*", "*Description of the Bank*", and "*Overview of the United Arab Emirates*" has been extracted from information provided by:

- the Organization of the Petroleum Exporting Countries ("**OPEC**"), in the case of "*Risk factors*";

- the International Monetary Fund (the "**IMF**") and the UAE Federal Competitiveness and Statistics Centre (the "**FCSC**"), in the case of "*Financial review*"; and

- the Central Bank, the FCSC, the IMF and OPEC, in the case of "*Overview of the United Arab Emirates*".

In each case, the relevant source of such information is specified where it appears under those headings. None of the Sole Arranger, the Dealers nor the Bank accepts responsibility for the factual correctness of any such statistics or information but the Bank accepts responsibility for accurately reproducing such statistics and, so far as the Bank is aware and has been able to ascertain from such statistics, no fact has been omitted which would render the reproduced information inaccurate or misleading.

Statistical information relating to the UAE and Abu Dhabi included in this Base Prospectus has been derived from official public sources. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Bank to investors who have purchased any Notes.

Where information has not been independently sourced, it is the Bank's own information.

No incorporation of website information

The Bank's website is www.edb.ae. The information on this website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Base Prospectus, and investors should not rely on it.

Rounding

The Financial Statements present the Bank's financial information in thousands of dirham.

Certain financial statement figures in this Base Prospectus have been rounded to the nearest AED million or AED billion, with AED 500,000 and AED 5,000,000 and above being rounded up and AED 499,000 and AED 4,999,999 and below being rounded down. 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 percentages relating to financial statement data in this Base Prospectus have been calculated using the rounded information in the Financial Statements or using information rounded to nearest AED million or AED billion where the percentages relate to such rounded data.

Where used in tables, the figure "**0**" means that the data for the relevant item has been rounded to zero and the symbol "**—**" means that there is no data in respect of the relevant item.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more Dealers (if any) named as the "Stabilisation Manager(s)") (or any person acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so such Dealer shall act as principal and not as agent of the Bank. 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 relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CONTENTS

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, is supplemented by the applicable Final Terms.

Words and expressions defined in "*Terms and Conditions of the Notes*" and in "*Forms of the Notes*" shall have the same meanings in this overview.

The Bank:........................	Emirates Development Bank P.J.S.C. ("**EDB**" or the "**Bank**") is a public joint stock company fully owned by the UAE Government as per the Federal Decree Law No. 7 (the "**Law**") issued on 18 September 2011 and is the product of a merger (the "**Merger**") of the operations and assets and liabilities of the Emirates Industrial Bank and the Emirates Real Estate Bank, both existing federal banks that were established under separate laws ("**the merged banks**"). The Law was signed by the President of the United Arab Emirates and became effective from 30 September 2011. The registered office address of the Bank is P.O. Box 51515, Abu Dhabi, UAE. The Bank's Legal Entity Identifier ("**LEI**") is 5493002OSL5GLN4HID57. See "*Description of the Bank*".
Description:.....................	Euro Medium Term Note Programme.
Risk Factors:...................	There are certain factors that may affect the Bank's ability to fulfil its obligations under the Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme. These include certain risks relating to the structure of a particular Series of Notes and certain market risks. See "*Risk Factors*".
Sole Arranger:	Emirates NBD Bank P.J.S.C.
Dealers:...........................	Abu Dhabi Commercial Bank PJSC, Crédit Agricole Corporate and Investment Bank, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, Emirates NBD Bank P.J.S.C., and Standard Chartered Bank and any other Dealer appointed from time to time by the Bank either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Citibank N.A., London Branch.
Registrar:	Citibank Europe Plc.
Final Terms:	Notes issued under the Programme may be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the applicable Final Terms.
Listing and Trading:	Application has been made to the DFSA for the Notes issued under the Programme to be admitted to the DFSA Official List and for such Notes to be admitted to trading on Nasdaq Dubai. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Bank and the relevant Dealer(s) in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Clearing Systems:..........	Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**").
Initial Programme Amount:	Up to U.S.$3,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Bank may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Issuance in Series:	Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first payment of interest thereon (if any) and the date from which interest starts to accrue), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will comprise, where necessary, the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche), will be identical to the terms of other Tranches of the same Series and will be completed in the applicable Final Terms.
Forms of Notes:...............	Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). In respect of each Tranche of Bearer Notes, the Bank will initially deliver a Temporary Global Note or (if so specified in the applicable Final Terms in respect of Notes to which the TEFRA C Rules apply (as so specified in such Final Terms)) a Permanent Global Note (each as described herein). Such Global Note will be deposited on or around the relevant issue date therefor with Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Interests in each Temporary Global Note will, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership, be exchangeable for interests in a Permanent Global Note or, if so specified in the applicable Final Terms, for Definitive Notes (as described herein) in bearer form. Interests in each Permanent Global Note will be exchangeable for Definitive Notes in bearer form. Definitive Notes in bearer form will, if interest-bearing, have Coupons attached and, if appropriate, Talons (each as described herein). In respect of each Tranche of Registered Notes, the Bank will deliver to each holder Registered Notes which will be recorded in the register which the Bank shall procure to be kept by the Registrar. A Global Registered Note may be registered in the name of a nominee for one or more clearing systems. Registered Notes will not be represented upon issue by a Temporary Global Note and may not be exchanged for Bearer Notes.
Currencies:......................	Notes may be denominated in U.S. dollars, euro, AED or any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes:.........	Notes may be issued on a subordinated or unsubordinated basis, as specified in the applicable Final Terms.

Issue Price:.....................	Notes may be issued at any price, as specified in the applicable Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities:	Any maturity is subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Where Notes have a maturity of less than one year and either: (a) the issue proceeds are received by the Bank in the United Kingdom; or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Bank in the United Kingdom, such Notes must: (i) have a minimum redemption value of GBP100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of FSMA by the Bank.
Redemption:...................	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par.
Optional Redemption:....	Notes may be redeemed before their stated maturity at the option of the Bank (either in whole or in part) and/or the Noteholders (including following the occurrence of a Change of Ownership Event as described below) to the extent (if at all) specified in the applicable Final Terms.
Change of Ownership: ...	If so specified in the applicable Final Terms, each investor will have the right to require the redemption of its Notes if a Change of Ownership Event occurs.
Tax Redemption:...........	Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption and Purchase – Redemption for tax reasons*).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:..............	The Notes will be issued in such denominations as may be agreed between the Bank and the relevant Dealer(s) and as specified in the applicable Final Terms subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Note shall be \$100,000 (or, if the Notes are denominated in a currency other than United States dollars, the equivalent amount in such currency as at the date of the issue of the Notes).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.
Floating Rate Notes:.......	Floating Rate Notes will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Bank and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day

Count Fraction, as may be agreed between the Bank and the relevant Dealer.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Bank and the relevant Dealer for such Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Unless otherwise stated in the applicable Final Terms, the minimum interest rate for a Floating Rate Note shall be deemed to be zero.

Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 6 (*Negative Pledge*), which only applies to Senior Notes.
Cross-Default:.................	The Notes will have the benefit of a cross-default as described in Condition 14(a)(iii) (*Events of Default – Events of Default for Senior Notes – Cross-Acceleration of Bank*), which only applies to Senior Notes.
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes imposed by the United Arab Emirates unless the withholding is required by law. In that event, the Bank will (subject as provided in Condition 13 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such net amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:.............	English law.
Waiver of Immunity:	The Bank has irrevocably agreed that, should any Proceedings (as defined in Condition 22 (*Governing Law and Jurisdiction*)) be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Bank has irrevocably agreed that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes. Notwithstanding the foregoing, the Bank makes no representation as to whether Article 247 of Federal Law No. 11 of 1992 regarding the Law of Civil Procedures will apply to its assets, revenue or property or whether such law can be waived.
Enforcement of Notes in Global Form:	In the case of Global Notes, individual investors' rights against the Bank will be governed by the Deed of Covenant (as defined herein), a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Ratings:	The ratings of any Tranche of Notes to be issued under the Programme which is to be rated and the credit rating agency issuing such rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not: issued by a credit rating

agency established in the EEA and registered under the EU CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Selling Restrictions:........ For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the Dubai International Financial Centre, the European Economic Area, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, the State of Qatar (including the Qatar Financial Centre), the UAE (excluding the Dubai International Financial Centre), the UK and the United States of America and such other restrictions as may be required in connection with the offering and sale of the Notes, see "*Subscription and Sale*" below.

Category 2 selling restrictions will apply for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The Notes will be issued in compliance with United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the applicable Final Terms states that Notes are issued in compliance with United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

The Bank believes that the following factors may affect its ability to fulfil its obligations in respect of Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring. The order in which the risks are presented below does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Bank. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Bank to repay principal, pay interest or other amounts or fulfil other obligations on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Bank 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 Base Prospectus and reach their own views prior to making any investment decision.

The occurrence of any of the risks described below, or any other risks not currently known to the Bank, could have a material adverse effect on the Bank's financial condition, results of operations, liquidity and future prospects and could affect the Bank's ability to make payments under the Notes and/or the market price of any Notes issued under the Programme.

Prospective investors should also consult their own financial and legal advisers about the risks associated with an investment in any Notes issued under the Programme and the suitability of investing in such Notes in light of their particular circumstances, without relying on the Bank. Prospective investors are advised to make, and will be deemed by the Bank to have made, their own investigations in relation to such factors before making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" have the same meanings in this section.

FACTORS THAT MAY AFFECT THE BANK'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF NOTES ISSUED UNDER THE PROGRAMME

The Bank's strategy, future operations and performance are subject to a number of risks that may affect the execution of its growth plans

The Bank unveiled a new strategy in 2021 establishing its identity as a key enabler of the UAE's economic diversification and industrial transformation agenda. The Bank's developmental objectives under the strategy are to act as a key financial engine to enable and empower the UAE's implementation of its industrial development strategy; to focus on five priority industrial sectors; to increase its contribution to the UAE's GDP to more than AED 10 billion in 2026 (from AED 950 million in 2020) and to position the UAE as a key industrial hub for local and global businesses looking to set up or expand their operations.

By 2026, the Bank's targets include growing its financing to AED 30 billion and increasing its return on equity significantly. The Bank's new strategy is also expected to have a positive impact on the UAE's economy, with its contribution to the UAE's GDP being targeted to increase from AED 950 million in 2020 to more than AED 10 billion by 2026. The strategy also aims to create over 25,000 jobs and benefit over 13,500 companies.

There can be no assurance that the Bank will achieve its targets or that it will be successful in implementing all aspects of its strategy. In particular, given its relatively limited history, the Bank lacks significant experience in lending to its targeted sectors and credit exposure, particularly in the MSME sector, may present particular challenges to the Bank in times of economic slowdown.

The Bank intends to continue providing support to Emiratis seeking to acquire a home, by offering home loans on softer terms than those of commercial banks. However, the Bank is exposed to increased delinquencies in this regard to the extent that its portfolio remains concentrated on this sector. See "*—The Bank is exposed to credit risk and has significant concentrations of credit risk*" below.

The ability to acquire, attract and retain talent is also critical for the Bank to fully execute its strategy. See "*—The Bank may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy*" below.

The Bank's business, financial condition, results of operations and prospects were negatively impacted by COVID-19 and are, and will continue to be, affected by global, regional and local economic conditions and any future deterioration in economic conditions, particularly in the UAE, could materially adversely impact the Bank

The Bank's business is focused on the UAE and its results of operations are affected by economic conditions in the UAE which, in turn, may be affected by regional and global economic conditions. As at 31 December 2022, 96.9 per cent. of the Bank's credit risk was concentrated in the UAE.

The Bank, in common with all other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. In 2020, the macro-economic environment (both globally and within the UAE) was materially adversely affected by the coronavirus disease 2019 (known as COVID-19), which impacted most countries around the world. Most affected countries introduced measures to try to contain the spread of the virus, including measures that restricted the movement of their citizens. In addition, and in part due to the impact of the restrictions imposed to combat COVID-19 on the demand for oil, international oil prices fell significantly in the second quarter of 2020, resulting in the average annual price of the OPEC Reference Basket (which is a notional blend of crudes from around the world) being U.S.$41.47 per barrel.

These effects impacted the Bank in 2020 through their effect on certain of the Bank's customers which resulted in the Bank approving payment holidays to a limited number of customers ranging from one to six months, increased restructurings and breaches of covenants which increased the Bank's credit risk and resulted in an increase of AED 3.8 million in its provisions for expected credit losses ("**ECL**") in 2020 compared to 2019 on its loans and advances and murabaha, ijarah and estisnaa contracts, see "*—The Bank is exposed to credit risk and has significant concentrations of credit risk*" below.

Oil prices generally recovered in 2021 and increased sharply in 2022 following the Russian invasion of Ukraine in February 2022, with the average annual OPEC reference price being U.S.$69.89 per barrel in 2021 and U.S.$100.08 per barrel in 2022. These factors contributed to a significant economic improvement in the UAE in those years.

In 2023, the monthly average OPEC reference basket price has ranged between U.S.$75 and U.S.$84 per barrel. Increased central bank policy rates designed to combat inflation have restricted economic activity and bank insolvencies in the United States and Switzerland and a prolonged period of uncertainty in relation to the U.S. debt ceiling created turbulence in financial markets in the first half of the year. There remain significant risks to a continued global recovery, including:

- inflation remaining high or increasing if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy;
- financial sector turbulence resuming as markets adjust to further policy tightening by central banks;
- China's recovery slowing, in part as a result of unresolved real estate problems, with negative cross-border spillovers; and
- sovereign debt distress spreading to a wider group of economies.

Any one or more of these factors could negatively impact the Bank or its customers and have an adverse impact on the Bank's financial performance.

The Bank is exposed to credit risk and has significant concentrations of credit risk

The Bank's largest credit risk exposures are its loans and advances to customers and its Islamic finance (together referred to as its "**customer financing portfolio**") and which amounted to AED 6,792 million as at 31 December 2022, equal to 51.5 per cent. of its maximum exposure to credit risk before collateral held or other credit enhancements at the same date. In addition, the Bank's balances and deposits with banks aggregated AED 4,590 million as at 31 December 2022 and comprised 37.5 per cent. of its total exposure to credit risk at that date.

Risks arising from adverse changes in the credit quality and recoverability of the Bank's financings are inherent in a wide range of its businesses. In particular, the Bank is exposed to the risk that its customers may not repay amounts advanced to them in accordance with the applicable contractual terms and that any collateral securing the payment of these amounts advanced may be insufficient. The Bank continuously reviews and analyses its customer financing portfolio and its balances and deposits with banks (together, its "**financing portfolios**") and their related credit risks, and the Bank assesses its potential losses on its financing portfolios based on, among other things, its analysis of current and historical delinquency rates and financing management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in a volatile economic climate.

Credit losses could also arise from a deterioration in the credit quality of specific customers, issuers and other counterparties of the Bank, or from a general deterioration in local or global economic conditions (see "*—The Bank's business, financial condition, results of operations and prospects were negatively impacted by COVID-19 and are, and will continue to be, affected by global, regional and local economic conditions and any future deterioration in economic conditions, particularly in the UAE, could materially adversely impact the Bank*" above), or from systemic risks within financial systems, any or all of which could affect the recoverability and value of the Bank's assets and require an increase in the Bank's provisions for the impairment of assets within its financing portfolios.

The Bank's credit risk is increased by concentrations of risk. Outside its balances and deposits with banks, the Bank has significant customer risk concentrations. For example, the Bank's top 10 exposures, most of which are UAE Government-related, amounted to 7 per cent. of its total customer financing portfolio as at 31 December 2022.

In addition, as at 31 December 2022, the Bank's real estate loans and advances to customers amounted to AED 4,127 million, or 79.4 per cent. of its total loans and advances before allowance for impairment. These loans comprise both home finance loans advanced to individuals and loans secured by real estate. In addition, its entire Islamic finance portfolio of AED 1,864 million (before allowance for impairments) comprises home finance advances. The ability of its customers, particularly those employed in the private sector in the UAE, to repay these loans will remain strongly linked to economic conditions in the UAE, with increases in unemployment levels and interest rates and declining consumer spending power and house prices being among the main factors that could adversely impact the Bank's real estate exposures. As a result, any deterioration in general economic conditions in the UAE could lead to a deterioration in the credit quality of the Bank's counterparties. See "*—The Bank's business, financial condition, results of operations and prospects were negatively affected by COVID-19 and are, and will continue to be, affected by global, regional and local economic conditions and any future deterioration in economic conditions, particularly in the UAE, could materially adversely impact the Bank*" above.

The Bank also has a significant geographic risk concentration. For example, 99.9 per cent. of its exposure to credit risk in relation to its customer financing portfolio as at 31 December 2022 was concentrated in the UAE and the balance was in the GCC.

At 31 December 2022, the Bank's total ECL in respect of its customer financing portfolio amounted to AED 270 million in aggregate (compared to AED 253 million as at 31 December 2021). Any failure by the Bank to maintain the quality of the assets in its financing portfolios through effective risk management policies could lead to higher loss provisioning and result in higher levels of defaults and write-offs. In addition, the Central Bank may, at any time, amend or supplement its guidelines and as a result the Bank may make additional provisions in respect of its financing portfolios if it determines that it is appropriate to do so, although the Bank is not required to make any such provisions as the Bank is not subject to the Central Bank's guidelines. If any additional provisions are made by the Bank, then depending on the exact quantum and timing, such provisions could have an adverse impact on its financial performance.

A significant decrease in the quality of the Bank's financing portfolios could materially adversely affect its business

The Bank's total non-performing loans and advances to customers and Islamic finance ("**NPLs**", being loans which are classified as stage 3 in line with IFRS 9) amounted to AED 259 million (before allowance for impairment) as at 31 December 2022 compared to AED 257 million (before allowance for impairment) as at 31 December 2021 and AED 257 million (before allowance for impairment) as at 31 December 2020.

The Bank's NPL ratio (defined as the ratio of NPLs to the total customer financing portfolio before allowance for impairment) amounted to 3.7 per cent. at 31 December 2022 compared to 4.1 per cent. as at 31 December 2021 and 5.4 per cent. as at 31 December 2020. The Bank has a legacy portfolio of loans from Emirates Industrial Bank and Emirates Real Estate Bank, which were merged to create the Bank. Both banks had stopped lending activities for a significant period before the merger and as a result performing loan repayments with no new loans being granted resulted in an increase in the proportion of NPLs in the combined portfolio. The continuing decrease in the Bank's NPL ratio from 2020 to 2022 principally reflects its increasing loan portfolio which has reduced the impact of the legacy portfolio NPLs.

The Bank has two impaired financial institution loans as at 31 December 2022 together totalling AED 110 million. These loans defaulted as result of the financial crisis in 2009 and were renegotiated in 2014.

Any significant future deterioration in the Bank's financing portfolios could result in increased impairments and thus materially adversely affect the Bank's business and profitability.

The Bank is exposed to declining property values in the UAE both in relation to its home finance portfolio and, to a lesser extent, its other portfolios

The Bank's customer financing portfolio before allowance for impairment as at 31 December 2022 was AED 7,062 million, of which AED 3,367 million, or 47.7 per cent., represented home financing.

Negative economic and other factors could lead to a contraction in the real estate sector and to decreases in residential and commercial property prices. This would be likely to adversely affect the Bank's home financing customers as well as the value of the Bank's collateral and could lead to increased impairment charges which would reduce the Bank's profitability.

The Bank could be adversely affected by the weakness or the perceived weakness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults

Against the backdrop of constraints on liquidity and the high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions that became most evident following the bankruptcy of Lehman Brothers in 2008, the Bank is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. As was experienced in 2008 and 2009, concerns about, or a default by, one institution could also lead to significant liquidity shortages, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions is closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing houses, securities firms and exchanges, with whom the Bank interacts on a daily basis. Systemic risk, should it materialise, could have a material adverse effect on the Bank's ability to raise new funding and on its business and prospects.

The Bank is subject to the risk that liquidity may not always be readily available or may only be available at significant cost

Liquidity risk is the risk that the Bank will be unable to meet its obligations, including funding commitments, as they become due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. For example, credit markets worldwide experienced a severe reduction in liquidity in the final quarter of 2008 and the first half of 2009 during the global financial crisis. Since then, markets have exhibited increased volatility and financial institutions have continued to experience periods of reduced liquidity.

The perception of counterparty risk between financial institutions has also increased significantly since the global financial crisis, which has led to reductions from time to time in certain traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. The Bank's future access to these traditional sources of liquidity, for example through the issue of Notes under the Programme, may be restricted or available only at a higher cost.

In addition, uncertainty or volatility in the capital and credit markets may limit the Bank's ability to refinance maturing liabilities with long-term funding or may increase the cost of such funding. The Bank currently has two issues of Notes outstanding under the Programme, which comprised 69.5 per cent. of its total non-equity funding as at 31 December 2022. These Notes mature in March 2024 and June 2026, respectively. The Bank's access to any additional financing it may need will depend on a variety of factors, including market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank's financial condition, credit ratings and credit capacity.

The Bank has historically relied on its cash capital and deposits from UAE Government institutions to meet its funding needs, as the Bank does not accept retail deposits. The availability of institutional deposits as a source of funding may be subject to fluctuation due to factors outside the Bank's control, including significantly worsening economic conditions, and this could result in a significant outflow of these deposits within a short period of time. As at 31 December 2022, all of the Bank's deposits and funds from Governmental institutions, which comprised 30.2 per cent. of its total non-equity funding as at 31 December 2022, had remaining maturities of less than 12 months, based on the remaining period to the contracted maturity date. These deposits and funds from Governmental institutions comprise both corporate deposits and amounts provided by two UAE Government entities: the Sheikh Zayed Housing Programme (the "**SZHP**") and the Mohammed Bin Rashid Innovation Fund (the "**Innovation Fund**").

Although the Bank is party to agreements with both the SZHP and the Innovation Fund, if either of these entities should substantially reduce the funding it provides to the Bank, the Bank may need to seek other sources of funding or may have to sell assets to meet its funding requirements. In addition, the Bank's corporate depositors may not roll over their existing deposits at maturity. There can be no assurance that the Bank will be able to obtain additional funding as and when required or at prices that will not affect the Bank's ability to compete effectively. If the Bank is forced to sell assets to meet its funding requirements, it may suffer material losses as a result. In extreme cases, if the Bank is unable to secure sufficient sources of funding to meet its liquidity needs, this would have a material adverse effect on the Bank's business and prospects and could, potentially, result in its insolvency.

A negative change in the Bank's credit ratings could limit its ability to raise funding and may increase its funding costs

The Bank currently has a long-term issuer credit rating of AA- with a stable outlook from each of S&P and Fitch. These ratings, which are intended to measure the Bank's ability to meet its debt obligations as they mature, are an important factor in determining its cost of borrowing funds.

A downgrade of either of the Bank's credit ratings, or any change in outlook to negative, may increase the Bank's cost of funding, which could adversely affect its ability to obtain funding and its profitability. A downgrade of either of the Bank's credit ratings (or announcement of a negative ratings outlook) may also limit the Bank's ability to raise capital. Moreover, actual or anticipated changes in the Bank's credit ratings may affect the market value of Notes issued under the Programme.

According to both S&P and Fitch, the Bank's rating is supported by its integral links with the UAE Government. However, investors should note that the UAE Government does not guarantee the Bank's obligations and is not committed, contractually or otherwise, to supporting the Bank. In addition, the Bank's ratings are sensitive to a change in the creditworthiness of the UAE Government and on its propensity to support the banking system or the Bank.

In addition, the credit rating assigned to the Bank may not reflect the potential impact of all risks related to an investment in Notes issued under the Programme, the market or any additional factors discussed in this document, and other factors may affect the value of Notes issued under the Programme. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

The Bank's results of operations could be adversely affected by market risks, including volatility in interest rates, prices of securities and foreign exchange rates

The Bank's financial condition and results of operations could be affected by market risks that are outside its control, including, without limitation, volatility in interest rates, foreign exchange rates and prices of securities. Fluctuations in interest rates could adversely affect the Bank's financial condition and results of operations in a number of different ways. In particular, an increase in interest rates generally may decrease the value of the Bank's fixed rate investment securities and may raise the Bank's funding costs. Note 5.3 to the 2022 Financial Statements indicates that the impact of a 25 basis point interest rate change, with all other variables held constant, would have been to increase or reduce, as the case may be, the Bank's net profit for the year by AED 14 million in 2022 and by AED 13 million in 2021. These interest rate sensitivities employ simplified scenarios as discussed in note 5.3.

Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the Central Bank and the U.S. Federal Reserve, political factors and domestic and international economic conditions.

In general, the Bank aims to match its foreign currency assets and liabilities, thereby naturally hedging its exposure. Any open currency position is maintained within limits approved by its board of directors (the "**Board**"). Where the Bank is not hedged, it is exposed to fluctuations in foreign exchange rates and any hedging strategy that it uses may not always be effective. Any volatility in foreign exchange rates, including as a result of any change in the pegged dirham–dollar exchange rate (or the elimination of that rate peg altogether), could have a material adverse effect on the Bank's business. There can be no assurance that the UAE Government will not de-peg the dirham in the future or that the existing peg will not be adjusted in a manner that materially adversely affects the Bank's results of operations and financial condition. Any such de-pegging or adjustment, particularly if the dirham weakens against the U.S. dollar, could have a material adverse effect on the Bank's business.

Adverse movements in interest rates and foreign exchange rates may also adversely impact the revenue and financial condition of the Bank's borrowers which, in turn, may impact the quality of the Bank's exposures to certain borrowers.

The Bank's results of operations may also be affected by changes in the market value of the bonds and equity securities held by it. The Bank has a portfolio of quoted and unquoted equity securities which amounted to AED 280 million as at 31 December 2022. This portfolio is held at fair value through other comprehensive income ("**FVOCI**"). In addition, the Bank has a portfolio of debt and sukuk instruments which amounted to AED 138 million as at 31 December 2022 and which is held at fair value through profit and loss ("**FVTPL**"). The Bank realises gains and losses on the sale of these financial investments and also records unrealised gains and losses resulting from the fair valuation of the financial investments at each balance sheet date in its statement of income or statement of comprehensive income, as appropriate.

The fair value of the Bank's equity securities depends on numerous factors beyond the Bank's control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility. Note 5.3 to the 2022 Financial Statements indicates that the impact of a 10 per cent. change in equity prices, with all other variables held constant, would have been to increase or reduce, as the case may be, the Bank's equity by AED 28 million in 2022 and by AED 28 million in 2021.

In addition, the fair value of the Bank's FVTPL debt and sukuk instruments changes in response to perceived changes in the credit quality of the issuers of the bonds as well as changes in interest and currency exchange rates. For example, in an increasing interest rate environment, the fair values of the Bank's fixed rate FVTPL debt and sukuk investments are likely to decline which could expose the Bank to fair valuation losses or losses on the sale of such investments.

In 2022, the Bank recorded a fair value loss of AED 36 million on its financial investments held at FVTPL and a fair value gain on its financial investments held at FVOCI of AED 35 million.

In 2021, the Bank recorded a fair value loss on its financial investments held at FVTPL of AED 4 million and a fair value gain on its financial investments held at FVOCI of AED 34 million.

Should any of the Bank's financial investments held at FVTPL experience a significant and prolonged decline in fair value, this would be likely to result in the Bank making impairments or write-offs in respect of those securities which could adversely affect its profitability.

The Bank's results of operations could be adversely affected by changes in the fair value of its investment properties

The Bank's results of operations may be adversely affected by changes in the fair value of the investment properties held by it. The Bank has a portfolio of investment properties, including investment properties under development, in the emirates of Abu Dhabi, Dubai and Ajman. The Bank's investment properties are held for the purpose of generating rental income. The Bank's investment properties are fair valued by independent appraisers using a valuation model based on the Royal Institution of Chartered Surveyors' appraisal and valuation standards, with any changes in fair value between reporting dates being recorded in profit and loss.

In each of 2022, 2021 and 2020, the Bank recorded revaluation losses on its investment properties, amounting to AED 19 million, AED 13 million and AED 26 million, respectively. Should any of the Bank's investment properties experience a significant and prolonged decline in fair value, this would be likely to result in the Bank making an impairment in respect of the affected properties which could adversely affect its profitability.

Any failure of the Bank's information technology systems could have a material adverse effect on its business and reputation

The Bank depends on its information technology ("**IT**") systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Bank's business and operating data. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to the Bank's business and ability to compete effectively. The Bank's business activities would be materially disrupted if there is a partial or complete failure of any of these IT systems or communications networks.

The threat to the security of the Bank's information and customer data from cyber-attacks is real and continues to increase. Activists, rogue states and cyber criminals are among 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.

In addition, the Bank's IT systems and communications networks can fail for other reasons, many of which are wholly or partially outside the Bank's control including hardware and software failures, natural disasters, extended power outages and computer viruses or other malicious intrusions.

The Bank relies on third-party service providers for certain aspects of its business operations. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of the Bank's operations and could impact its reputation.

The proper functioning of the Bank's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Bank's transaction data could subject it to claims for losses and fines and penalties. The Bank has implemented and tested business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Bank's business and reputation.

The Bank's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks

There can be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Bank's risk management systems. Some of the Bank's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis, may not always accurately predict future risk exposures, which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Bank's empirical data would otherwise suggest.

Stress testing techniques using forward-looking scenarios assist the Bank in analysing the impact of risk on the Bank's capital, profitability, liquidity and funding position, which in turn helps to shape the Bank's strategy. These methods assist in predicting possible impacts on the Bank's risk exposures, but actual outcomes may vary and could be significantly greater than historical measures indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or information otherwise accessible to the Bank. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business and reputation.

The Bank's ability to manage operational risks is dependent upon its internal systems and procedures, which might not be fully effective in all circumstances

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of the Bank's counterparties or vendors). The Bank has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks the Bank faces.

The Bank's ability to manage operational risk, including its ability to comply with all applicable regulations, is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Bank performs regular internal audits and employs an external auditor to monitor and test its compliance systems, the Bank cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against the Bank. In the case of actual or alleged non-compliance with applicable regulations, the Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on the Bank's business.

The interests of the Bank's sole shareholder may not always be the same as those of the holders of Notes issued under the Programme

The Bank is 100 per cent. owned by the UAE Government. The UAE Government's objectives in establishing the Bank were for it to contribute to the sustainable growth of the UAE's economy, including through financing home ownership for UAE nationals and supporting government projects. By virtue of its shareholding, the UAE Government has the ability to influence the Bank's business through its ability to control actions that require shareholder approval and elect all members of the Bank's Board.

The interests of the UAE Government may be different from those of the Noteholders. For example, decisions made by the UAE Government and the Board may be influenced by the need to consider the UAE Government's objectives in establishing the Bank. Such considerations may result in decisions that are less commercially beneficial to the Bank than those that might otherwise have been made. In addition, although the Bank has not paid any dividends to the UAE Government to date, and does not currently have any plans to pay any dividends to the UAE Government for the foreseeable future, there can be no assurance that dividends will not be paid in future years.

The Bank may not receive future support from the UAE Government

On its establishment in 2011, the Bank received capital from the UAE Government totalling AED 1.7 billion as well as indirect support through deposits by UAE Government institutions. As at 31 December 2022, following additional capital contributions from the Bank's shareholder and, in 2018, the capitalisation of part of its reserves, the Bank's paid-up capital totalled AED 4.6 billion. The UAE Government is not legally obliged to fund any of the Bank's capital requirements or investments and accordingly there can be no assurance that the Bank will receive future capital or support from the UAE Government.

The UAE Government does not guarantee the financial obligations of the Bank (including in respect of any Notes issued under the Programme) nor, as with any other shareholder, does it have any legal obligation to provide any support or additional funding for the Bank's future operations.

The Bank is exposed to reputational risks related to its operations and industry

The Bank depends on the trust and confidence of its customers to succeed in its business. In this connection, the Bank is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation. The Bank's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it advances financing or in which it has invested. The Bank is also exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Bank or questionable ethical conduct by other banks may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. Any damage to the Bank's reputation could lead potential counterparties to be reluctant to do business with the Bank. Any of these developments could have an adverse effect on the Bank's business.

Although the Bank is not subject to the extensive regulations applicable to the UAE banking industry generally, its policy is to comply with that regulation and any failure to do so in the future could adversely affect its business and reputation

The Bank's policy is to seek to comply with Central Bank regulations designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These regulations, to the extent that the Bank voluntarily complies with them, may limit the Bank's ability to carry on certain parts of its business, increase its loan portfolio or raise capital or may impose significant additional costs on the Bank. For example, the Central Bank issued Basel III capital regulations, effective 1 February 2017, introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ("**CET1**"), Tier 1 and Total Capital.

Changes in applicable regulations (including new interpretations of existing regulations) may also, to the extent that the Bank voluntarily chooses to comply with them, increase the Bank's cost of doing business. If the Bank elects not to comply with any material Central Bank regulations, this may negatively affect its business and reputation to the extent that customers and counterparties regard the Bank as a less safe entity to do business with than any of its competitors.

The Bank also complies with know your customer, anti-money laundering and counter-terrorism financing laws and regulations, as well as national and international sanctions regulations and applicable anti-corruption laws in the jurisdictions in which it conducts business. To the extent that the Bank fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged, with consequent adverse effects on its business and prospects.

In addition, in order to carry out and expand its businesses, it is necessary for the Bank to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If the Bank is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

The Bank may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy

The Bank's success and ability to sustain its growth will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The market for such personnel in the Middle East is competitive and the Bank could face challenges in recruiting and retaining such personnel to manage its businesses. If the Bank is unable to recruit qualified personnel in a timely manner, this could have a material adverse effect on its operations.

The Bank depends on the efforts, skill, reputation and experience of its senior management, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could result in:

- a loss of organisational focus;
- poor execution of operations; and/or
- an inability to identify and execute potential strategic initiatives.

The Bank is also not insured against losses that may be incurred in the event of the loss of any member of its key personnel.

The Bank's accounting policies and methods are critical to how it reports its financial condition and results of operations and require management to make estimates about matters that are uncertain

Accounting policies and methods are fundamental to how the Bank records and reports its financial condition and results of operations. Management must exercise judgement in selecting and applying many of these accounting policies and methods so that they comply with IFRS.

Management has identified certain accounting policies in the notes to the Financial Statements as being critical because they require management's judgement to ascertain the valuations of assets, liabilities, commitments and contingencies. See note 4 to each of the Annual Financial Statements. These judgements relate to the determination of impairment charges on financial assets, the classification and measurement of investment securities, the fair valuation of investment securities and investment properties, and, in 2022, determining lease terms and discounting lease payments.

A variety of factors could affect the ultimate value that is obtained either when earning income, recognising an expense, recovering an asset or reducing a liability. The Bank has established policies and control procedures that are intended to ensure that these critical accounting estimates and judgements are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Bank's judgements and the estimates pertaining to these matters, the Bank cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

RISKS RELATING TO THE UAE

The Bank is subject to economic and political conditions in the UAE and the Middle East

Almost all of the Bank's current operations and assets are located in the UAE. As a result, the Bank's results of operations are, and will continue to be, generally affected by economic and political developments in or affecting the UAE and the Middle East and, in particular, by the level of economic activity in the UAE. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Bank, see "*Factors that may affect the Bank's ability to fulfil its obligations under Notes issued under the Programme—The Bank's business, financial condition, results of operations and prospects were negatively impacted by COVID-19 and are, and will continue to be, affected by global, regional and local economic conditions and any future deterioration in economic conditions, particularly in the UAE, could materially adversely impact the Bank*".

Moreover, while the UAE Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. No assurance can be given that the UAE Government will not implement restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates, profit rates, new legal interpretations of existing regulations or the introduction of taxation or exchange controls which could have a material adverse effect on the Bank's business.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. Instability in the Middle East 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 MENA region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict, civil war and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. The MENA region is currently subject to a number of armed conflicts including those in Yemen, Syria and Iraq as well as the multinational conflict with Islamic State. In addition, the current events in Israel and Gaza that commenced in October 2023 could increase the risk of destabilisation of the broader region and the situation remains highly volatile and uncertain.

Certain countries in the MENA region have experienced significant terrorist attacks, including Saudi Arabia which has experienced attacks on its oil and gas infrastructure in recent years. There can be no assurance that extremists or terrorist groups will not initiate violent activities in the UAE. 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 Bank would be able to sustain the operation of its business if adverse political events or circumstances were to occur. Investors should also note that the Bank's business and financial performance could be adversely affected by regional geopolitical events that prevent the Bank from delivering its services.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the UAE and, in particular, could impact the numbers of tourists that choose to visit the UAE and the number of businesses interested in doing business in the UAE and, consequently, could have an adverse effect on the Bank's business.

The UAE's economy is dependent upon its oil revenue

The UAE's economy is dependent upon its oil and gas activities. According to preliminary date released by the FCSC, the mining and quarrying sector (which includes crude oil and natural gas) accounted for 28.7 per cent. of the UAE's real GDP in 2020, 27.2 per cent. in 2021 and 27.6 per cent. in 2022.

Hydrocarbon prices fluctuate in the future in response to changes in many factors over which the Bank has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil-producing regions, particularly in the Middle East and Russia;
- global and regional supply and demand, and expectations regarding future supply and demand, for hydrocarbon products, which may be impacted by a wide range of factors including pandemic diseases such as COVID-19;
- the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude hydrocarbon producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

Declines in international prices for hydrocarbon products in the future could therefore adversely affect the UAE's economy which, in turn, could have an adverse effect on the Bank's business.

Investing in securities involving emerging markets countries, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of the UAE, these higher risks include those discussed above. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as any Notes issued under the Programme, will not be affected negatively by events elsewhere, especially in emerging markets.

International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such an effect were to occur, the trading price of Notes issued under the Programme could be adversely affected by negative economic or financial developments in other emerging market countries over which the UAE Government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic policy decisions of developed countries than other more developed markets. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. No assurance can be given that this will not be the case in the future.

As a consequence, an investment in Notes issued under the Programme carries risks that are not typically associated with investing in securities issued by issuers in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on the UAE, including elements of information provided in this Base Prospectus. Prospective investors should also note that emerging economies, such as the UAE's, are subject to rapid change and that the information set out in this Base Prospectus may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.

RISKS RELATED TO THE MARKET GENERALLY

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

The secondary market generally

Notes issued under the Programme will (unless they are to be consolidated into a single series with any Notes previously issued) be new securities which may not be widely distributed and for which there is currently no active trading market. Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Bank. The Bank cannot predict if any of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Bank will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (1) the Investor's Currency equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

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

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future

The Euro Interbank Offered Rate ("**EURIBOR**") and other rates and indices which are deemed to be "benchmarks" are the subject of ongoing national or international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of "benchmarks", the contribution of input data to a benchmark and the use of a benchmark within the EU. The UK Benchmarks Regulation, among other things, applies to the provision of "benchmarks" and the use of a benchmark in the UK Among other things, it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the "benchmark".

In addition, the EU Benchmarks Regulation and/or the UK Benchmarks Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the member state where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the EU Benchmarks Regulation and/or the UK Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR): (a) discourage market participants from continuing to administer or contribute to the "benchmark"; (b) trigger changes in the rules or methodologies used in the "benchmark"; or (c) lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of, and return on, any Notes linked to or referencing the relevant "benchmark".

As an example of such "benchmark" reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current "benchmarks" used in a variety of financial instruments and contracts in the Eurozone. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the Eurozone. €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, whether it will be further reformed, or whether it will be replaced with €STR or another alternative "benchmark".

The elimination of EURIBOR or any other "benchmark", or changes in the manner of administration of any "benchmark", could require, or result in, an adjustment to the Rate of Interest provisions in the Conditions (as further described in Condition 8(k) (*Benchmark Replacement*), or result in adverse consequences to holders of any Notes linked to such "benchmark" (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such "benchmark" that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of Alternative Reference Rates and as to potential changes to such "benchmark" may adversely affect such "benchmark" during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same "benchmark".

The Conditions provide for certain fallback arrangements if a Benchmark Event (as defined in the Conditions) occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the interest rate could be set by reference to a Successor Rate or an Alternative Reference Rate (without a requirement for the consent or approval of Noteholders) and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original "benchmark" continued to apply. In certain circumstances the ultimate fallback for a particular Interest Period may result in the interest rate for the last preceding Interest Period being used – this may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. The consent or approval of the Noteholders shall not be required in connection with effecting a Successor Rate or an Alternative Reference Rate (as applicable) and/or (in either case) an Adjustment Spread or any of the other changes set out in Condition 8(k) (*Benchmark Replacement*).

In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, and the involvement of an Independent Adviser (as defined in the Conditions), in certain circumstances the relevant fallback provisions may not operate as intended at the relevant time.

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

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

The Subordinated Notes are expressed to rank junior to unsubordinated creditors of the Bank

The Subordinated Notes shall constitute subordinated obligations of the Bank, as more particularly described in Condition 5 (*Status*). Accordingly, in the event of a winding-up or administration of the Bank, or an analogous process under the laws of the UAE or any Emirate therein, the rights and claims of the Noteholders will be subordinated to, respectively, Senior Creditors of the Bank (as defined in Condition 5(b) (*Status of the Subordinated Notes*)) and the relevant liquidator, applying the contractual terms, would first apply assets of the Bank to satisfy claims of all Senior Creditors of the Bank.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Bank and to Notes issued under the Programme. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the relevant rating agency at any time. There is no assurance that the rating will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely if circumstances in the future so warrant.

In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Base Prospectus:

1. The Interim Financial Statements;

2. The 2022 Financial Statements; and

3. The 2021 Financial Statements.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the specified offices of the Fiscal Agent for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. The parts of the above-mentioned documents which are not incorporated by reference into this Base Prospectus are either not relevant for investors or covered elsewhere in this Base Prospectus.

This Base Prospectus should be read and construed with any amendment or supplement hereto and with any other document incorporated by reference herein.

FINAL TERMS

In this section, the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank, the rights attaching to the Notes and the Bank's ability to make payments due under the Notes.

In relation to the different types of Notes which may be issued under the Programme, the Bank has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the applicable Final Terms unless, in accordance with Rule 2.9 of the Markets Rules, any such information constitutes a significant new matter or a significant change in, or a material mistake or inaccuracy affecting, any matter contained in this Base Prospectus which, in each case, is capable of affecting the assessment of any Notes which may be issued under the Programme, in which case such information, together with all of the other necessary information in relation to the relevant Series of Notes, may be contained in a supplementary prospectus to this Base Prospectus, or in a new Base Prospectus for use in connection with any subsequent issue of Notes.

For a Tranche of Notes which is the subject of Final Terms, the Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms will be the Conditions as supplemented by and to the extent described in the applicable Final Terms.

FORMS OF THE NOTES

Words and expressions defined in "Terms and Conditions of the Notes" herein shall have the same meanings in this section.

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**") without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**") without interest coupons, in each case as specified in the applicable Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes may, if so specified in the applicable Final Terms, be tradeable only in a minimum authorised denomination of U.S.$100,000 and higher multiples of U.S.$1,000. In such a case, no Definitive Notes will be issued with a denomination above U.S.$199,000.

The applicable Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or substantially identical successor United States Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the applicable Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless, upon due certification, exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Bank shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

(c) within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership **provided that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Temporary Global Note exchangeable for Definitive Notes

If the applicable Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable in whole, but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the applicable Final Terms specifies the form of Note as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Bank shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms) in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

(a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or

(c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 8 November 2023 (the "**Deed of Covenant**") executed by the Bank). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Bank all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Permanent Global Note exchangeable for Definitive Notes

If the applicable Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the applicable Final Terms; or

(b) at any time, if so specified in the applicable Final Terms; or

(c) if: (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

The exchange upon notice option described in paragraphs (a) and (b) above should not be expressed to be applicable under Form of Notes in the applicable Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Bank shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms) in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Bank all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Registered Notes

Subject as provided below in relation to Global Registered Notes, in respect of each Tranche of Notes issued in registered form, the Bank will deliver to each holder of such Notes an individual Registered Note and the name of the holder will be recorded in the register which the Bank shall procure to be kept by the Registrar. Registered Notes will be in substantially the forms (subject to amendment and completion) scheduled to a programme manual containing the forms of the Notes in global and definitive form and dated 8 November 2023 (the "**Programme Manual**"). Notes issued in registered form will not be represented upon issue by a Temporary Global Note and Registered Notes will not be exchangeable for Bearer Notes.

Registered Notes held in Euroclear and/or Clearstream, Luxembourg (or any other clearing system) will be represented by a global Registered Note (a "**Global Registered Note**") which will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg (or such other relevant clearing system).

The Global Registered Note will become exchangeable in whole, but not in part, for individual Registered Notes (each an "**Individual Registered Note**"):

(a) on the expiry of such period of notice as may be specified in the applicable Final Terms; or

(b) at any time, if so specified in the applicable Final Terms as being at the option of such holder of a Global Registered Note upon such holder's request; or

(c) if: (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention permanently to cease business, and no successor clearing system is available; or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

The exchange upon notice option described in paragraphs (a) and (b) above should not be expressed to be applicable under Form of Notes in the applicable Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Whenever the Global Registered Note is to be exchanged for Individual Registered Notes, such Individual Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Individual Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Registered Notes have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Registered Note; or

(b) any of the Notes evidenced by the Global Registered Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note on the due date for payment in accordance with the terms of the Global Registered Note,

then the Global Registered Note (including the obligation to deliver Individual Registered Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such date (in the case of (b) above) and the holder will have no further rights thereunder (but without prejudice to the rights which the holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Bank all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the applicable Final Terms which complete those terms and conditions.

Summary of provisions relating to the Notes in Global Form

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent below:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Bank in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Bank shall procure that the payment is noted in a schedule thereto.

Payment Business Day: In the case of a Global Note, this shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre, or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of the Global Registered Note 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 (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption and Purchase – Redemption at the option of the Bank*) in relation to only some of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Bank in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the relevant Note or Notes is/are deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Clearing System Accountholders

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Bank to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Bank in respect of payments due under the Notes and such obligations of the Bank will be discharged by payment to the bearer of the Global Note.

Legend concerning U.S. persons

Any Notes (other than Temporary Global Notes) and any Coupons and Talons appertaining thereto where TEFRA D is specified in the applicable Final Terms will bear a legend to the following effect:

"*Any United States person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended*."

The sections referred to in such legend provide that a U.S. person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the applicable Final Terms will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of provisions relating to the Notes in Global Form" above.

1. **Introduction**

(a) ***Programme***: Emirates Development Bank P.J.S.C. (the "**Bank**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$3,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) ***Final Terms***: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the applicable Final Terms. In the event of any inconsistency between these Conditions and the applicable Final Terms, the applicable Final Terms shall prevail.

(c) ***Agency Agreement***: The Notes are the subject of an agency agreement dated 8 November 2023 as amended or supplemented from time to time (the "**Agency Agreement**") between the Bank, Citibank N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citibank Europe Plc as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Fiscal Agent, the Calculation Agent and the Paying Agents and any reference to an "**Agent**" is to each one of them.

(d) ***The Notes***: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the applicable Final Terms. Copies of the applicable Final Terms are available for inspection during normal business hours at the specified office of the Fiscal Agent, the initial specified office of which is set out in the Agency Agreement.

(e) ***Summaries***: Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**", which expression shall where appropriate, be deemed to include holders of Notes issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"), the holders of related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**" respectively) and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of the Paying Agent, or, if applicable, the Registrar, the initial Specified Offices of which are set out in the Agency Agreement.

2. **Interpretation**

(a) ***Definitions***: In these Conditions, the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the applicable Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided that**:

  (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

  (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

  (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

  (D) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the applicable Final Terms;

"**Calculation Amount**" has the meaning given in the applicable Final Terms;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year;

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

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360\ \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the applicable Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the applicable Final Terms;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the applicable Final Terms;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(i) any obligation to purchase such Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(iv) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the interest commencement date in the applicable Final Terms;

"**Interest Determination Date**" has the meaning given in the applicable Final Terms;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Issue Date**" has the meaning given in the applicable Final Terms;

"**Margin**" has the meaning given in the applicable Final Terms;

"**Maturity Date**" has the meaning given in the applicable Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the applicable Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the applicable Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the applicable Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the applicable Final Terms;

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Permitted Reorganisation**" means:

(i) any solvent winding up or dissolution of a Subsidiary where the remaining assets of such Subsidiary are distributed to the Bank or any wholly-owned Subsidiary of the Bank;

(ii) any disposal by any Subsidiary (including, but not limited to, on its solvent winding up) of the whole or a substantial part of its business, undertaking or assets to the Bank or any wholly-owned Subsidiary of the Bank;

(iii) any amalgamation, consolidation or merger of a Subsidiary with any other Subsidiary or any other wholly-owned Subsidiary of the Bank; or

(iv) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by a modification made by Extraordinary Resolution of the Noteholders pursuant to Condition 18 (*Meetings of Noteholders; Modification and Waiver*);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided that**:

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected by the Bank;

"**Put Option Notice**" means a notice, in the form available from the Specified Office of the Paying Agent, or in the case of Registered Notes, the Registrar which must be delivered to the Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms;

"**Record Date**" has the meaning given to such term in Condition 12 (*Payments – Registered Notes*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"**Reference Banks**" means in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Bank;

"**Reference Price**" has the meaning given in the applicable Final Terms;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or, as the case may be, Coupon or, in connection with the transfer of Registered Notes only, the place of the Specified Office of the Registrar;

"**Relevant Currency**" has the meaning given in the applicable Final Terms;

"**Relevant Date**" means, in relation to any payment, whichever is the later of: (i) the date on which the payment in question first becomes due; and (ii) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 20 (*Notices*);

"**Relevant Financial Centre**" has the meaning given in the applicable Final Terms;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other similar instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the applicable Final Terms;

"**Reserved Matter**" means: (i) any proposal to change any date fixed for payment of principal or interest in respect of the Notes; (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes; (iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment (other than, in the case of this limb (iii) only, any change arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes); (iv) to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the applicable Final Terms;

"**Specified Denomination(s)**" has the meaning given in the applicable Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the applicable Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the real time gross settlement system operated by the Eurosystem or any successor system that replaces it (T2);

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**Zero Coupon Note**" means a Note specified as such in the applicable Final Terms.

(b) ***Interpretation***: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the applicable Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the applicable Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Interpretation – Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement and/or the Deed of Covenant shall be construed as a reference to the Agency Agreement and/or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

(a) ***Notes in Bearer Form***: Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the applicable Final Terms, Talons attached at the time of issue and may be held in holdings equal to the minimum denomination specified in the applicable Final Terms and integral multiples in excess thereof. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. All Definitive Notes will be serially numbered, with coupons, if any, attached.

(b) ***Notes in Registered Form***: Registered Notes are issued in the Specified Denomination and may be held in holdings equal to the minimum denomination specified in the applicable Final Terms and integral multiples in excess thereof. The holder of each Registered Note shall (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 other interest therein, any writing on the Registered Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Registered Note) and no Person shall be liable for so treating such holder. Title to Registered Notes will pass by transfer and registration in the register which the Bank shall procure to be kept by the Registrar. All individual Registered Notes will be numbered serially with an identity number which will be recorded in the register.

The Notes are either senior notes or subordinated notes, as indicated in the applicable Final Terms ("**Senior Notes**" and "**Subordinated Notes**", respectively).

4. **Transfers of Registered Notes**

(a) ***Transfers of Registered Notes***: A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (**provided that** such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

(b) ***Issue of new Registered Notes***: Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the day on which such Note was presented for transfer, be available for collection by each relevant holder at the Specified Office of the Registrar or, at the option of the holder requesting such transfer, be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es) as may be specified by such holder. For these purposes, a form of transfer received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

(c) ***Charges for transfer or exchange***: The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Bank, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Bank, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(d) ***Closed Periods***: Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

5. **Status**

(a) ***Status of the Senior Notes***: The Senior Notes and any related coupons constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6 (*Negative Pledge*)) unsecured obligations of the Bank which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Status of the Subordinated Notes***: The Subordinated Notes and any related Coupons constitute direct, conditional (as described below) and unsecured obligations of the Bank and rank *pari passu* among themselves.

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

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in connection with other indebtedness of the Bank shall not secure the payment obligations of the Bank in respect of the Subordinated Notes.

6. **Negative Pledge**

This Condition 6 (*Negative Pledge*) only applies to Senior Notes.

So long as any Note remains outstanding, the Bank shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Bank or Guarantee (by the Bank) of Relevant Indebtedness of others, other than a Permitted Security Interest, without: (a) at the same time or prior thereto securing the Notes equally and rateably therewith; or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

In this Condition:

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

"**Material Subsidiary**" means any Subsidiary of the Bank: (i) whose assets from time to time represent not less than 10 per cent. of the consolidated assets of the Bank, or whose revenues from time to time represent not less than 10 per cent. of the consolidated revenues of the Bank, as shown in the Bank's most recent audited consolidated annual financial statements (or, if more recent, consolidated interim financial statements); or (ii) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary;

"**Non recourse Project Financing**" means any Indebtedness incurred in connection with the financing of all or part of the costs of the acquisition, construction or development of any project, **provided that**: (i) any Security Interest given by the Bank or the relevant Subsidiary is limited solely to assets of the project; (ii) the Person or Persons providing such financing expressly agrees to limit their recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced; and (iii) there is no other recourse to the Bank or the relevant Subsidiary in respect of any default by any Person under the financing; and

"**Permitted Security Interest**" means, for the purposes of this Condition 6 (*Negative Pledge*):

(i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution;

(ii) any Security Interest arising by operation of law, **provided that** such Security Interest is discharged within 30 days of arising;

(iii) any Security Interest arising in the ordinary course of banking transactions (such as sale and repurchase transactions and share, loan and bonding lending transactions) **provided that** the Security Interest is limited to the assets which are the subject of the relevant transaction;

(iv) any Security Interest on assets or property existing at the time the Bank or any Subsidiary acquired such assets or property **provided that** such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than proceeds of such acquired assets or property), **provided that** the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(v) any Security Interest securing Indebtedness of a Person and/or its Subsidiaries existing at the time that such Person is merged into or consolidated with the Bank or a Subsidiary, **provided that** such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Bank or any Subsidiary;

(vi) any Security Interest created in connection with any Non recourse Project Financing or Securitisation;

(vii) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Notes; and

(viii) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (i) to (vii) above (inclusive) so long as the Relevant Indebtedness secured by such Security Interest is for an amount not materially greater than the principal (and any capitalised interest and fees) of such Relevant Indebtedness and the Security Interest does not extend to any additional property or assets (other than the proceeds of such assets); and

"**Securitisation**" means any securitisation of existing or future assets and/or revenues, **provided that** (i) any Security Interest given by the Bank in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Bank in respect of any default by any person under the securitisation.

7. **Fixed Rate Note Provisions**

(a) ***Application***: This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the applicable Final Terms as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*), as applicable. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions*) (after as well as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

8. **Floating Rate Note Provisions**

(a) ***Application***: This Condition 8 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions are specified in the applicable Final Terms as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8(b) (*Floating Rate Note Provisions – Accrual of interest*) (as well after as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***: If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page (or such replacement page on that service which displays the information) as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, and **provided further that** such inability is not due to the occurrence of a Benchmark Event (as defined in Condition 8(k) below), the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

If the Rate of Interest cannot be determined because of the occurrence of a Benchmark Event, the Rate of Interest shall be calculated in accordance with the terms of Condition 8(k).

In the Conditions, "**Reference Rate**" means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- Euro interbank offered rate ("**EURIBOR**");
- London interbank bid rate ("**LIBID**");
- London interbank mean rate ("**LIMEAN**");
- Shanghai interbank offered rate ("**SHIBOR**");
- Hong Kong interbank offered rate ("**HIBOR**");
- Singapore interbank offered rate ("**SIBOR**");
- Emirates interbank offered rate ("**EIBOR**");

- Saudi Arabia interbank offered rate ("**SAIBOR**");
- Australia Bank Bill Swap ("**BBSW**");
- Prague interbank offered rate ("**PRIBOR**");
- CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- Turkish Lira interbank offered rate ("**TRLIBOR**" or "**TRYLIBOR**");
- Tokyo interbank offered rate ("**TIBOR**");
- Mumbai interbank offered rate ("**MIBOR**"); and
- New Zealand bank bill benchmark ("**BKBM**").

(d) ***Maximum or Minimum Rate of Interest***: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the Final Terms, the Minimum Rate of Interest for Floating Rate Notes shall be zero.

(e) ***Calculation of Interest Amount***: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(f) ***Calculation of other amounts***: If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

(g) ***Publication***: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(h) ***Notifications etc.***: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8(i) (*Floating Rate Note Provisions – Notifications etc.*) by the Calculation Agent will (in the absence of manifest error) be binding on the Bank, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(i) ***Linear Interpolation***: Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(j) **Benchmark Replacement**

Notwithstanding any other provisions of Condition 8 (*Floating Rate Note Provisions*), if the Bank determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any rate applicable to the Notes for any Rate of Interest remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Bank shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five business days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, if applicable, an Adjustment Spread for the purposes of determining the Rate of Interest (or component part thereof) applicable to the Notes;

(ii) if: (A) the Bank is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Bank fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 8(k)(ii) prior to the relevant IA Determination Cut-Off Date, then the Bank (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 8(k)(ii) applying *mutatis mutandis*) to allow such determinations to be made by the Bank without consultation with the Independent Adviser;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8(k) (*Benchmark Replacement*));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) provided however, that if the Independent Adviser (following consultation with the Bank), or the Bank (acting in good faith and in a commercially reasonable manner), fails to determine the Adjustment Spread in accordance with this Condition 8(k)(iv) prior to the relevant Interest Determination Date, then the Successor Rate or Alternative Reference Rate, as determined in accordance with this Condition 8(k)(iv), will apply without an Adjustment Spread; and

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 8(k) (*Benchmark Replacement*) and the Independent Adviser (following consultation with the Bank) determines: (1) that amendments to these

Conditions, the Agency Agreement or the Calculation Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (2) the terms of the Benchmark Amendments, then, at the direction and expense of the Bank and subject to delivery of a notice in accordance with Condition 8(k)(v): (x) the Bank, the Calculation Agent and the Agents shall, without a requirement for the consent or approval of Noteholders, vary these Conditions and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, **provided that** neither the Calculation Agent or any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Prior to any such Benchmark Amendments taking effect, the Bank shall provide a certificate signed by a director or a duly authorised signatory of the Bank to the Principal Paying Agent and the Calculation Agent (if any) certifying that such Benchmark Amendments are: (x) in the Bank's reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 8 (*Floating Rate Note Provisions*); and (y) in each case, have been drafted solely to such effect, and the Calculation Agent (if any) and the Agents (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be prejudicial to the interests of any such Noteholders or person;

(vi) the Bank shall promptly and no later than forty days prior to when they are intended to become effective, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to any Calculation Agent and the Agents and, in accordance with Condition 20 (*Notices*), the Noteholders confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or Alternative Reference Rate (as applicable); (3) any applicable Adjustment Spread; and (4) the specific terms of the Benchmark Amendments (if any);

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Reference Rate on the immediately following Periodic Distribution Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to the above provisions, then the Reference Rate shall be determined as at the last preceding Interest Determination Date or, if there has not been a first Interest Payment Date, the Reference Rate shall be determined as for the first Interest Period. For the avoidance of doubt, this Condition 8(k)(vi) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 8(k); and

(viii) the Independent Adviser appointed pursuant to this Condition 8(k) shall act and make all determinations pursuant to this Condition 8(k) in good faith and in a commercially reasonable manner and the Independent Adviser, shall act as an expert. In the absence of bad faith, wilful default or fraud, the Independent Adviser shall not have any liability whatsoever to the Noteholders in connection with any determination made by it pursuant to this Condition 8(k).

As used in these Conditions:

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Bank) or the Bank (as applicable), determines is required to be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the Reference Rate (as applicable) with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Bank) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate;

(iii) (if the Independent Adviser (following consultation with the Bank) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Bank) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser (following consultation with the Bank) determines that there is no such industry standard) the Independent Adviser (following consultation with the Bank) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate;

"**Alternative Reference Rate**" means the rate (and related alternative screen page or source, if available) that the Independent Adviser or the Bank (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser or the Bank (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Bank (as applicable) determines in its discretion (acting in good faith) is most comparable to the relevant Reference Rate (as applicable);

"**Benchmark Event**" means:

(i) the relevant Reference Rate ceasing to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;

(ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date (a "**Specified Future Date**"), cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate);

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that the relevant Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued;

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will, by a Specified Future Date, be prohibited from being used either generally, or in respect of the Notes;

(v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or

(vi) it has, or will by a specified date within the following six months, become unlawful for the Bank to calculate any payments due to be made to any Noteholder using the relevant Reference Rate,

provided that, where the relevant Benchmark Event is a public statement within paragraphs (ii), (iii) or (iv) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise, in each case appointed by the Bank at its own expense;

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:

(A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates;

(B) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate;

(C) a group of the aforementioned central banks or other supervisory authorities;

(D) the International Swaps and Derivatives Association, Inc. or any part thereof; or

(E) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Bank (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body.

9. **Zero Coupon Note Provisions**

(a) ***Application***: This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the applicable Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of: (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (B) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. **Redemption and Purchase**

(a) ***Scheduled redemption***: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*).

(b) ***Redemption for tax reasons***: The Notes may be redeemed at the option of the Bank in whole, but not in part:

(i) at any time (if the Floating Rate Note provisions are specified in the applicable Final Terms as being not applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Bank has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or any Emirate therein or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Bank taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Bank would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10(b) (*Redemption and Purchase – Redemption for tax reasons*), the Bank shall deliver or procure that there is delivered to the Fiscal Agent: (A) a certificate signed by two directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred; and (B) an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b) (*Redemption and Purchase – Redemption for tax reasons*), the Bank shall be bound to redeem the Notes in accordance with this Condition 10(b) (*Redemption and Purchase – Redemption for tax reasons*).

(c) ***Redemption at the option of the Bank***: If the Call Option is specified in the applicable Final Terms as being applicable, the Notes may be redeemed at the option of the Bank in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Bank's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Bank to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) ***Partial redemption***: If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption and Purchase – Redemption at the option of the Bank*):

(i) in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption and Purchase – Redemption at the option of the Bank*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified; and

(ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(e) **Redemption at the option of Noteholders**:

If the Put Option is specified in the applicable Final Terms as being applicable, the Bank shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days' before the relevant Optional Redemption Date (Put), deposit at the Specified Offices of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar specifying the aggregate Outstanding Principal Amount in respect of which such option is exercised. The Paying Agent or Registrar with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), may be withdrawn; **provided that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar, as the case may be, shall mail notification thereof to the depositing holder at such address as may have been given by such holder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent or Registrar, as the case may be, in accordance with this Condition 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

The holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Bank of its Call Option.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

If Change of Ownership Put is specified in the applicable Final Terms and if a Change of Ownership Event occurs, the Bank will, upon the holder of any Note giving notice within the Change of Ownership Put Period to the Bank in accordance with Condition 20 (*Notices*) (unless prior to the giving of the relevant Change of Ownership Notice (as defined below) the Bank has given notice of redemption under Condition 10(b) or 10(c), redeem or, at the Bank's option, purchase (or procure the purchase of) such Note on the Change of Ownership Put Date at the Change of Ownership Redemption Amount together (if applicable) with interest accrued to but excluding the Change of Ownership Put Date.

Promptly upon the Bank becoming aware that a Change of Ownership Event has occurred, the Bank shall give notice (a "**Change of Ownership Notice**") to the Noteholders in accordance with Condition 20 (*Notices*) to that effect.

If 75 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 10(e)(ii), the Bank may, on giving not less than the minimum period nor more than the maximum period of notice as specified in the applicable Final Terms to the Noteholders in accordance with Condition 20 (*Notices*) (such notice to be given within 30 days of the Change of Ownership Put Date), redeem or, at the Bank's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes at their Change of Ownership Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption or purchase, as the case may be.

For the purpose of these Conditions:

"**Change of Ownership Event**" shall occur each time the federal government of the United Arab Emirates or any department, agency or authority thereof (the "**Government**") or any entity wholly owned by the Government:

(i) sells, transfers or otherwise disposes of any of the issued share capital of the Bank, other than to a department, agency or authority of the Government or an entity, directly or indirectly, wholly-owned by the Government; or

(ii) otherwise ceases to own (directly or indirectly) all of the issued share capital of the Bank;

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

"**Change of Ownership Put Date**" shall be the tenth day after the expiry of the Change of Ownership Put Period **provided that**, if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency the Change of Ownership Put Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency; and

"**Change of Ownership Put Period**" shall be the period of 30 days commencing on the date that a Change of Ownership Notice is given.

(f) **No other redemption**: The Bank shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Redemption and Purchase – Scheduled redemption*) to 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*) above.

(g) **Early redemption of Zero Coupon Notes**: Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(g) (*Redemption and Purchase – Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Purchase***: The Bank or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. Such

Notes may be held, reissued, resold or, at the option of the Bank, surrendered to any Paying Agent or the Registrar for cancellation.

(i) ***Cancellation***: All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached to or surrendered with them). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 10(h) (*Redemption and Purchase – Purchase*) above (together with all unmatured coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

11. **Payments – Bearer Notes**

This Condition 11 (*Payments – Bearer Notes*) is applicable in relation to Bearer Notes.

(a) ***Principal***: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) ***Interest***: Payments of interest shall, subject to Condition 11(h) (*Payments – Bearer Notes – Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Payments – Bearer Notes – Principal*) above.

(c) ***Payments in New York City***: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if: (i) the Bank has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***: All payments in respect of the Bearer Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***: If the applicable Final Terms specifies that the Fixed Rate Note provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided that** where this paragraph (A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Payments – Bearer Notes – Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***: If the applicable Final Terms specifies that this Condition 11(f) (*Payments – Bearer Notes – Unmatured Coupons void*) is applicable or that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Bearer Note pursuant to Condition 10(b) (*Redemption and Purchase – Redemption for tax reasons*), Condition 10(c) (*Redemption and Purchase – Redemption at the option of the Bank*), Condition 10(e) (*Redemption and Purchase – Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments – Bearer Notes – Payments in New York City*) above).

(i) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note shall become void and no Coupon will be delivered in respect of such Talon.

12. **Payments – Registered Notes**

This Condition 12 (*Payments – Registered Notes*) is applicable in relation to Registered Notes.

(a) ***Redemption Amount***: Payments of the Redemption Amount (together with accrued interest) due in respect of Registered Notes shall be made in the currency in which such amount is due against presentation, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the Specified Office of any Paying Agent. If the due date for payment of the Redemption Amount of any Registered Note is not a business day (as defined below), then the Noteholder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by cheque (which may be posted to the address (as recorded in the register held by the Registrar) of the Noteholder thereof (or, in the case of joint Noteholders, the first-named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a Relevant Banking Day, business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(b) ***Principal and interest***: Payments of principal and interest shall be made by cheque drawn in the currency in which the payment is due to the Noteholder (or in the case of joint Noteholders, the first-named) appearing in the register kept by the Registrar as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the "**Record Date**"), and posted to the address (as recorded in the register held by the Registrar) of the Noteholder (or, in the case of joint Noteholders, the first named) on the Relevant Banking Day unless prior to the relevant Record Date such Noteholder has applied to a Paying Agent and such Paying Agent has acknowledged such application, for payment to be made to a designed account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located, then the Noteholder will not be entitled to payment thereof until the first day thereafter which is a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(c) ***Payments subject to fiscal laws***: All payments in respect of the Registered Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Registered Noteholders in respect of such payments.

In this Condition 12 (*Payments – Registered Notes*), "**business day**" means:

(i) any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in each Additional Financial Centre; or

(ii) in the case of surrender of a Registered Note, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place in which the Registered Note is surrendered.

13. Taxation

(a) ***Gross up***: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Bank shall be made free and clear of, and 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 on behalf of the United Arab Emirates, or any Emirate therein, or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Bank shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Arab Emirates or any Emirate therein or any political subdivision or any authority thereof or therein having power to tax other than the mere holding of the Note or Coupon; or

(ii) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) ***Taxing jurisdiction***: If the Bank becomes subject at any time to any taxing jurisdiction other than the United Arab Emirates, or any Emirate therein, references in these Conditions to the United Arab Emirates, or any Emirate therein, shall be construed as references to the United Arab Emirates and/or such other jurisdiction, as the case may be.

14. **Events of Default**

(a) ***Events of Default for Senior Notes***: This Condition 14(a) (*Events of Default for Senior Notes*) only applies to Senior Notes.

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

(i) *Non-payment*: the Bank fails to pay any amount of principal in respect of the Notes and the default continues for a period of seven days or fails to pay any amount of interest in respect of the Notes and the default continues for a period of 14 days; or

(ii) *Breach of other obligations*: the Bank defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Bank by any Noteholder, has been delivered to the Bank; or

(iii) *Cross-acceleration of Bank*:

(A) any Indebtedness of the Bank is not paid when due or (as the case may be) within any originally applicable grace period;

(B) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Bank or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(C) the Bank fails to pay when due (after expiration of any applicable grace period) any amount payable by it under any Guarantee of any Indebtedness,

provided that such an event listed in sub-paragraphs (A), (B) and/or (C) above shall not constitute an Event of Default unless the aggregate amount of all such indebtedness, either alone or when aggregated with all other indebtedness in respect of which such an event shall have occurred and be continuing shall be more than U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(iv) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Bank; or

(v) *Insolvency etc.*: (i) the Bank becomes insolvent; (ii) an administrator or liquidator is appointed (or application for any such appointment is made and such application is not being actively contested in good faith) of the Bank or the whole or any substantial part of the undertaking or assets and revenues of the Bank; or (iii) the Bank takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it save, in all cases, in connection with a Permitted Reorganisation; or

(vi) *Winding up etc.*: an order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Bank, save in connection with a Permitted Reorganisation; or

(vii) *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 Conditions 14(a)(iv) (*Events of Default – Events of Default for Senior Notes – Security enforced*) to 14(a)(vi) (*Events of Default – Events of Default for Senior Notes – Winding up etc.*) above; or

(viii) *Unlawfulness*: it, as a result of any change in, or amendment to, the laws or regulations in the United Arab Emirates or any Emirate therein, which change or amendment takes place after the date on which agreement is reached to issue the first Tranche of Notes, becomes unlawful for the Bank to perform or comply with any of its obligations under or in respect of the Notes,

then any Note may, by written notice addressed by the holder thereof to the Bank and delivered to the Bank or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

(b) ***Event of Default for Subordinated Notes***: This Condition 14(b) (*Events of Default – Events of Default for Subordinated Notes*) only applies to Subordinated Notes.

(i) *Non-payment*: if default is made in the payment of any principal or interest due under the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest, any Noteholder may institute proceedings in the United Arab Emirates or any Emirate therein (but not elsewhere) for the dissolution and liquidation of the Bank.

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

(A) *Insolvency etc.*: (i) the Bank becomes insolvent; (ii) an administrator or liquidator of the Bank or the whole or any substantial part of its undertaking or assets and revenues of the Bank is appointed (or application for any such appointment is made and such application is not being actively contested in good faith); or (iii) the Bank takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it save, in all cases, in connection with a Permitted Reorganisation; or

(B) *Winding up etc.*: an order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Bank save in connection with a Permitted Reorganisation; or

(C) *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 paragraphs (A) or (B) above,

then any Note may, by written notice addressed by the holder thereof to the Bank and delivered to the Bank or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

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

(iii) *Other Remedies*: No remedy against the Bank, other than the institution of the proceedings referred to in Conditions 14(b)(i) (*Events of Default – Events of Default for Subordinated Notes – Non payment*) or 14(b)(iii) (*Events of Default – Events of Default for Subordinated Notes – Breach of obligations*) and the proving or claiming in any dissolution and liquidation of the Bank, shall be available to the Noteholders or the Couponholders whether for the recovering of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Bank of any other obligation, condition or provision binding on it under the Notes or the Coupons.

15. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system) (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes), subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Bank may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

Obligations of Agents: In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Calculation Agent and the Registrar act solely as agents of the Bank and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

The initial Paying Agent and Registrar and their initial Specified Offices are listed in the Agency Agreement. The initial Calculation Agent (if any) is specified in the applicable Final Terms. The Bank reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar or the Calculation Agent and to appoint a successor fiscal agent, paying agent, calculation agent or registrar; **provided that**:

(i) the Bank shall at all times maintain a Fiscal Agent;

(ii) the Bank shall at all times maintain, in the case of Registered Notes, a Registrar;

(iii) if a Calculation Agent is specified in the applicable Final Terms, the Bank shall at all times maintain a Calculation Agent;

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Bank shall maintain a Paying Agent (which may be the Fiscal Agent) and a Registrar (for Registered Notes) each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

(v) in the circumstances described in Condition 11(c) (*Payments – Bearer Notes – Payments in New York City*), a paying agent with a Specified office in New York City.

Notice of any change in the Paying Agent, the Registrar, the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

18. **Meetings of Noteholders; Modification and Waiver**

(a) ***Meetings of Noteholders***: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Bank and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) ***Modification***: The Bank and the Fiscal Agent may agree that the Notes, the Coupons or the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest or proven error or to comply with mandatory provisions of law or agree to modify any provision thereof, but the Bank shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature. In addition, the Bank and the Fiscal Agent may only agree to any modification of the Notes, Coupons or the Agency Agreement which, in the opinion of such parties, is not materially prejudicial to the interests of the Noteholders.

19. **Further Issues**

The Bank may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes)), and so as to form a single series with the Notes.

20. **Notices**

(a) ***Bearer Notes***: Notices to holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

(b) ***Registered Notes***: Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an address overseas) by airmail to them (or the first named of joint holders) at their respective addresses recorded in the register kept by the Registrar, and will be deemed to have been given on the fourth business day after the date of such after mailing.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 being rounded upwards).

22. **Governing Law and Dispute Resolution**

(a) ***Governing law***

The Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes (including the remaining provisions of this Condition 22(a) (*Governing Law and Jurisdiction – Governing law*)), the Receipts and the Coupons, are and shall be governed by, and construed in accordance with, English law.

(b) ***Agreement to arbitrate***

Subject to Condition 22(c) (*Governing Law and Jurisdiction – Option to litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Receipts and/or the Coupons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) ("**Dispute**") shall be referred to and finally resolved by arbitration under the arbitration rules of the London Court of International Arbitration ("**LCIA**") (the "**Arbitration Rules**"), which Arbitration Rules are deemed to be incorporated by reference into this Condition 21 (*Governing Law and Jurisdiction*). For these purposes:

(i) the seat or legal place of arbitration shall be London, England;

(ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to a Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Arbitration Rules, such arbitrator(s) shall be appointed by the LCIA Court. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA Court; and

(iii) the language of the arbitration shall be English.

(c) ***Option to litigate***

Notwithstanding Condition 22(b) (*Governing Law and Jurisdiction – Agreement to arbitrate*), the Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Bank:

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

(ii) if no arbitration has commenced,

require that a Dispute be heard by a court of law. If a Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 22(d) (*Governing Law and Jurisdiction – Effect of exercise of option to litigate*) and, subject as provided below, any arbitration commenced under Condition 22(b) (*Governing Law and Jurisdiction – Agreement to arbitrate*) in respect of that Dispute will be terminated. Each of the Noteholder and the recipient of such notice will bear its own costs in relation to the terminated arbitration.

If any notice to exercise the option to litigate is given after service of any Request for Arbitration in respect of any Dispute, the Noteholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Arbitration 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:

(iii) 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;

(iv) his entitlement to be paid his proper fees and disbursements; and

(v) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) ***Effect of exercise of option to litigate***

In the event that a notice pursuant to Condition 22(c) (*Governing Law and Jurisdiction – Option to litigate*) is issued, the following provisions shall apply:

(i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Bank submits to the exclusive jurisdiction of such courts;

(ii) the Bank agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(iii) this Condition 22(d) (*Governing Law and Jurisdiction – Effect of exercise of option to litigate*) is for the benefit of the Noteholders only. As a result, and notwithstanding paragraph (i) above, the Noteholders may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Process agent***: The Bank agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Maples and Calder, 11th Floor, 200 Aldersgate Street, London EC1A 4HD, England (the "**Process Agent**") or at any other address for the time being at which process may be served on it in accordance with Section 1139 of the Companies Act 2006 (as modified or re-enacted from time to time). If the Process Agent ceases to have a branch in England which can accept service of process on the Bank's behalf, the Bank shall, on the written demand of any Noteholder addressed and delivered to the Bank or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Bank and delivered to the Bank or to the Specified Office of the Fiscal Agent. Nothing in this Condition shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) ***Waiver:*** The Bank irrevocably agrees that, should any Proceedings be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Bank irrevocably agrees that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes. Notwithstanding the foregoing, the Bank makes no representation as to whether Article 247 of Federal Law No. 11 of 1992 regarding the Law of Civil Procedure will apply to its assets, revenue or property or whether such law can be waived.

(g) ***Consent to enforcement etc.***: The Bank consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

23. **Rights of Third Parties**

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

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

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

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS**– The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[EU MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1) of the [Securities and Futures Act 2001 (2020 Revised Edition) of Singapore** (as modified or amended from time to time, the "**SFA**") – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products "]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore].

Final Terms dated [•]

Emirates Development Bank P.J.S.C.
Legal Entity Identifier: 5493002OSL5GLN4HID57
Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the U.S.$3,000,000,000
Euro Medium Term Note Programme
PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 8 November 2023 [and the supplementary prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document constitutes the Final Terms relating to the issue of Notes described herein and must be read in conjunction with the Base Prospectus [and the supplementary prospectus].

[Terms used herein shall be deemed to be defined as such for the purposes of the [•] Conditions incorporated by reference in the Base Prospectus dated 8 November 2023. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 8 November 2023 [and the supplementary prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**").]

Full information on the Bank and the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplementary prospectus] [is] [are] available for viewing at and on the Dubai Financial Service Authority's website (https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents) and are available for inspection upon reasonable notice being given and during usual business hours from the registered office of the Bank at Aradah Road, Abu Dhabi, United Arab Emirates, P.O. Box 51515 and the Fiscal Agent at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.]

1.	Issuer:		Emirates Development Bank P.J.S.C.
2.	(i)	[Series Number:]	[□]
	(ii)	[Tranche Number:]	[□]
	(iii)	[Date on which the Notes become fungible:]	[□]/[Not Applicable]
3.	Specified Currency or Currencies:		[□]
4.	Aggregate Principal Amount:		
	(i)	[Series:]	[□]
	(ii)	[Tranche:]	[□]
5.	Issue Price:		[□] per cent. of the Aggregate Principal Amount [plus accrued interest from [□]]/[Not specified]
6.	(i) Specified Denominations:		[□]
	(ii)	Calculation Amount:	[□]
7.	(i)	[Issue Date:]	[□]
	(ii)	[Interest Commencement Date:]	[[□]/Issue Date/Not Applicable]

8.	Maturity Date:	[□]
9.	Interest Basis:	[[□] per cent. Fixed Rate] [[□] +/- [□] per cent. Floating Rate] [Zero Coupon]
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [□] per cent. of their principal amount.
11.	Change of Interest or Redemption/Payment Basis:	[Applicable/Not Applicable]
12.	Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] [Change of Ownership Put]
13.	(i) Status of the Notes:	[Senior/Subordinated]
	(ii) [Date [Board] approval for issuance of Notes obtained:	[□]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[□] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[□] in each year
	(iii) [First Interest Payment Date:	[□]]
	(iv) Fixed Coupon Amount[(s)]:	[[□] per Calculation Amount]/[Not Applicable]
	(v) Broken Amount(s):	[□]/[Not Applicable]
	(vi) Day Count Fraction:	[30/360] [Actual/Actual (ICMA/ISDA)] [Actual/365 (Fixed)]
	(vii) Determination Dates:	[[□] in each year]/[Not Applicable]
	(viii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
15.	**Floating Rate Note Provisions**	[Applicable/Not Applicable]
	(i) Specified Period:	[□]
	(ii) Specified Interest Payment Dates:	[□][, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to adjustment, as

		the Business Day Convention in (v) below is specified to be Not Applicable]
(iii)	[First Interest Payment Date:	[□]]
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(v)	Additional Business Centre(s):	[[□]/Not Applicable]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Fiscal Agent]):	[[□] shall be the Calculation Agent]
(viii)	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
•	Reference Rate:	[EURIBOR]/[LIBID]/[LIMEAN]/[SHIBOR]/[HIBOR]/[SIBOR]/[EIBOR]/[SAIBOR]/[BBSW]/[PRIBOR]/[CNH HIBOR]/[TRLIBOR or TRYLIBOR]/[TIBOR]/[MIBOR]/[BKBM]
•	Interest Determination Date(s):	[□]
•	Index Determination:	[Applicable/Not Applicable]
	Insert only if Index Determination is not applicable	
•	Relevant Screen Page:	[□]
•	Relevant Time:	[□]
•	Relevant Financial Centre:	[□]
(x)	Margin(s):	[□] per cent. per annum
(xi)	Minimum Rate of Interest:	[□] per cent. per annum
(xii)	Maximum Rate of Interest:	[□] per cent. per annum
(xiii)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/365] [Actual/Actual (ISDA)] [Actual/365 (Fixed)]

			[Actual/360] [30/360] [30E/360] [Eurobond basis]
	(xiv)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
16.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable]
	(i)	Accrual Yield:	[□] per cent. per annum
	(ii)	Reference Price:	[□]
	(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/Actual (ICMA)] [Actual/365] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [30E/360] [Eurobond basis]

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[□]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[□] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[□] per Calculation Amount
		(b) Maximum Redemption Amount:	[□] per Calculation Amount
18.	**Put Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[□]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[□] per Calculation Amount
19.	**Change of Ownership Put**		[Applicable/Not Applicable]
	(i)	Change of Ownership	[[□] per Calculation Amount]

		Redemption Amount:	
	(ii)	Notice periods:	Minimum period: [□] Maximum period: [□]
20.	**Final Redemption Amount of each Note**		[□] per cent. of their principal amount
21.	**Early Redemption Amount**		[Applicable/Not Applicable]
	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default:		[□] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [□] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.] [Temporary Global Note exchangeable for Definitive Notes on [□] days' notice.] [Permanent Global Note exchangeable for Definitive Notes on [□] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.] Registered Notes: [Global Registered Notes exchangeable for Individual Registered Notes on [□] days' notice/at any time/in the limited circumstances specified in the Global Registered Note.]
23.	Additional Financial Centre(s):	[□]/[Not Applicable]
24.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]

25. **THIRD PARTY INFORMATION**

[[□] has been extracted from [□]. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [□], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not applicable]

Signed on behalf of **EMIRATES DEVELOPMENT BANK P.J.S.C.**:

By:...	By:...
Duly Authorised	Duly Authorised

PART B – OTHER INFORMATION

1. **LISTING**

(i)	Listing and admission to trading:	[[Application has been made by the Bank (or on its behalf) for the Notes to be admitted to trading on Nasdaq Dubai with effect from [•].] [Application is expected to be made by the Bank (or on its behalf) for the Notes to be admitted to trading on Nasdaq Dubai with effect from [•].]/[Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings: [The Notes to be issued have not been rated]/[The Notes to be issued have been rated:]

[Fitch: [•]]

[[Fitch] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[Save for any fees payable to the [Managers/Dealers], so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Bank and its affiliates in the ordinary course of business for which they may receive fees.]

4. **[USE OF PROCEEDS]**

[*If not for general corporate purposes such as, for example, a "green project"*]

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]]

6. **U.S. SELLING RESTRICTIONS** Regulation S Compliance Category 2

7. **[TEFRA C/TEFRA D/TEFRA not applicable]**

8. **OPERATIONAL INFORMATION**

ISIN:	[•]
Common Code:	[•]
CFI:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] [Not Applicable]
FISN:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively

	sourced from the responsible National Numbering Agency that assigned the ISIN] [Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[•][Not Applicable]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant addressees and identification number(s):	[Not Applicable/*give name(s) and number(s)* and [*addresses*]]
Delivery:	Delivery [against/free of] payment

9. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
	(A) If syndicated, names of Managers:	[Not Applicable/[•]]
	(B) Stabilisation Manager(s) (if any):	[Not Applicable/[•]]
(ii)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[•]]
(iii)	Prohibition on Sales to EEA Retail Investors:	[Applicable]/[Not Applicable]
(iv)	Prohibition on Sales to UK Retail Investors:	[Applicable]/[Not Applicable]

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Bank for its general corporate purposes or for any other purpose specified in the applicable Final Terms.

DESCRIPTION OF THE BANK

INTRODUCTION

The Bank was established on 31 May 2015 to contribute to the sustainable growth of the UAE economy and is the leading provider of developmental financial services in the UAE. The Bank, which commenced operations in June 2015, is wholly-owned by the UAE Government and operates under a decree issued by the then President, Sheikh Khalifa bin Zayed Al Nahyan, by Federal Law No. 7 of 2011 (the "**EDB Law**").

The Bank is a key financial engine of the UAE's economic diversification and industrial transformation agenda, and a key facilitator of the industrial development strategy unveiled by the UAE government. The Bank seeks to maximise its impact on, and to become a key engine of growth for, the UAE's economy through its contributions to non-oil GDP, national employment rates and in-country value generation. The Bank's developmental objectives are to support and empower the implementation of the UAE's industrial development strategy, facilitate the adoption of advanced technologies, empower the growth of SMEs and encourage start-ups and innovation.

The Bank has three principal areas of business operation:

- **Industrial Finance**, which supports the UAE development agenda, including GDP growth, economic diversification and job creation, by providing financing to corporates, MSMEs and start-ups. The Bank offers affordable finance in priority sectors (manufacturing, food security, healthcare, advanced technology and renewables) to MSMEs and strategic large corporate clients in the form of asset-backed financing, purchase financing (pre-sales financing), receivables financing (post-sales financing), supply chain financing, business expansion loans, syndicated financing and project financing;

- **Investments and Treasury**, which manages the Bank's liquidity and cash flow as well as its foreign exchange positions, its securities investments, its investment properties and its other assets and liabilities. In addition, Investments and Treasury seeks to achieve portfolio diversification by maintaining a high-quality assets portfolio focused on achieving strong and sustainable returns and, through treasury liabilities products, it also aims to obtain long-term, risk-free, stable deposits cheaply to fund its assets and develop sustainable long-term relationships; and

- **Home Finance**, which offers UAE nationals customised and affordable financial solutions that facilitate their purchase, construction or expansion of a home, including loans complementing the assistance offered by federal and local housing authorities, as well as direct financing products such as mortgage loans or loans for home construction. The Bank also administers loans made by the SZHP to its customers - these loans are agreed between the SZHP and the customer, and the Bank's role is to disburse the funds which it has received from the UAE Ministry of Finance (the "**MoF**") on behalf of the SZHP and subsequently administer the loans.

The UAE Government has identified the post-COVID-19 period as an opportunity for the UAE to transform its economy to secure sustainable growth and development for its citizens. The key elements of this transition include:

- pivoting to an industrialised economy;

- increasing the UAE's non-oil GDP;

- creating a sustainable, knowledge-based economy; and

- increasing the emphasis on technological advancement across industries.

To support this economic development roadmap, the UAE Government launched 'Operation 300bn' in 2021. Operation 300bn is a comprehensive and integrated 10-year national industrial strategy that aims to empower and expand the industrial sector to become the driving force of a sustainable national economy, increasing its contribution to the UAE's GDP from AED 133 billion to AED 300 billion by 2031, and enhancing the contribution of the industrial sector to the UAE's sustainable economic development and growth. The UAE Ministry of Industry & Advanced Technology, established in July 2020, is leading

Operation 300bn and the Bank is one of its engines of growth, contributing more than AED 3.5 billion to the UAE's GDP in 2022.

The Bank unveiled its new strategy in 2021 establishing its identity as a key enabler of the UAE's economic diversification and industrial transformation agenda. The Bank offers financial and non-financial support to start-ups, MSMEs and corporates operating in five strategic priority sectors in the UAE, as a step to boosting their contribution to the country's GDP. By 2026, the Bank's strategy targets providing more than AED 30 billion in support to more than 13,500 companies, with the aim of generating in excess of AED 10 billion to the UAE's GDP. By the end of 2022, the Bank's asset portfolio had increased from AED 9.1 billion as at 31 December 2020 to AED 13.7 billion, its non-oil GDP contribution had increased from AED 950 million in 2021 to AED 3.5 billion in 2022, and more than 12,000 industrial jobs had been created as a result of the Bank's financing activities in 2021 and 2022.

The Bank also continues to provide home finance support to UAE nationals.

The Bank has a long-term issuer credit rating of AA- from S&P and a long-term issuer default rating of AA- from Fitch, each with a stable outlook. The key drivers for these ratings include an extremely strong probability of state support, the fact that the Bank has a dedicated policy and development role in the UAE and is overseen by the MoF, which makes it strategically important to the UAE, and its sound capitalisation and liquidity. However, see also "*Risk factors—Factors that may affect the Bank's ability to fulfil its obligations under Notes issued under the Programme—A negative change in the Bank's credit ratings could limit its ability to raise funding and may increase its funding costs*".

The Bank's net interest and profit income was AED 242 million in 2022 compared to AED 156 million in 2021 and its profit for the year was AED 61 million in 2022 compared to AED 52 million in 2021. As at 31 December 2022, the Bank's total assets were AED 13.7 billion. As at the same date, its total capital ratio was 66.95 per cent., its tier 1 regulatory capital ratio was 66.19 per cent. and its total equity equalled 40.8 per cent. of its total assets. Since the Bank is not required to comply with any specific capital adequacy regulations, these capital ratios are not formal Basel III ratios. See "*Financial review – Capital adequacy*".

HISTORY

The EDB Law came into force on 18 September 2011. The UAE Government incorporated the Bank and transferred to the Bank all of the assets and liabilities of two banks that were wholly-owned by the UAE Government, Emirates Industrial Bank and Emirates Real Estate Bank. These assets and liabilities principally comprised loans and advances from industrial projects, home loans and deposits from government entities.

The Bank's paid-up capital amounted to AED 4.7 billion as at 30 June 2023. Under the EDB Law, the MoF has an AED 5 billion capital commitment to the Bank. In 2020, 2021 and 2022 and in the six months ended 30 June 2023, the MoF paid-up AED 0.45 billion, AED 0.1 billion, AED 0.05 billion and AED 0.05 billion of share capital, respectively.

The Bank's non-performing loans amounted to AED 252 million as at 31 December 2022, of which 43 per cent. are two legacy loans (to Amlak Finance and Global Investment House) inherited from the predecessor banks. These loans were renegotiated in 2014 and, as at 31 December 2022, these non-performing loans amounted to AED 110 million and the Bank's impairment loss allowance in respect of them totalled AED 99 million.

In March 2015, a five-year services agreement was signed between the Bank and the SZHP, which was renewed for a further five years in 2020. In June 2015, the Bank formally opened its head office in Abu Dhabi and officially commenced operations through that office and a branch in Dubai, providing easy access to integrated banking services to all customers. This is in line with the Bank's vision and its goal of reaching a broad customers base throughout the UAE, especially in the Northern Emirates.

In September 2016, a services agreement was signed with the MoF in relation to the Bank's role as host and operator of the Innovation Fund. In November 2016, the Board announced the launch of home finance loans for UAE nationals.

In December 2017, the Board adopted an MSME finance strategy and allocated AED 450 million to MSME finance in 2018. It also allocated AED 550 million to home finance loans in 2018. In line with Board approval in December 2017, in January 2018, the Bank announced the launch of financing products for MSMEs.

In April 2018 and in line with Federal Law No. 20 of 2016 which regulates the pledging of moveable collateral as security for debt, the Bank launched the Emirates Moveable Collateral Registry which is now known as the Emirates Integrated Registries Company ("**EIRC**"), a pioneering registry system aimed at helping secure creditors' rights over movable collateral in the UAE.

In May 2018, the Board approved a plan to launch a direct financing programme for start-ups and emerging companies, with an initial AED 50 million fund, which was launched in 2018. It also approved an AED 100 million fund for a credit guarantee scheme to help finance MSMEs, which was launched in February 2019.

In January 2021, the Board adopted its new strategy, see "—*Strategy*" below.

In March 2022, EDB launched an AED 100 million post-COVID-19 acceleration initiative in line with the UAE's strategy to support SMEs.

As an entity wholly-owned by the UAE Government, the Bank is not required to be registered with any UAE registry and does not have a registration number. Its registered office is at P.O. Box 51515, Abu Dhabi and its main telephone number is +971 2699 0999.

STRATEGY

The Bank's strategic objectives are guided by the economic and social development requirements outlined in the UAE Vision and its mandate as set out in the EDB Law.

The Bank's mission is to maximise its impact on the UAE's economy by becoming a key financial engine for growth through its contribution to the UAE's non-oil GDP, and increasing national employment rates and in-country value generation.

The Bank has four strategic objectives:

- acting as a key financial engine to enable and empower the UAE's implementation of its industrial development strategy;
- focusing on the five priority industrial sectors discussed below, in particular through financing investments located in the UAE with an emphasis on business expansion and investments in productive assets through capital expenditure financing and enhancing the access to bank facilities by MSMEs, for example through the provision of guarantees;
- increasing its contribution to the UAE's GDP to more than AED 10 billion in 2026 (from AED 950 million in 2020), principally through lending that facilitates the creation of highly skilled employment opportunities, supports the Bank's priority sectors in the UAE, enables import substitution and promotes exports through the expansion of local manufacturing capabilities and facilitates investments in advanced technology; and
- positioning the UAE as a key industrial hub for local and global businesses looking to set up or expand their operations.

The Bank will also continue to provide support for Emiratis for acquiring their homes.

The Bank's strategy focuses on supporting the following five key focus sectors that have significant potential to drive non-oil economic growth in the UAE:

- **manufacturing**: including, but not limited to, petrochemicals, plastics, metal manufacturing, machinery and electrical equipment;
- **food security**: including agriculture and fisheries and aquaculture;
- **healthcare**: including pharmaceuticals, biotechnology, medical equipment and hospital services;

- **advanced technology**: including software services, IT services, hardware, storage devices and peripherals, semiconductors and education technology; and

- **renewables**: including power generation through solar, wind, tidal and hydroelectric technologies, bio-fuel energy, and renewable energy equipment and technology.

The Bank's priorities when providing its financing solutions are to (i) finance investments located in the UAE, (ii) provide financing which supports the UAE economy, for example by leading to high-skill job creation in the country, reducing the need for imports or promoting exports and investment in advanced technology and (iii) emphasise business expansion and investment in productive assets and enhance the access of under-banked SMEs to bank finance.

The Bank has designed solutions based on:

- developing the economic infrastructure in the UAE to provide an advanced industrial and technological foundation in the country, thus improving overall productivity and competitiveness locally, which in turn should provide UAE-based companies with a competitive advantage globally;

- supporting MSMEs to play a greater role in the economy through financial products and a strong growth ecosystem; and

- promoting entrepreneurship and innovation through an AED 1 billion fund (which is expected to be launched later in 2023) to support start-ups and MSMEs.

The Bank's recent key initiatives include the launch of a large corporate programme and the planned launch of an advanced technology programme, respectively, as part of its solutions designed to develop the UAE's economic infrastructure and provide an advanced industrial and technological foundation in the country.

In addition, as part of its solution for supporting MSMEs' role in the economy, the Bank has re-launched its credit guarantee scheme and is in the process of re-launching its co-lending programme.

By 2026, the Bank's strategic target is to grow its loan portfolio (measured in terms of net approvals) to AED 30 billion. In part this is expected to be achieved through expanding the Bank's product suite, by enhancing the Bank's penetration of the private sector in the UAE and by increasing its lending to Government-related entities. The Bank's new strategy is also expected to have a positive impact on the UAE's economy, with its contribution to the UAE's GDP being targeted to increase to more than AED 10 billion by 2026. The strategy also aims to create over 25,000 jobs and benefit over 13,500 MSMEs and larger companies in its priority sectors.

CREDIT STRENGTHS

The Bank believes that its key credit strengths are:

- its UAE Government ownership and the fact that its owner is committed to increasing the Bank's paid-up capital to AED 5 billion;

- its strategic importance, reflected in the fact that it was established by Royal Decree and its primary objectives include driving the UAE's industrial strategy and supporting the growth of MSMEs and UAE nationals in obtaining housing loans;

- its strong capital ratios (see "*Financial review—Capital adequacy*") and growing balance sheet;

- its AA- long-term issuer default rating by each of Fitch and S&P; and

- its Board, which is chaired by the UAE's Minister of Industry and Advanced Technology and includes the UAE's Minister of Education and the Undersecretary at the UAE's Ministry for Financial Affairs.

SHAREHOLDER AND BUSINESS MODEL

The Bank is wholly-owned by the UAE Government which holds all of the Bank's AED 5 billion issued share capital on a partly paid-up basis. By virtue of its shareholding in the Bank, the Government is a connected person. However, measures are in place to ensure that control is not abused, including the fact that the Bank has a clear set of objectives and principles which are outlined in its Articles of Association (the "**Articles**") and the fact that the Bank's board of directors is required to ensure that all primary decisions are taken collectively, and within the set objectives as set out in the Articles.

The EDB Law provides that the Bank's directors must be appointed by a resolution of the Council of Ministers.

To date, a significant proportion of the Bank's debt and equity funding has been provided by the UAE Government through the MoF or other governmental institutions, including the SZHP and the Innovation Fund. In recent years the Bank has also raised significant debt funding through the issue of Notes under the Programme. The Bank plays an integral role in the UAE Vision, including through longer-term subsidised funding to entities engaged in the core economic sectors targeted by the UAE Vision, through financing and enabling finance for MSMEs which are majority-owned by UAE nationals and through providing affordable financing to UAE nationals to enable them to purchase or build a home.

The table below shows the past increases in the Bank's equity capital.

Year	**Amount (*AED million*)**
2011	1,696
2014	500
2018	850
2018 (capitalisation of reserves)	512
2019	450
2020	450
2021	100
2022	50
2023	50

The Bank's business model differs significantly from that of commercial banks in the UAE. In particular:

- the Bank's strategic focus is to maximise economic impact, whereas commercial banks focus on maximising shareholder returns;
- the Bank partners with commercial banks to support the economy, whereas commercial banks compete with each other;
- the Bank offers customised financial solutions and prioritises new developments in contrast to commercial banks which typically provide general purpose financing;
- the Bank offers longer term financing (up to 10 or more years) , whereas the average tenor of commercial bank debt in the UAE is five years;
- the Bank's pricing is competitive and driven by developmental criteria, whereas commercial bank's offer pricing driven by risk-adjusted return on capital; and
- the Bank is able to finance higher-risk projects which offer a high developmental impact and offers flexible terms, while commercial banks seek to minimise their exposure to high-risk projects.

BUSINESS

The Bank has three reportable segments, each of which is described below.

The tables below show the contribution and percentage contribution of each of the Bank's reportable segments to its net operating income in 2022.

	Home finance	**Industrial finance**	**Investments and treasury**	**Unallocated transactions and others**	**Total**
			(AED thousands)		
Net interest income and profit from Islamic finance	136,152	127,272	144,325	(165,995)	**241,754**
Net fee and commission income	12,779	9,115	(443)	2,535	**23,986**

	Home finance	Industrial finance	Investments and treasury	Unallocated transactions and others	Total
			(AED thousands)		
Income from investment securities................	—	—	13,836	—	**13,836**
Income from investment properties...............	—	—	8,094	—	**8,094**
Other income...	—	—	—	297	**207**
Net operating income	148,931	136,387	165,812	(163,253)	**287,877**

	Home finance	Industrial finance	Investments and treasury	Unallocated transactions and others	Total
			(per cent.)		
Net interest income and profit from Islamic finance	56.3	52.6	60.0	(68.7)	**100.0**
Net fee and commission income.....................	53.3	38.0	(1.8)	10.6	**100.0**
Income from investment securities................	—	—	100.0	—	**100.0**
Income from investment properties...............	—	—	100.0	—	**100.0**
Other income...	—	—	—	100.0	**100.0**
Net operating income	51.7	47.4	57.6	(57.4)	**100.0**

Industrial finance

Industrial finance managed 25.6 per cent. of the Bank's total assets as at 31 December 2022 and generated 47.4 per cent. of the Bank's total net operating income in 2022 (in each case, before unallocated transactions and others). Industrial finance comprises two divisions: MSMEs and wholesale & institutional banking.

MSMEs division

In alignment with the Bank's five-year strategy, the MSME division works with customers to meet their financing needs across all stages of growth. This includes greenfield and brownfield project finance, long-term capital expenditure finance, trade finance, and credit guarantees.

The Bank also provides finance solutions to help MSMEs operate more efficiently or take steps that support broader national objectives. These specialised solutions include advanced technology adoption finance, digitalisation finance, and renewable power and energy efficiency finance.

The MSME division has established the Bank as a leading bank serving micro businesses, as evidenced by its "Best Micro Finance Bank Middle East 2022" award in the Global Banking & Finance Awards.

Reflecting its mandate to help the UAE industrial sector thrive, the MSME division provides a range of non-financial solutions ranging from financial literacy training to mentoring and business operations guidance. In 2020, the Bank launched its Business Lab which provides free business resources and content to help MSME entrepreneurs throughout their business development journey. In addition to training and mentoring, the platform provides a wide range of short video courses covering topics such as strategy, innovation, sales, marketing and accounting. In 2022, the Business Lab provided services to 78 companies and entrepreneurs.

Through collaboration with the Innovation Fund, the MSME division provides entrepreneurs and companies at a pre-financing, pre-banking stage with financial literacy training and advice to help them become credit worthy and banking-ready. In 2022, the division assisted more than 100 start-up companies through this programme.

In 2021, the Bank launched its Business Banking App, which enables MSME customers to receive a bank IBAN number in minutes and begin transacting on their new account in as little as 48 hours. The app also features a lending service that allows MSMEs to apply for loans of up to AED 5 million directly through it and receive approval or feedback within five days.

The Bank's process for granting MSME loans typically involves analysing various factors, including business risk, industry risk, management and the financial statements of the customer along with the main obligor's personal creditworthiness and any co-obligor's net worth. Once the MSME's financial needs have been assessed, the terms and conditions and the pricing of the loan are determined. Part of the credit analysis includes obtaining Al Etihad Credit Bureau reports for the MSME and its owner or owners. Similarly, Central Bank Risk Bureau reports are generated which show the current credit exposure and credit classification of the MSME and its owners. In addition, every loan is evaluated through the Bank's proprietary 'Development Impact Scorecard'. The tool measures more than 20 quantitative and qualitative factors regarding each loan's potential impact on economic development. Qualitative criteria include whether the project is a greenfield development, includes local procurement, has UAE national ownership, or creates new business for local SMEs. Quantitative criteria include the number of high-skilled jobs created and percentage private sector ownership.

The table below shows certain information relating to the MSME loans advanced by the Bank in each of 2022, 2021 and 2020.

	2022	2021	2020
Principal amount outstanding (*AED thousands*)	865,434	593,653	306,920
Fee income (*AED thousands*)	3,389	1,773	641
Interest income received (*AED thousands*)	34,150	17,905	9,391
Proportion of total loan book (*per cent.*)	16.7	12.9	6.9

The Bank aims to create a nationwide ecosystem for financing entrepreneurship and enhancing bankability and financial inclusion of MSMEs. The Bank launched a credit guarantee scheme and partnered with 11 commercial banks to increase its overall capital deployment and offer favourable financing solutions to MSMEs. The scheme aims to help these businesses overcome challenges in accessing financing from conventional banks by providing a partial guarantee to the lending banks. This guarantee comes into effect if the MSME fails to repay its financing commitments. The credit guarantee scheme not only provides financial support to MSMEs but also helps them establish a positive credit history with banks.

The table below shows certain information relating to the MSME loan guarantees given by the Bank for start-up entities and emerging companies which are majority-owned by UAE nationals in each of 2022, 2021 and 2020.

	2022	2021
Guarantees		
Capital deployed (*AED thousands*)	611,000	168,000

The MSME division has also developed and launched a national supply chain finance platform to improve liquidity for MSMEs as well as the profitability of the physical supply chain by giving suppliers access to working capital and innovative technology. The platform allows businesses to increase supplier payment terms while giving them the option to get paid early. The buyer optimises working capital because it has more time to pay suppliers. Meanwhile, suppliers can generate additional operating cash flow by getting paid earlier.

In 2022, the MSME division focused on consolidation and growth as the Bank's new strategy was implemented. In 2022, the MSME division approved a record AED 1.8 billion advances to customers, which was a 387 per cent. increase over the amount approved in 2021. The approvals in 2022 comprised AED 1.2 billion of direct financing and AED 611 million of indirect financing through the Bank's credit guarantee scheme. In addition, AED 100 million was disbursed through the Bank's microlending platform for micro businesses. Micro-business loan approvals extended not only to companies operating in the Bank's priority sectors, but also to Emirati-led businesses operating in any industry.

In 2023 and beyond, the Bank expects the division to focus on sustained rapid growth and expansion of service offerings, including:

- increased digitalisation through (i) new online and app-provided self-service channels that will eliminate the need for customers to visit a bank branch for transactions such as fund drawdowns, account statements, liability letter requests and outstanding balance statements and (ii) that will enable credit guarantee scheme customers to access and manage their accounts online;

- expanded partnerships with both commercial banks and financial technology ("fintech") companies with a view to providing customers with increased access to MSME funding and, through fintechs, helping them access alternative lending programmes unavailable at traditional banks; and

- a growing headcount to support sustained growth in the customer base, product portfolio and lending volumes.

Wholesale and institutional banking division

Established in late 2021 as part of the Bank's new strategy focused on the Bank's five priority sectors, the wholesale and institutional banking division brings focused expertise to serve corporates with an annual turnover of more than AED 250 million.

The division offers a range of financial products for large corporates aligned with its strategic objectives, including asset-backed finance; long-term finance; working capital finance; trade finance; and project finance.

The division's financing solutions have rates that aim to be competitive with the market. Facility tenors are flexible and, in the case of industrial project finance, can be long to match the nature of the projects being financed. The division provides financing solutions, which can be secured or unsecured depending on the finance type and the credit strength of the borrower. Where secured, the collateral typically comprises tangible securities such as property, receivables, vehicles and machinery (for long-term finance) and generally the assets being financed (for asset-backed and project financing).

As part of its efforts to make the financing journey easier for its customers, the division continues to roll out new product offerings. In 2022 and 2023, this included guarantees, letters of credit and financing for renewables. The products reflect the Bank's strategy to cross sell products and services and provide customers with holistic solutions.

In September 2021, the division commenced business. During 2022, the division approved short-term loans with a value of AED 4.3 billion, more than 16 times greater than in 2021. These loans are estimated to have added AED 2.24 billion to the UAE's GDP and to have created in excess of 6,200 jobs. The loans included project financing and structured finance deals in the Bank's priority lending sectors of manufacturing, renewables infrastructure, technology, food security and healthcare, and were all repaid during 2022.

The table below shows certain information relating to the loans advanced by the wholesale and institutional banking division in each of 2022 and 2021.

	2022	**2021**
Principal amount outstanding (*AED thousands*)..	—	36,586
Fee income (*AED thousands*)..	3,187.7	165
Interest income received (*AED thousands*)..	1,689.6	31
Proportion of total loan book (*per cent.*)	0	0.8

Investments and treasury

Investments and treasury manages the Bank's liquidity and cash flow as well as its foreign exchange positions, its securities investments and its other assets and liabilities. Investments and treasury also maintains a trading desk that conducts proprietary trading activity on behalf of the Bank and acts as the custodian of the Bank's cash and other liquid assets. Investments and treasury managed 49.8 per cent. of the Bank's total assets as at 31 December 2022 and generated 57.6 per cent. of the Bank's total net operating income in 2022 (in each case, before unallocated transactions and others). Investments and treasury seeks to achieve portfolio diversification by maintaining a high-quality assets portfolio focused on achieving strong and sustainable returns; an instrument must be issued from the UAE or the wider GCC and have a minimum investment grade rating of BBB+ to be considered for investment.

In order to support the Bank's strategy, its funding structure is being optimised for long-term liquidity. In addition, the Bank also aims to continue to obtain inexpensive deposits that it expects will continue to be rolled over to help fund its assets and develop sustainable long-term relationships.

In order to grow the size of the Bank's balance sheet and its investment book, the Bank intends to focus on:

- effective balance sheet management;

- accessing funds that it can utilise in investment activities, including continued investment in fixed income products whilst maintaining a high quality of assets with strong sustainable returns and optimising its equities portfolio so as to rely on dividends rather than trading returns; and

- effective risk management policies.

Home finance

Home finance managed 21.6 per cent. of the Bank's total assets as at 30 June 2023 and generated 39 per cent. of the Bank's total net operating income in 2022 (in each case, before unallocated transactions and others).

The Bank is dedicated to offering a comprehensive range of financial solutions tailored for UAE nationals aspiring to own or construct homes.

At the time of the Bank's operational launch in 2015, a significant number of UAE national families, estimated by management at around 60,000, did not own their own home. More than half of these families had sought support from housing programmes, but due to an imbalance between supply of funding and demand in the UAE there was a significant backlog of applicants and waiting times extended up to several years.

The Bank aims to alleviate the pressure on housing authorities by providing tailored home finance solutions uniquely shaped to address the needs of UAE nationals, with the following unique selling points:

- up to 100 per cent. financing, with no down payment required, in amounts up to AED 5 million for property purchase, AED 3 million for construction and AED 5 million for a home and land package.

- no processing fees for online applications;

- no salary transfer required;

- Islamic and conventional solutions offering both fixed and variable financing rate options; and

- a dedicated mobile application.

The Bank typically offers more generous terms compared to those of commercial banks and is not limited by Central Bank regulations which restrict commercial bank home loan lending to a maximum defined loan to value percentage as shown in the table below.

	Bank	Commercial banks
Maximum LTV for completed home loans	100%	80%
Maximum LTV for construction home loans	100%	50%

In addition, the Bank permits a debt burden ratio (calculated as the ratio of the applicant's total debt to its total assets) of up to 60 per cent. compared to a limit of 50 per cent. typically accepted by commercial banks and has a minimum salary requirement of AED 10,000 compared to AED 15,000 typically required by commercial banks.

The Bank's home finance loans have amounts of up to AED 5 million for completed home loans and up to AED 3 million for construction home loans and terms of up to 25 years for both loan types. They have financing rates that are comparable to those offered by commercial banks in the UAE and are typically secured over the property being financed or by a second degree mortgage in the case of home loans financed by the UAE Government's home loan scheme.

The Bank's process for granting a home finance loan typically involves two steps: pre-approval and final approval. During the pre-approval phase, the Bank analyses the applicant's financial status to assess their creditworthiness and the associated risk. This evaluation considers their current employment, income and data from the Al Etihad Credit Bureau which includes their credit score, financial activities and lending history as reported by UAE lenders. The final approval phase occurs after the selection and valuation of the property, and it involves an additional financial assessment. Once the applicant receives final approval in accordance with the Bank's approved policy, they sign the mortgage agreement. Subsequently, the Bank officially registers the mortgage in the relevant municipality or land department.

The Bank currently serves 3,870 home finance customers and manages 3,923 active home finance loans.

The table below shows certain information relating to the home finance loans advanced by the Bank as at, and for the six months ended, 30 June 2023 and as at, and for the years ended, 31 December in each of 2022 and 2021.

	As at/six months ended 30 June 2022	**As at/year ended 31 December**	
		2022	**2021**
Outstanding balance (*AED millions*)	3,361	3,369	3,100
Fee income (*AED thousands*)	7,196	12,779	11,656
Interest income received (*AED thousands*)	103,703	136,152	100,866
Non-performing loans (*AED thousands*)	58,798	27,235	23,898

The non-performing loan rate in the home finance portfolio was 1.8 per cent. as at 30 June 2023, 0.8 per cent. as at 31 December 2022 and 31 December 2021 and 0.5 per cent. as at 31 December 2020.

The table below shows the home finance loan portfolio by Emirate as at 30 June 2023.

	AED million	**Percentage of portfolio**
Abu Dhabi	1,006	30
Dubai	942	28
Sharjah	504	15
Ras Al Khaimah	312	9
Fujairah	267	8
Ajman	251	7
Um Al Qwain	54	2
Others	25	1
Total	**3,361**	**100**

The Bank's co-operation with the SZHP is an important element of its home finance business. Under the agreement between the Bank and the SZHP, the Bank:

- administers loans made by the SZHP to its customers – these loans are agreed between the SZHP and the customer and the Bank's role is to disburse the funds which it has received from the MoF on behalf of the SZHP and subsequently administer the loans. These loans do not carry any risk for the Bank and so are not included in its balance sheet; and

- provides finance to customers of the SZHP in the form of both direct funding and top-up loans to cover increased home construction costs. As these loans are provided using the Bank's own funds, they are included in its balance sheet.

In 2020, the Bank disbursed AED 2,942 million in financing to customers of the SZHP and collected payments totalling AED 790 million from borrowers, on behalf of the SZHP.

In 2021, the Bank disbursed AED 2,525 million in financing to customers of the SZHP and collected payments totalling AED896 million from borrowers, on behalf of the SZHP.

In 2022, the Bank disbursed AED 1,590 million in financing to customers of the SZHP and collected payments totalling AED 936 million from borrowers, on behalf of the SZHP.

EIRC

In 2016, Federal Law No. 20 of 2016 concerning the Mortgage of Moveable Assets to Secure Debt came into force. The Bank established EIRC in 2017 as a wholly-owned subsidiary. It was officially launched on 2 April 2018 as the first fully digitalised registry for security rights in movable property in the UAE.

In connection with the establishment of EIRC, the Bank partnered with:

- Paradigm Applications, which supported the development of the software application for the registry and provides support following the commencement of EIRC's operations; and

- International Finance Company ("**IFC**", a World Bank group company), which advised the Bank regarding the implementation of the registry system in line with the requirements of local legislation. The IFC team is also providing support to financial institutions and other users of the registry.

EIRC's three main objectives are:

- to provide companies (banks and non-bank financial institutions) and projects with financing options, increase access to finance, and reduce interest rates on loans;

- to provide an institutional framework and the appropriate legislation for secured lending; and

- to contribute to raising the UAE's competitiveness, and enhance its business environment by improving the country's "Legal Rights Index" in the 'Doing Business' report issued by the World Bank.

EIRC's principal source of revenue consists of the fees charged to clients for registering notices.

As at 31 December 2022, EIRC had 1,422 individual users across 300 local and international banks and institutions and a total of 177,000 security interest notices had been registered.

EIRC does not register security interests in movables for which existing laws already require registration or for which a special register already exists (for example pledges over shares registered with the economic departments in each Emirate or pledges over vehicles registered with the applicable traffic departments in each Emirate).

COMPETITION

As the sole development bank in the UAE, the Bank does not believe that it is exposed to significant competition.

INFORMATION TECHNOLOGY

The IT department's objective is to ensure that the Bank provides consistent and efficient service to its customers while reducing the Bank's operating costs and risks.

The Bank's customer-centric core banking system is Temenos T24 which the Bank uses to provide client-focused processing and services in the areas of home and business finance and treasury and investments. The Bank's core banking system is connected with the Central Bank's system to enable fund transfers, direct debits and accessibility of Central Bank credit reports.

The Bank uses Oracle e-Business Suite (including financial and human resources management system applications) as internal enterprise resource planning (ERP) systems for employee services, payroll, procurement, vendor management, fixed assets and financial reporting.

The Bank has an integrated and secure network infrastructure based on latest technology in network and security, with design standards to ensure resilience, customer data confidentiality, integrity and authenticity.

The Bank also has a digital platform to maintain and ensure state-of-the-art technology infrastructure within the Bank, as well as to ensure that its business and front-end channels can be further enhanced digitally so as to ensure an enhanced customer experience and greater levels of convenience for all of its customers.

Ensuring robust cyber security is an ongoing priority for the Bank. The Bank has completed all preparatory work for the ISO/IEC 27001 certification in information security management systems, including the development and implementation of checks and controls, proper documentation, standards, and other frameworks to ensure discipline and zero error in the field of information security. The certification is expected to be obtained before the end of 2024.

COMPLIANCE

Compliance risk is the exposure to penalties, fines and other losses that an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

The Bank addresses compliance risk through anti-money laundering ("**AML**"), anti-terrorist financing ("**ATF**") and know your customer ("**KYC**") procedures, which include conducting customer due diligence, transaction monitoring, transaction and customer screening, the reporting of suspicious activity, record keeping and staff training.

Effective AML, ATF and KYC procedures form a fundamental part of the Bank's internal control regime. The Bank's AML and ATF policies and procedures have been implemented in accordance with local legislation and regulatory requirements as well as international sanctions requirements. Guidelines have also been designed to provide adequate support to the business in minimising the risk of money laundering and terrorist financing, as well as to comply with applicable legislation and regulations.

INTERNAL AUDIT

The Bank's internal audit function is an independent function reporting directly to the Board Audit, Risk and Compliance Committee (the "**BARCC**").

The purpose of the Bank's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Bank's operations. The internal audit function governs itself by adherence to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Bank's internal audit function comprises five staff including the Chief Internal Audit Officer.

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected financial information" and the Financial Statements.

The discussion of the Bank's financial condition and results of operations is based upon the Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Cautionary statement regarding forward-looking statements" and "Risk factors".

See "Presentation of financial and other information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

OVERVIEW

The Bank was established to contribute to the sustainable growth of the UAE economy and is the leading provider of developmental financial services in the UAE.

The Bank is a key financial engine of the UAE's economic diversification and industrial transformation agenda, and a key facilitator of the industrial development strategy unveiled by the UAE government. The Bank seeks to maximise its impact on, and to become a key engine of growth for, the UAE's economy through its contributions to non-oil GDP, national employment rates and in-country value generation. The Bank's developmental objectives are to support and empower the implementation of the UAE's industrial development strategy, facilitate the adoption of advanced technology, empower the growth of SMEs and encourage start-ups and innovation.

The Bank has three principal reportable segments which reflect its areas of business operation:

- **Industrial Finance**, which supports the UAE development agenda, including GDP growth, economic diversification and job creation, by providing financing to corporates, MSMEs and start-ups, which generates interest and profit income as well as fee and commission income;

- **Investments and Treasury**, which manages the Bank's liquidity and cash flow as well as its foreign exchange positions, its securities investments, its investment properties and its other assets and liabilities, which principally generates investment income, fee and commission income, interest income and other income. Through treasury liabilities products, the Bank also aims to obtain long-term, risk-free, stable deposits cheaply to fund its assets and develop sustainable long-term relationships; and

- **Home Finance**, which offers UAE nationals customised and affordable financial solutions that facilitate their purchase, construction or expansion of a home, which generates interest and profit income. The Bank also administers loans made by the SZHP to its customers which generates fee and commission income.

The Bank's net interest and profit from Islamic finance was AED 242 million in 2022, AED 156 million in 2021 and AED 157 million in 2020 and its profit for the year was AED 61 million in 2022, AED 52 million in 2021 and AED 72 million in 2020. As at 31 December 2022, the Bank's total assets were AED 13.7 billion. As at the same date, its total capital ratio was 66.95 per cent., its tier 1 regulatory capital ratio was 66.19 per cent. and its total equity equalled 40.8 per cent. of its total assets. Since the Bank is not required to comply with any specific capital regulations, these capital ratios are not formal Basel III ratios. See "—*Capital adequacy*" below.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Bank's results of operations.

Economic conditions

The Bank's income and results of operations are affected by economic and market conditions in the UAE. Based on data in the IMF's October 2023 World Economic Outlook Database, the UAE's real GDP fell by 5.0 per cent. in 2020, and grew by 4.4 per cent. in 2021 and an estimated 7.9 per cent. in 2022. The IMF estimates the UAE's real GDP will grow by 3.4 per cent. in 2023. Based on FCSC data, the UAE's real GDP fell by 5.0 per cent. in 2020, and grew by 4.3 per cent. in 2021 and 7.9 per cent. in 2022 on a preliminary basis.

The Bank was adversely impacted by the negative economic trends in 2020 which were driven by COVID-19 and low oil and gas prices. In particular, during 2020 and in response to the COVID-19 outbreak, the Bank approved payment holidays to certain customers ranging from one to six months deferrals. In addition, in light of the uncertain economic environment, the Bank re-assessed the scenario weighting to reflect the impact of the uncertainty in measuring the ECL for 2020. In making its estimates, the Bank assessed a range of possible outcomes by stressing the previous basis (that includes upside, based case and downside scenarios) and changed the downside weightings through to 100 per cent. This had a general reflection on the increased probability of default for all credit exposures across all asset classes and segments in Stage 1 and Stage 2. The increase in the downturn weighting of the macro-economic scenario resulted in an additional ECL of AED 3.8 million for the Bank.

In 2021, the Bank's total operating income remained flat although its expenses increased, driven by higher interest costs offset by an increase in profit from Islamic finance, resulting in lower profit for the year in 2021.

In 2022, the Bank's total operating income grew strongly, driven by a significant increase in its customer financing portfolios as the economy continued to grow strongly, although this growth was offset to an extent by increased expenses and a significantly higher fair value loss on investment properties and financial assets at FVTPL.

Factors affecting net interest and profit income

The Bank's net interest and profit income is the major contributor to its total operating income, comprising 84.0 per cent. of total operating income in 2022, 77.3 per cent. in 2021 and 77.6 per cent. in 2020. The Bank's interest income principally comprises the interest earned on its loans and advances to customers, its balances and deposits with banks and fixed income securities. The Bank also includes in interest income the income earned on its cash and balances with the Central Bank. The Bank's interest income principally varies by reference to the volume of funds placed or advanced by it and the interest rates which it charges on those funds.

The Bank's profit from Islamic finance represents the return earned on the Islamic financing it provides to its customers and principally varies by reference to the volume of finance advanced by it and the return which it earns on that finance.

The Bank's interest expense principally comprises the interest that it pays on its term borrowing. Other sources of interest expense are the interest paid on the bank and corporate deposits placed with it and on the deposits and funds that it accepts from governmental institutions such as the SZHP and the Innovation Fund. The Bank does not accept deposits from the public. The Bank's interest expense principally varies by reference to the volume of funds deposited with or borrowed by it and the interest rates paid on those funds.

The Bank's net interest and profit income was AED 242 million in 2022, AED 156 million in 2021 and AED 157 million in 2020. For an analysis of the changes in the Bank's net interest and profit income, see "*Results of operations—Total operating income*" below.

Fair value gains or losses on investment properties and financial assets at FVTPL

The Bank's consolidated statement of profit or loss was impacted in each of 2022, 2021 and 2020 by net fair value losses arising on its investment properties and financial investments at FVTPL. Together, these amounted to AED 49 million in 2022, AED 23 million in 2021 and AED 20 million in 2020.

In 2022, the Bank recorded a fair value loss on financial assets at FVTPL of AED 36 million, compared to a fair value loss of AED 4 million in 2021 and a fair value gain of AED 6 million in 2020. The Bank's financial assets at FVTPL are investments in debt and sukuk securities and the fair value changes in each period principally reflected variations in the market price of the securities.

In 2022, the Bank recorded a fair value loss on its investment properties of AED 13 million, compared to fair value losses of AED 19 million in 2021 and AED 26 million in 2020. The Bank's investment properties are fair valued at the end of each year by an industry specialist in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards using the comparable method of valuation, the investment valuation method and the residual valuation method. The fair value losses in each period principally reflected adverse real estate market conditions across the UAE.

Implementation of corporate income tax in the UAE

On 3 October 2022, the UAE Ministry of Finance issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law to implement a new corporate tax regime in the UAE. The new corporate tax regime is applicable for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9 per cent. corporate tax rate, although a rate of 0 per cent. could be applied to taxable income not exceeding a particular threshold or to certain types of entities, as set out in a Cabinet Decision which is still to be published.

RECENT DEVELOPMENTS

On 15 August 2023, the Bank published its Interim Financial Statements.

The Bank's net interest income and profit from Islamic finance in the six months ended 30 June 2023 increased by AED 134 million, or 147.3 per cent., to AED 225 million from AED 91 million in the corresponding period of 2022. This reflected (i) an AED 108 million, or 177.0 per cent., increase in net interest income to AED 169 million from AED 61 million in the six months ended 30 June 2022 and (ii) an AED 25 million, or 83.3 per cent., increase in profit from Islamic finance to AED 55 million from AED 30 million in the six months ended 30 June 2022. The increase in net interest income was driven by a significant increase in balances and deposits with banks and an increase in loans and advances to customers and banks as well as higher interest rates in the 2023 period. The increase in profit from Islamic finance was driven by both higher profit rates and increased volumes.

The Bank's other operating income (comprising its investment income, fees and commission income and other income – net) in the six months ended 30 June 2023 increased by AED 34 million, or 130.8 per cent., to AED 60 million from AED 26 million in the corresponding period of 2022. This was principally due to the sale of the Group's building in Abu Dhabi which contributed AED 37 million to net other income in the six months ended 30 June 2023.

The Bank's expenses (comprising its salaries and employee benefits, depreciation, operating and administrative expenses and impairment charge) in the six months ended 30 June 2023 increased by AED 37 million, or 52.9 per cent., to AED 107 million from AED 70 million in the corresponding period of 2022. This reflected increases in all categories of expense, including, in particular:

- an AED 14 million, or 32.6 per cent., increase in salaries and employee benefits to AED 57 million from AED 43 million in the six months ended 30 June 2022, principally reflecting new staff hired; and

- an AED 14 million increase in impairment charge to AED 15 million from AED 1 million in the six months ended 30 June 2022, which reflected an increase in the home finance division's non-performing loan portfolio.

The Bank's net fair value loss on investment properties and financial assets classified at FVTPL was AED 7 million in the six months ended 30 June 2023 compared to AED 28 million in the corresponding period of 2022.

Reflecting the above factors, the Bank's profit for the six months ended 30 June 2023 was AED 171 million compared to AED 20 million in the corresponding period of 2022, an increase of AED 151 million.

The Bank's customer financing portfolio totalled AED 7,147 million at 30 June 2023 compared to AED 6,792 million at 31 December 2022, an increase of AED 355 million or 5.2 per cent. over the six-month period.

The Bank's balances and deposits with banks totalled AED 6,026 million at 30 June 2023 compared to AED 4,589 million at 31 December 2022, an increase of AED 1,437 million or 31.3 per cent. over the six-month period.

The Bank's deposits and funds totalled AED 3,868 million at 30 June 2023 compared to AED 2,392 million at 31 December 2022, an increase of AED 1,476 million or 61.7 per cent. over the six-month period. This principally reflected an AED 1,304 million increase in deposits from the MoF and an increase of AED 209 million in corporate term deposits.

The Bank's undrawn revocable credit commitments increased to AED 1,074 million at 30 June 2023 from AED 370 million as at 31 December 2022, an increase of AED 704 million, or 190.3 per cent. This reflected new business attracted by the Bank.

SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the significant accounting policies applied by the Bank generally, see note 3 to the 2022 Financial Statements.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the Bank's financial statements, management is required to make certain estimates, judgements, and assumptions. These affect the reported amounts of the Bank's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgement. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgements and assumptions made in the preparation of the Bank's financial statements, see note 4 to the 2022 Financial Statements, which identifies six key factors related to the determination of impairment on financial assets, the classification and measurement of investment securities, the fair valuation of investment securities and investment properties and certain estimates, judgements and assumptions relating to leases.

RESULTS OF OPERATIONS

Total operating income

The Bank's total operating income was AED 288 million in 2022 compared to AED 202 million in each of 2021 and 2020, an increase of AED 86 million, or 42.6 per cent., in 2022 compared to 2021.

The table below analyses the Bank's total operating income for each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Income			
Interest income	336,160	231,841	226,475
Interest expense	(165,995)	(125,202)	(101,037)
Net interest income	**170,165**	**106,639**	**125,438**
Profit from Islamic finance	71,589	49,667	31,146
Net interest and profit income	**241,754**	**156,306**	**156,584**
Investment income	13,836	16,348	11,850
Fees and commission income - net	23,986	13,875	11,898
Other income	8,301	15,677	21,524
Total operating income	**287,877**	**202,206**	**201,856**

Net interest and profit income

The Bank's net interest and profit income is the difference between the interest income earned by it and the interest expense paid by it plus its profit from Islamic finance.

Interest income

The Bank's interest income principally comprises the interest earned on its loans and advances to customers, on its balances and deposits with banks and on its fixed income securities.

The table below shows the Bank's interest income in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Loans and advances to customers	191,835	150,293	101,963
Balances and deposits with banks	87,603	42,375	87,170
Fixed income securities	50,881	39,173	37,152
Cash and balances with the UAE Central Bank	5,841	—	100
Interest income	**336,160**	**231,841**	**226,475**

2022 and 2021 compared

The Bank's interest income increased by AED 104 million, or 44.8 per cent., in 2022 to AED 336 million from AED 232 million in 2021. This increase principally reflected:

- an AED 46 million, or 109.5 per cent., increase in interest income on balances and deposits with banks in 2022 to AED 88 million from AED 42 million in 2021;
- an AED 42 million, or 28.0 per cent., increase in interest income from loans and advances to customers in 2022 to AED 192 million from AED 150 million in 2021; and
- an AED 12 million, or 30.8 per cent., increase in interest income from fixed income securities in 2022 to AED 51 million from AED 39 million in 2021,

which, in each case, was principally due to increased volumes and higher interest rates towards the end of 2022.

2021 and 2020 compared

The Bank's interest income increased by AED 6 million, or 2.7 per cent., in 2021 to AED 232 million from AED 226 million in 2020. This increase principally reflected:

- an AED 48 million, or 47.1 per cent., increase in interest income from loans and advances in 2021 to AED 150 million from AED 102 million in 2020, which principally reflected increased volumes of both conventional and Islamic financing; and
- an AED 2 million, or 5.4 per cent., increase in interest income on fixed income securities in 2021 to AED 39 million from AED 37 million in 2020, which principally reflected increased volumes of bonds held at amortised cost.

These increases were substantially offset by an AED 45 million, or 51.7 per cent., decrease in interest income from balances and deposits with banks in 2021 to AED 42 million from AED 87 million in 2020, which principally reflected a combination of lower average interest rates and lower average balances and deposits with banks.

Interest expense

The Bank's interest expense principally comprises the interest that it pays on its term borrowings. It also pays interest on its deposits from banks and corporate deposits and on its deposits and funds from government institutions, principally the SZHP and the Innovation Fund. The Bank does not accept deposits from the public.

The table below shows the Bank's interest expense in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Term borrowing	143,564	122,632	97,627

	2022	2021	2020
		(AED thousands)	
Deposits and funds	5,355	1,138	2,766
Due to banks	14,358	1,411	604
Others	2,718	21	40
Interest expense	**165,995**	**125,202**	**101,037**

2022 and 2021 compared

The Bank's interest expense increased by AED 41 million, or 32.8 per cent., in 2022 to AED 166 million from AED 125 million in 2021. This increase principally reflected:

- an increase of AED 21 million, or 17.1 per cent., in interest paid on term borrowing in 2022 to AED 144 million from AED 123 million in 2021, which principally reflected the issue of U.S.$750 million bonds due 2026 in June 2021. Interest on these bonds is paid semi-annually, which meant that a full year's interest was paid in 2022 compared to only six months' interest in 2021; and

- an increase of AED 13 million in interest paid on due to banks and corporate deposits in 2022 to AED 14 million from AED 1 million in 2021, which principally reflected new corporate deposits taken.

2021 and 2020 compared

The Bank's interest expense increased by AED 24 million, or 23.8 per cent., in 2021 to AED 125 million from AED 101 million in 2020. This increase principally reflected an increase of AED 25 million, or 25.5 per cent., in interest expense on term borrowings in 2021 to AED 123 million from AED 98 million in 2020, which principally reflected an increase of AED 21 million, or 17.1 per cent., in interest paid on term borrowing in 2022 to AED 144 million from AED 123 million in 2021, which principally reflected the issuance of debt securities by the Bank in June 2021.

Profit from Islamic finance

The Bank's profit from Islamic finance represents its return on the Islamic financing it provides to its customers. The Bank's profit from Islamic finance was AED 72 million in 2022, AED 50 million in 2021 and AED 31 million in 2020, an increase of AED 22 million, or 44.0 per cent., in 2022 compared to 2021 and an increase of AED 19 million, or 61.3 per cent., in 2021 compared to 2022. In both cases, the increase principally reflected higher volumes of financing provided.

Other components of total operating income

The other components of the Bank's total operating income are investment income, fee and commission income and other income. Together, the other components of the Bank's total operating income amounted to AED 46 million in 2022 compared to AED 46 million in 2021 and AED 45 million in 2020.

The table below shows the other components of the Bank's total operating income in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Investment income	13,836	16,348	11,850
of which:			
Dividend income	*13,715*	*16,208*	*11,365*
Gain/(loss) on sale of financial investments at FVTPL	*121*	*140*	*459*
Others	—	—	*26*
Fees and commission income, net	23,986	13,875	11,898
of which:			
Fee from SZHP	*14,000*	*13,000*	*12,022*
Fee from Emirates Integrated Registries Company	*2,535*	*1,315*	*1,332*
Fee from guarantees	*2,752*	*814*	—
Other fees - net	*4,699*	*(440)*	*(1,456)*
Other income	8,301	15,677	21,524
of which:			

	2022	2021	2020
		(AED thousands)	
Rental income on investment properties	*14,693*	*21,517*	*26,732*
Service charges	*(6,599)*	*(6,047)*	*(6,690)*
Other income	*207*	*207*	*1,482*
Total	**46,123**	**45,900**	**45,272**

Investment income

The Bank's investment income principally comprises the dividend income earned on its portfolio of equity securities (the fair value of which was AED 280 million as at 31 December 2022, AED 279 million as at 31 December 2021 and AED 305 million as at 31 December 2020). The Bank's investment income was AED 14 million in 2022, AED 16 million in 2021 and AED 12 million in 2020.

Fees and commission income

The Bank's net fee and commission income is principally derived from its service contract with the SZHP and, to a significantly lesser extent, from its service contract with EIRC. The Bank's net fee and commission income was AED 24 million in 2022, AED 14 million in 2021 and AED 12 million in 2020, with the increase in 2022 compared to 2021 principally reflecting increased net other fees (which related to processing and documentation fees in the MSME and wholesale industrial banking divisions), increased fees from guarantees (a relatively new line of business which expanded significantly in 2022) and increased fees from EIRC reflecting a higher number of applications.

Other income

The Bank's other income principally comprises rental income received on its investment properties, net of the service charges it incurs relating to its investment properties. The Bank's net rental income amounted to AED 8 million in 2022 compared to AED 15 million in 2021 and AED 20 million in 2020.

The decreases in 2022 and 2021 principally reflected lower volumes of tenants as a result of tenants seeking to reduce costs.

Salaries and employee benefits

The Bank's salaries and employee benefits amounted to AED 97 million in 2022 compared to AED 69 million in 2021 and AED 55 million in 2020, an increase of AED 28 million, or 40.6 per cent., in 2022 compared to 2021 and an increase of AED 14 million, or 25.5 per cent., in 2021 compared to 2020. The increases in each of 2022 and 2021 principally reflected increased headcount in line with the Bank's strategy and the expansion of its business activities.

Operating and administrative expenses

The Bank's operating and administrative expenses comprise its general and administrative expenses and its depreciation and amortisation charge in respect of property, plant and equipment.

The table below shows the components of the Bank's operating and administrative expenses in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
General and administrative expenses	48,948	33,113	22,695
Depreciation and amortisation	8,210	3,523	7,163
Operating and administrative expenses	**57,158**	**36,636**	**29,858**

The Bank's operating and administrative expenses amounted to AED 57 million in 2022, AED 37 million in 2021 and AED 30 million in 2020, an increase of AED 20 million, or 54.1 per cent., in 2022 compared to 2021 and AED 7 million, or 23.3 per cent., in 2021 compared to 2020.

In 2022, the Bank's general and administrative expenses increased by AED 16 million, or 48.5 per cent., compared to 2021, principally reflecting increased costs in relation to outsourced staff, marketing and consultancy. In addition, the Bank's depreciation and amortisation charge increased by AED 4 million, or 100 per cent., in 2022 compared to 2021 principally as a result of IFRS 16 accounting in relation to rented properties.

In 2021, the Bank's general and administrative expenses increased by AED 10 million, or 43.5 per cent., compared to 2020, principally reflecting increased costs in relation to outsourced staff and marketing. This increase was partially offset by a fall of AED 3 million, or 42.9 per cent., the Bank's depreciation and amortisation charge in 2021 compared to 2020, principally driven by the reclassification of its Dubai office to investment properties.

Impairment charge

The Bank's impairment charge amounted to AED 24 million in 2022, AED 22 million in 2021 and AED 25 million in 2020, an increase of AED 2 million, or 9.1 per cent., in 2022 compared to 2021 and a fall of AED 3 million, or 12.0 per cent., in 2021 compared to 2020.

In 2022, the Bank's impairment charge principally comprised AED 13 million against loans and advances to customers, AED 7 million against credit guarantees and AED 6 million against Islamic finance. These charges were reduced by a write back and recovery of AED 2 million relating to loans and advances, Islamic finance and credit guarantees and an AED 1 million reversal of impairment allowance relating to balances and deposits with banks.

In 2021, the Bank's impairment charge principally comprised AED 17 million against loans and advances to customers, AED 6 million against Islamic finance and AED 2 million against credit guarantees. These charges were reduced by a write back and recovery of AED 3 million relating to loans and advances, Islamic finance and credit guarantees.

In 2020, the Bank's impairment charge principally comprised AED 21 million against loans and advances to customers and AED 5 million against Islamic finance. These charges were reduced by an AED 1 million reversal of impairment allowance relating to balances and deposits with banks.

Profit before fair value changes on investment properties and financial assets at FVTPL

Reflecting the above factors, the Bank's profit before fair value changes on investment properties and financial assets at FVTPL was AED 110 million in 2022 compared to AED 75 million in 2021 and AED 91 million in 2020, an increase of AED 35 million, or 46.7 per cent., in 2022 compared to 2021 and a decrease of AED 16 million, or 17.6 per cent., in 2021 compared to 2020.

Net fair value change on investment properties and financial assets at FVTPL

The Bank's net fair value change on investment properties and financial assets at FVTPL amounted to a loss of AED 49 million in 2022, AED 23 million in 2021 and AED 20 million in 2020.

The table below shows the Bank's net fair value change on investment properties and financial assets at FVTPL in each of 2022, 2021 and 2020.

	2022	**2021**	**2020**
		(AED thousands)	
Change in fair value on financial assets at FVTPL	(36,359)	(4,011)	5,900
Change in fair value of investment property	(12,662)	(18,822)	(25,643)
Net fair value changes on investment property and financial investments at FVTPL	**(49,021)**	**(22,833)**	**(19,743)**

See further "*—Principal factors affecting results of operations—Fair value gains or losses on investment properties and financial assets at FVTPL*" above.

Profit for the year

Reflecting the above factors, the Bank's profit for the year was AED 61 million in 2022 compared to AED 52 million in 2021 and AED 72 million in 2020, an increase of AED 9 million, or 17.3 per cent., in 2022 compared to 2021 and a decrease of AED 20 million, or 27.8 per cent., in 2021 compared to 2020.

Other comprehensive income

The Bank's only item of other comprehensive income is the net change in the fair value of its quoted and unquoted financial investments at FVOCI. These changes were gains of AED 35 million in 2022 and AED 34 million in 2021 and a loss of AED 30 million in 2020.

Total comprehensive income for the year

Reflecting the above factors, the Bank's total comprehensive income for the year was AED 96 million in 2022 compared to AED 86 million in 2021 and AED 42 million in 2020.

FUNDING AND LIQUIDITY

Funding

The Bank's non-equity funding principally comprises:

- term borrowings in the form of Notes issued under the Programme, which amounted to AED 5,506 million, or 69.5 per cent. of its total funding, as at 31 December 2022; and

- deposits and funds, which amounted to AED 2,392 million, or 30.2 per cent. of its total funding, as at 31 December 2022.

The table below shows the Bank's non-equity funding as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Term borrowings	5,505,928	5,504,398	2,752,343
Deposits and funds	2,391,897	875,345[(1)]	865,673
Due to banks	25,000	28,000	—
Total funding	**7,922,825**	**6,407,743**	**3,618,016**

Note:

(1) This figure is derived from the comparative information for 2021 in the 2022 Financial Statements. The figure in the 2021 Financial Statements was 842,389.

The Bank's deposits and funds comprise corporate deposits and two sources of governmental institution funding: the SZHP and the Innovation Fund.

Corporate deposits

The Bank began accepting corporate deposits in 2021 in the form of time deposits. As at 31 December 2022, the Bank's corporate time deposits, all of which had maturities of less than 12 months, amounted to AED 1,036 million and its other corporate deposits amounted to AED 110 million as at the same date.

Sheikh Zayed Housing Program

The SZHP was established in 1999 and provides interest free loans repayable over a 25-year period to UAE citizens with low incomes. It also provides grants and non-reimbursable assistance to the poorest segments of society and prioritises orphans, widows, older people and people with special needs.

The Bank and the SZHP signed an agreement for the provision of banking, financial and investment management services on 8 March 2015. Under this agreement, the Bank provides services to the SZHP in return for which it is paid fees. These services include:

- receiving funds from the SZHP and using them to make advances to beneficiaries in the form of both conventional and Islamic housing loans, on the terms agreed by the SZHP and the beneficiary;

- administering the advances once made;

- making progress disbursements for housing projects and other financial aid to UAE nationals; and

- managing the recovery of the advances made.

The loans so made do not carry any risk to the Bank and therefore are not included in the Bank's statement of financial position. Instead loans granted and repayments received are reflected in changes in the balance of SZHP's current account with the Bank.

In addition, the MoF periodically transfers the funds allocated to the SZHP to the current account of the Bank with the Central Bank. The SZHP earns interest at a floating rate on the funds held with the Bank.

The substantial risk and rewards associated with these funds is with the Bank and, as a result, the funds of the SZHP deposited with the Bank are disclosed as part of the Bank's assets (as call accounts and placements within due from other banks in the statement of financial position). The typical maturity of these deposited funds is around three months.

Sheikh Mohammed Bin Rashid Innovation Fund

The Innovation Fund is a government initiative created by the UAE Prime Minister, His Highness Sheikh Mohammed bin Rashid Al Maktoum, in 2015 to finance and foster innovation. The MoF is responsible for the Innovation Fund's implementation and the Bank has been appointed by the MoF to act as the administrative host and operator of the Innovation Fund.

The scope of the Bank's responsibilities includes review and comment on the Innovation Fund's policy, guidelines, and terms and conditions, assist in the development of the Innovation Fund's operating manual, support in sourcing and contracting experts for the Innovation Fund's Decision and Advisory Committee, support in contracting strategic partners, promoting and marketing the Innovation Fund, approving the operations team, managing the Innovation Fund account, managing the Innovation Fund's annual report, maintaining the Innovation Fund's website and overseeing the performance of the Innovation Fund's operations team.

The Innovation Fund's annual expenses budget is prepared by the Bank and submitted to the MoF, which in turn pays the Bank on a monthly basis in accordance with the annually agreed expenses budget.

The Bank is not authorised to accept deposits from the public.

Liquidity

The Bank's liquidity needs arise primarily from making financing available to its customers, the payment of operating expenses and the acquisition of investment securities. To date, the Bank's liquidity needs have been funded through term borrowings, corporate and bank deposits, funds and deposits from governmental institutions and operating cash flow. See "—*Funding*" above and "—*Cash flow*" below.

Cash flow

The table below summarises the Bank's cash flow from operating activities, investing activities and financing activities for each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Net cash generated from/(used in) operating activities	2,560,906	(2,765,674)	30,647
Net cash used in investing activities	(142,341)	(215,962)	(144,073)
Net cash generated from financing activities	46,108	2,850,862	450,000
Net increase/(decrease) in cash and cash equivalents	2,464,583	(130,774)	336,574
Cash and cash equivalents at 1 January	889,218	1,019,992	683,418
Cash and cash equivalents at 31 December	3,353,801	889,218	1,019,992

Operating activities

The Bank's net cash generated from operating activities was AED 2,561 million in 2022 compared to net cash used in operating activities of AED 2,766 million in 2021 and net cash from operating activities of AED 31 million in 2020. The Bank's cash from operating activities before changes in working capital reflects its profit for the year adjusted for non-cash items, with the main adjustments in each year being in respect of fair value changes, impairment charges, dividends and depreciation.

The Bank's operating cash flow before changes in working capital was AED 133 million in 2022 compared to AED 89 million in 2021 and AED 116 million in 2020. The main changes in working capital relate to deposits with banks maturing after three months, loans and advances to customers, Islamic finance and deposits and funds (both corporate and received from governmental institutions).

In 2022, the Bank's principal working capital changes were net inflows of AED 1,760 million from deposits with banks maturing after three months and AED 1,517 million from deposits and funds, which was offset by net outflows of AED 586 million in loans and advances to customers and AED 218 million in Islamic finance.

In 2021, the Bank's principal working capital changes were net outflows of AED 1,207 million in loans and advances to customers, AED 1,155 million in deposits with banks maturing after three months and AED 575 million in Islamic finance.

In 2020, the Bank's principal working capital changes were a net inflow of AED 2,180 million from deposits with banks maturing after three months and net outflows of AED 1,849 million in loans and advances to customers and AED 471 million in Islamic finance.

Investing activities

The Bank's net cash used in investing activities was AED 142 million in 2022, AED 216 million in 2021 and AED 144 million in 2020. The Bank's investing activities comprise purchases and sales of investment securities, dividends received from its portfolio of equity securities and purchases of property and equipment.

In 2022, the Bank had a net outflow of AED 135 million from purchases and sales of investment securities and AED 21 million from the purchase of property and equipment. These outflows were offset by an inflow of AED 14 million from dividends received.

In 2021, the Bank had net outflows of AED 230 million from purchases and sales of investment securities and AED 2 million from property and equipment. These outflows were offset by an inflow of AED 16 million from dividends received.

In 2020, the Bank had net outflows of AED 151 million from purchases and sales of investment securities and AED 5 million from the purchase of property and equipment. These outflows were offset by an inflow of AED 11 million from dividends received.

Financing activities

The Bank's net cash generated from financing activities was AED 46 million in 2022, AED 2,851 million in 2020 and AED 450 million in 2020. The Bank's financing activities principally comprised increases in paid-up capital (which generated inflows of AED 50 million in 2022, AED 100 million in 2021 and AED 450 million in 2020) and the issuance of Notes under the Programme which generated an inflow of AED 2,751 million in 2021.

INVESTMENT SECURITIES PORTFOLIO

The Bank maintains an investment securities portfolio comprising bonds and equity securities issued by both quoted and unquoted companies. The Bank believes that it will be able to utilise the quoted investment securities as a source of liquidity, either through direct sale or to raise secured funding.

The table below shows the classification of the Bank's investment securities portfolio by category of investment as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
FVTPL investment securities			
Debt instruments		190,682	189,043
Perpetual sukuk instruments..............................	137,669	148,725	151,823
	137,669	**339,407**	**340,866**
FVOCI investment securities			

	As at 31 December		
	2022	2021	2020
		(AED thousands)	
Quoted local equity securities	164,568	161,980	167,469
Unquoted local equity securities	115,300	117,144	137,950
	279,868	**279,124**	**305,419**
Financial assets at amortised cost	1,294,679	961,814	676,374
Total investment securities	**1,712,216**	**1,580,345**	**1,322,659**

Investment securities which are classified as held at FVTPL are those which the Bank holds principally for the purpose of selling in the short-term. These are initially recognised at fair value and subsequently measured at fair value on each reporting date, with any changes in fair value being recognised in the profit or loss statement in the period in which they arise.

Investment securities which are classified as held at FVOCI are initially recognised at fair value and subsequently measured at fair value on each reporting date, with any changes in fair value being recognised in the statement of comprehensive income in the period in which they arise.

Investments at amortised cost consist of fixed rate U.S. dollar denominated bonds that, as at 31 December 2022, carried coupon rates between 1.38 per cent. and 6.00 per cent. per annum and had maturities between March 2023 and July 2031. The amortised cost of these investments is the amount at which the investments are measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss.

On any sale of FVTPL equity securities, the resulting gain or loss is recognised in profit or loss and, in the case of a sale of FVOCI equity securities, any cumulative change in fair value previously recognised in equity through the statement of comprehensive income is not reclassified to profit or loss, but is transferred to retained earnings.

INVESTMENT PROPERTIES

The Bank has a portfolio of investment properties comprising land, buildings and properties under development which are principally located in Abu Dhabi and Dubai. The fair value of this portfolio amounted to AED 478 million as at 31 December 2022 compared to AED 491 million as at 31 December 2021 and AED 510 million as at 31 December 2020.

The Bank's investment properties are fair valued annually and changes in the value of the portfolio reflect the fair value loss at each reporting period which is charged to the profit or loss statements.

See generally note 10 to each of the Annual Financial Statements which provides further information on the Bank's investment properties.

LOANS AND ADVANCES AND ISLAMIC FINANCING

Loans and advances

The table below shows details of the Bank's portfolio of loans and advances as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	2021	2020
		(AED thousands)	
Loans to government entities[(1)]	2,624,360	2,307,385	1,510,117
Loans to corporates and SMEs	961,593	738,925	448,001
Loans to financial institutions[(2)]	109,549	113,141	116,934
Housing loans	1,503,020	1,454,008	1,330,754
Gross loans and advances to customers	**5,198,522**	**4,612,829**	**3,405,806**
Less allowance for impairment	(248,893)	(237,502)	(223,045)
	4,949,629	**4,375,327**	**3,182,761**

(1) Loans to government entities are excluded from the UAE Central Bank's definition of large exposures.

(2) Loans to financial institutions represents placements with two financial institutions which were renegotiated in 2014, have no collateral and are individually impaired. The provision on these loans amounted to AED 86 million as at 31 December in each of 2022, 2021 and 2020.

The Bank's total loans and advances (after allowance for impairment) increased by AED 575 million, or 13.1 per cent., in 2022 and by AED 1,192 million, or 37.4 per cent., in 2021.

In 2022, the AED 575 million increase principally reflected:

- an increase of AED 317 million, or 13.7 per cent., in loans to government entities as a result of new lending; and
- an increase of AED 223 million, or 30.2 per cent., in loans to corporates and SMEs as a result of new lending to both new and existing customers.

In 2021, the AED 1,192 million increase principally reflected an increase of AED 798 million, or 52.8 per cent., in loans to government entities, which was driven by a loan to the SZHP and an increase of AED 291 million, or 65.0 per cent., in loans to corporates and SMEs, which was driven by new lending to both new and existing customers.

The table below shows the industry sector distribution of the Bank's total loans and advances as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Real estate	4,127,380	3,761,394	2,869,267
Construction material	162,841	165,685	124,956
Food and beverages	174,335	157,670	53,877
Financial services	109,549	113,141	116,934
Education	102,302	91,192	78,743
Medical products and services	120,547	86,759	79,633
Information technology	107,823	630	—
Paper products	95,613	104,469	24,558
Metals	95,187	46,378	—
Plastic products	26,743	31,848	31,798
Oil and gas	—	36,586	—
Transport and logistics	6,077	735	431
Waste management services	13,683	—	—
Other	56,442	16,342	7,724
Total loans and advances	**5,198,522**	**4,612,829**	**3,405,806**
Less: allowance for impairment	(248,893)	(237,502)	(223,045)
	4,949,629	**4,375,327**	**3,182,761**

The Bank's loans and advances are significantly concentrated on the real estate sector. Real estate loans, which comprise the Bank's portfolio of housing loans (which are spread among more than 2,000 customers) together with loans to a Government-related customer, accounted for 79.4 per cent. of the Bank's total loans and advances (before allowance for impairment) as at 31 December 2022, 81.5 per cent. as at 31 December 2021 and 84.2 per cent. as at 31 December 2020.

The Bank's loans and advances are also geographically concentrated in the UAE, with 99.9 per cent. of its maximum exposure to credit risk under loans and advances to customers as at 31 December 2022 being UAE risk and the balance being GCC risk.

Islamic financing

The Bank's Islamic financing takes the form of *ijarah* and *estisnaa* contracts granted to UAE nationals for the purpose of purchasing or constructing their home.

The table below shows details of the Bank's Islamic financing portfolio as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Islamic home financing	1,863,849	1,646,026	1,071,044
Less: allowance for impairment	(21,159)	(15,509)	(9,935)
	1,842,690	**1,630,517**	**1,061,109**

The Bank's total Islamic financing (after allowance for impairment) increased by AED 212 million, or 13.0 per cent., in 2022 and by AED 570 million, or 53.7 per cent., in 2021.

The table below shows the minimum *ijarah* payments due by time period, and the present value of them, as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December 2022		**As at 31 December 2021**		**As at 31 December 2020**	
	Minimum payments	**Present value**	**Minimum payments**	**Present value**	**Minimum payments**	**Present value**
			(AED thousands)			
Within one year	81,375	20,495	139,006	68,028	47,510	23,096
Between two and five years	324,739	92,723	276,556	149,961	190,016	101,165
More than five years	1,625,141	926,602	1,052,233	787,624	748,153	553,888
Total	**2,031,255**	**1,039,820**	**1,467,795**	**1,005,613**	**985,679**	**678,149**

Under the *ijarah* contracts, the Bank is permitted to sell or re-pledge the collateral in the case of a default by the lessee. *Ijarah* contracts receivable balances are secured by a mortgage over the *ijarah* properties. The gross amount of the Bank's non-performing *estisnaa* and *ijarah* contracts amounted to AED 7 million as at 31 December 2022 and AED 4 million as at 31 December 2021 and AED 2 million as at 31 December 2020. The specific provision held against those balances was AED 4 million as at 31 December 2022, AED 3 million as at 31 December 2021 and AED 3 million as at 31 December 2020.

All of the Bank's Islamic financing is within the real estate economic sector classification. The Bank's Islamic finance is also geographically concentrated in the UAE, with all of its maximum exposure to credit risk under Islamic finance as at 31 December 2022 being UAE risk.

For a discussion of the Bank's impairment provision in relation to its customer financing portfolios, see "*Risk management—Credit risk—Loss allowance*".

CAPITAL ADEQUACY

Although the Bank is not required to comply with any specific capital adequacy regulations, it voluntarily follows the rules and ratios established by the Basel Committee and adopted by the Central Bank.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of return on capital is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

As at 31 December 2022, the Bank's total capital ratio was 66.95 per cent. and its tier 1 regulatory capital ratio was 66.19 per cent. Since the Bank is not required to comply with any specific capital adequacy regulations, these capital ratios are not formal Basel III ratios, however, they are internal estimates calculated in line with the methodology specified by the Basel Committee and adopted by the Central Bank.

COMMITMENTS AND CONTINGENT LIABILITIES

The Bank's commitments comprise contractual commitments to provide loans and credit facilities which can be cancelled by the Bank unconditionally without any contractual obligations. These commitments have fixed expiration dates or other conditions for cancellation and may require payment of a fee. Due to the possibility of an expiration of these commitments without being withdrawn, the total contractual values of these commitments do not necessarily represent future financial obligations of the Bank.

Credit guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform its obligations under the terms of its contract. In 2021, the Bank entered into an agreement with local banks to provide credit guarantees to their SME customers. As at 31 December 2022, these credit guarantees amounted to AED 465 million compared to AED 89 million as at 31 December 2021. The Bank's maximum exposure to credit loss, in the event of non-performance by the guaranteed parties and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments. These guarantees are subject to the Bank's normal credit approval processes.

The Bank has also issued financial guarantees in favour of other lending banks who have granted loans to the customers of the Innovation Fund. The Bank has a reciprocal arrangement with the MoF to claim the guarantee amount in case of any default by the customer. As at 31 December 2022, these guarantees amounted to AED 14 million compared to AED 13 million as at 31 December 2021 and AED 29 million as at 31 December 2020.

The table below shows the Bank's credit commitments and contingencies as at 31 December in each 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Credit commitments	369,653	595,292	255,178
Guarantees	479,383	101,844	29,061

RELATED PARTY TRANSACTIONS

The Bank's principal related party transactions are with its shareholder and its directors and key management, other companies controlled by any of them and other UAE federal government entities. These transactions include financing provided (including commitments to extend financing) and deposits and funds received. Further information on the Bank's related party transactions in 2022, 2021 and 2020 is set out in note 26 to each of the Annual Financial Statements.

DISCLOSURES ABOUT RISK

The Bank is exposed to a number of financial risks and takes steps to mitigate certain of these risks as described in "*Risk management*" and in note 5 to the 2022 Financial Statements.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with "Financial review". See also "Presentation of financial and other information" for a discussion of the sources of the numbers contained in this section.

All information as at 30 June 2023 and for the six-month periods ended 30 June 2023 and 30 June 2022 is unaudited. Investors should not rely on interim results as being indicative of the results the Bank may achieve for the full year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The table below shows the Bank's consolidated statement of financial position data as at 30 June 2023 and as at 31 December in each of 2022, 2021 and 2020.

	As at 30 June	As at 31 December		
	2023	**2022**	**2021**	**2020**
	Unaudited			
		(AED thousands)		
Assets				
Cash and balances with the UAE Central Bank	90,653	38,994	137,906	167,893
Balances and deposits with banks	6,025,947	4,589,133	3,784,967	2,731,048
Loans and advances to customers	5,317,020	4,949,629	4,375,327	3,182,761
Islamic finance	1,829,486	1,842,690	1,630,517	1,061,109
Investment securities	1,626,473	1,712,216	1,580,345	1,322,659
Investment properties	470,848	478,353	491,015	509,837
Assets held for sale	—	11,408	—	—
Property and equipment	47,141	47,152	30,472	31,742
Other assets	98,096	65,977	60,275	51,944
Total assets	**15,505,624**	**13,735,552**	**12,090,824**	**9,058,993**
Liabilities				
Due to banks	30,000	25,000	28,000	—
Deposits and funds	3,868,081	2,391,897	875,345	865,673
Term borrowing	5,506,704	5,505,928	5,504,398	2,752,343
Other liabilities	270,292	206,562	222,505	166,296
Total liabilities	**9,675,077**	**8,129,387**	**6,630,248**	**3,784,312**
Equity				
Paid-up capital	4,658,390	4,608,390	4,558,390	4,458,390
Special reserve	589,032	589,032	582,948	577,757
Retained earnings	524,746	350,523	270,074	174,576
Investment revaluation reserve	40,524	40,365	31,309	46,103
Revaluation surplus	17,855	17,855	17,855	17,855
Total equity	**5,830,547**	**5,606,165**	**5,460,576**	**5,274,681**
Total liabilities and equity	**15,505,624**	**13,735,552**	**12,090,824**	**9,058,993**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The tables below show the Bank's condensed consolidated interim statement of profit or loss data and condensed consolidated statement of other comprehensive income data for each of the six-month periods ended 30 June 2023 and 30 June 2022.

Profit or loss data

	Six months ended 30 June	
	2023	**2022**
	(AED thousands) *Unaudited*	
Income		
Interest income	300,007	136,059
Interest expense	(130,778)	(75,418)
Net interest income	**169,229**	**60,641**
Profit from Islamic finance	55,426	30,341
Net interest and income from Islamic financing	**224,655**	**90,982**
Investment income	11,116	11,052
Fees and commission income	15,508	9,622
Other income - net	33,659	5,623
Total operating income	**284,938**	**117,279**
Expenses		
Salaries and employee benefits	(57,078)	(42,616)
Depreciation	(5,237)	(1,999)
Operating and administrative expenses	(29,892)	(23,715)
Impairment charge	(14,550)	(1,296)
Profit before fair value changes on investment properties and financial assets at fair value through profit or loss (FVTPL)	**178,181**	**47,653**
Fair value loss on investment properties and financial assets at FVTPL	(7,445)	(27,653)
Profit for the period	**170,736**	**20,000**

Other comprehensive income data

	Six months ended 30 June	
	2023	**2022**
Profit for the period	**170,736**	**20,000**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value gain on investments in equity instruments designated at FVOCI	3,646	7,693
Total comprehensive income for the period	**174,382**	**27,693**

The tables below show the Bank's consolidated statement of profit or loss data and consolidated statement of other comprehensive income data for each of 2022, 2021 and 2020.

Profit or loss data

	2022	2021	2020
		(AED thousands)	
Income			
Interest income	336,160	231,841	226,475
Interest expense	(165,995)	(125,202)	(101,037)
Net interest income	**170,165**	**106,639**	**125,438**
Profit from Islamic finance	71,589	49,667	31,146
Net interest and profit income	**241,754**	**156,306**	**156,584**
Investment income	13,836	16,348	11,850
Fees and commission income - net	23,986	13,875	11,898
Other income	8,301	15,677	21,524
Total operating income	**287,877**	**202,206**	**201,856**
Expenses			
Salaries and employee benefits	(97,313)	(68,857)	(55,169)
Operating and administrative expenses	(57,158)	(36,636)	(29,858)
Impairment charge	(23,544)	(21,970)	(25,448)
Profit before fair value changes on investment properties and financial assets at fair value through profit or loss ("FVTPL")	**109,862**	**74,743**	**91,381**
Net fair value change on investment properties and financial assets at FVTPL	(49,021)	(22,833)	(19,743)
Profit for the year	**60,841**	**51,910**	**71,638**

Other comprehensive income data

	2022	2021	2020
Profit for the year	**60,841**	**51,910**	**71,638**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value gain/(loss) on investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	34,748	33,985	(29,698)
Total comprehensive income for the year	**95,589**	**85,895**	**41,940**

CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The table below summarises the Bank's statement of cash flows data for each of the six-month periods ended 30 June 2023 and 30 June 2022.

	Six months ended 30 June	
	2023	2022
	(AED thousands) *Unaudited*	
Net cash (used in)/generated from operating activities	(75,226)	944,919
Net cash generated from/(used in) investing activities	135,831	(65,945)
Net cash generated from financing activities	49,214	50,000
Net increase in cash and cash equivalents	109,819	928,974
Cash and cash equivalents at 1 January	3,353,801	889,218
Cash and cash equivalents at 30 June	3,463,620	1,818,912

The table below summarises the Bank's statement of cash flows data for each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Net cash generated from/(used in) operating activities	2,560,906	(2,765,674)	30,647
Net cash used in investing activities	(142,431)	(215,962)	(144,073)
Net cash generated from financing activities	46,108	2,850,862	450,000
Net increase/(decrease) in cash and cash equivalents	2,464,583	(130,774)	336,574

	2022	2021	2020
		(AED thousands)	
Cash and cash equivalents at 1 January	889,218	1,019,992	683,418
Cash and cash equivalents at 31 December	3,353,801	889,218	1,019,992

SELECTED FINANCIAL RATIOS

The table below shows selected financial ratios for the Bank as at, and for the six-month periods ended, 30 June in each of 2023 and 2022 and as at, and for the years ended, 31 December in each of 2022, 2021 and 2020. None of these ratios is an IFRS measure.

	As at/six months ended 30 June	As at/years ended 31 December		
	2023	2022	2021	2020
	Unaudited			
Performance measures				
Return on average assets[(1)]	2.3	0.5	0.5	0.8
Return on average equity [(2)]	6.0	1.1	1.0	1.4
Cost to income ratio [(3)]	32.4	53.7	52.2	42.1
Financial ratios				
Net interest margin[(4)]	3.2	2.0	1.6	2.0
Net profit margin[(5)]	59.9	21.1	25.7	35.5
Asset quality				
Impaired loans ratio[(6)]	3.9	3.7	4.1	5.4
Loan loss coverage ratio[(7)]	76.7	79.9	74.0	74.1
Other ratios				
Tier 1 capital ratio[(8)]	64.5	66.1	70.9	89.3
Total capital ratio[(8)]	65.3	66.9	71.8	90.2

Notes:

(1) Profit for the year/period (on an annualised basis) divided by average assets for the year/period, with average assets calculated as the sum of assets at the start and end of each year/period divided by two. Figures for six months periods are annualised by multiplying them by two.

(2) Profit for the year/period (on an annualised basis) divided by average total equity for the year/period, with average total equity calculated as the sum of total equity at the start and end of each year/period divided by two.

(3) Expenses divided by total operating income. Expenses comprises salaries and employee benefits, depreciation, and operating and administrative expenses.

(4) Net interest income for the year/period (on an annualised basis) divided by average interest earning assets for the year/period, with average interest earning assets calculated as the sum of interest earning assets at the start and end of each year/period divided by two. Interest earning assets comprise Balances and deposits with banks, Loans and advances to customers and Investment securities.

(5) Profit for the year/period divided by total operating income for the year/period.

(6) Impaired loans as a percentage of total loans (before allowance for impairment), in each case as at the end of the year/period.

(7) Allowance for impairment as a percentage of impaired loans, in each case as at the end of the year/period.

(8) Since the Bank is not required to comply with any specific capital adequacy regulations, these capital ratios are not formal Basel III ratios, however, they are internal estimates calculated in line with the methodology specified by the Basel Committee and adopted by the Central Bank.

RISK MANAGEMENT

OVERVIEW

The Bank's activities expose it to a variety of financial risks and involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Bank's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects on its financial performance. The principal financial risks which the Bank faces are:

- **credit risk**, which is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the financing which the Bank provides to its customers, the placements which it makes with other banks and the Bank's fixed income investment securities. Credit risk also arises through the downgrading of counter parties whose credit instruments are held by the Bank thereby causing the value of the instruments to fall;

- **liquidity risk**, which is the risk that the Bank will be unable either to meet its obligations associated with its financial liabilities when they fall due or to replace funds when they are withdrawn;

- **market risk**, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices; and

- **operational risk**, which is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank has management committees to oversee its risk management process. The BARCC defines policies, processes and systems to manage and monitor credit, market and operational risks. The Bank also has a credit risk function, which independently reviews adherence to all risk management policies and procedures. The Bank's internal audit function, which is part of its risk framework, primarily evaluates the effectiveness of the controls addressing operational risk.

The Bank's risk management policies are designed to identify and analyse the risks that it faces, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank's management regularly reviews the risk management policies and systems and updates them to reflect changes in markets, products and emerging best practice.

CREDIT RISK

Overview

Management is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives.

The Bank's credit policy provides a systematic and consistent approach to identifying and managing borrower and counterparty risks.

The Bank's credit risk function and its credit team are responsible for the recognition and management of credit risk both at transaction and portfolio levels and for ensuring that risk procedures are adhered to in a manner consistent with the Bank's credit policy. Using limits and controls, the Bank manages concentration of credit risk wherever it is identified, in particular, to individual counterparties and groups, and to industries.

The Bank also manages credit risk through diversification of investment activities to reduce undue concentrations of risks in specific locations or industry segments and monitors credit exposures by limiting transactions with specific counterparties and continually assessing the creditworthiness of its counterparties.

For risk management purposes, credit risk arising on financial assets at FVTPL is managed independently, and reported as a component of market risk exposure.

The Bank's credit risk management framework includes:

- formulating credit policies in consultation with the business units that cover collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;

- establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require the approval of a credit manager, the head of credit, the credit committee or the Board, as appropriate;

- reviewing and assessing all credit exposures in excess of designated limits, prior to the facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process;

- limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for investments);

- developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading system comprises 10 grades reflecting various degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews; and

- reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with the Bank's risk management strategy and market trends.

In addition, the Bank manages its credit exposure by obtaining collateral where appropriate and by limiting the duration of the exposure. In certain cases, the Bank may also close out transactions or assign them to other counterparties to mitigate credit risk. Credit risk in respect of derivative financial instruments, if any, is limited to those with positive fair values.

Collateral

Collateral is used to mitigate credit risk, as the secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations. The Bank's credit policy and procedures set out the acceptable types of collateral, as well as the process by which additional instruments and/or asset types can be considered for approval.

As at 31 December 2022, the Bank held credit risk mitigants with an estimated value of AED 80 million (compared to AED 67 million as at 31 December 2021 and AED 69 million as at 31 December 2020) against its watch list and credit impaired receivables from loans and advances, Islamic finance and investments. These credit risk mitigants comprised real estate collateral, security over other assets, cash deposits and guarantees. The Bank accepts sovereign guarantees and guarantees from reputable local and international banks, well-established local or large multinational corporates and high net worth private individuals. Collateral is not generally held against placements with other banks and financial institutions.

Credit exposure

The table below shows the Bank's credit exposure from mortgage loans and advances (including Islamic facilities) to retail customers by loan to value ("**LTV**") ratio as at 31 December in each of 2022, 2021 and 2020.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Less than 50%	16,503	7,428	5,267
51-70%	45,035	38,637	32,723
71-90%	431,390	390,881	313,453
91-100%	2,873,941	2,663,088	2,050,356
	3,366,869	**3,100,034**	**2,401,799**

Maximum exposure to credit risk

The table below shows the Bank's maximum exposure to credit risk before taking into account any collateral held or other credit enhancements as at 31 December in each of 2022, 2021 and 2020. The gross exposure to credit risk for on balance sheet items is their carrying value. For financial guarantees recorded off balance sheet, the gross exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees were to be called upon.

	As at 31 December		
	2022	**2021**	**2020**
		(AED thousands)	
Cash and balances with the UAE Central Bank	38,994	137,906	167,893
Balances and deposits with banks	4,589,807	3,786,312	2,732,099
Loans and advances	5,198,522	4,612,829	3,405,806
Islamic finance	1,863,849	1,646,026	1,071,044
Investment securities – debt securities	1,432,926	1,301,701	1,017,874
Other assets – interest receivable	58,250	42,634	39,161
As at 31 December	**13,182,348**	**11,527,407**	**8,433,877**

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines on maintaining a diversified portfolio.

Note 5.2.3 to the 2022 Financial Statements contains a table showing the Bank's concentration of credit risk analysed by public, private/retail and financial sectors. In percentage terms, financial sector credit risk exposures accounted for 39.9 per cent. of the Bank's total exposure to credit risk as at 31 December 2022 while private/retail and public sector credit risk exposures accounted for 32.9 per cent. and 27.2 per cent., respectively.

In geographic terms, the UAE accounted for 96.9 per cent. of the Bank's total exposure to credit risk as at 31 December 2022 with the rest of the GCC accounting for the remaining 3.1 per cent. exposure.

Credit quality

The table below shows certain credit information relating to the Bank's principal categories of credit risk as at 31 December 2022. For similar information as at 31 December in each of 2021 and 2020, see note 5.2.5 to the 2021 Financial Statements.

	As at 31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	(AED thousands)			
Balances and deposits with banks[1]				
Low risk	4,589,807	—	—	4,589,807
Less: loss allowance	(674)	—	—	(674)
Carrying amount	**4,589,133**	**—**	**—**	**4,589,133**
Financing[2]	—	—	—	—
Low risk	6,657,751	—	—	6,657,751
Watch list	—	145,774	—	145,774
Doubtful	—	—	109,549	109,549
Loss	—	—	149,207	149,207
	6,657,751	145,774	258,846	7,062,371
Less: loss allowance	(51,846)	(11,659)	(206,907)	(270,052)
Carrying amount	**6,606,265**	**134,115**	**51,939**	**6,792,319**
Credit guarantees				
Low risk	88,984	—	—	88,984
Less: loss allowance	(1,799)	—	—	(1,799)
Carrying amount	**87,185**	—	—	**87,185**
Investment securities[3]				
Low risk	1,295,257	—	—	1,295,257
Less: loss allowance	(578)	—	—	(578)
Carrying amount	**1,294,679**	**—**	**—**	**1,294,679**

Notes:
(1) Comprises money market placements and balances in call accounts with banks. These are carried at amortised cost.
(2) Comprises loan and advances to customers and Islamic finance. These are carried at amortised cost.
(3) Comprises debt investment carried at amortised cost.

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience and forward-looking information. The Bank may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure. The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default ("**PD**");
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of PD

The Bank employs statistical models to analyse the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Bank has exposures.

Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Where possible, the Bank seeks to restructure loans rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Facilities which are restructured due to credit reasons in past 12 months are classified under Stage 2. A borrower would need to demonstrate consistently good payment history over a period of time before the exposure is upgraded to Stage 1.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the borrower is past due more than 90 days on any material credit obligation to the Bank.

In assessing whether a borrower is in default, the Bank also considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same borrower to the Bank;
- qualitative – e.g. borrowers cooperation and the clarity and availability of the information requested; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward-looking information

The Bank employs statistical models to incorporate macro-economic factors on historical default rates. If none of the macro-economic parameters are statistically significant or the results of forecasted PDs deviate from the present forecast of the economic conditions, qualitative PD overlays are used by management after analysing the portfolio.

Incorporating forward-looking information increases the level of judgement as to how changes in macro-economic factors will affect the ECL applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

The assessment of a significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Bank uses a mathematical function, which links the credit cycle index ("**CCI**") with PD as a key input to ECL. These economic variables and their associated impact on the PD, exposure at default ("**EAD**") and loss given default ("**LGD**") vary by financial instrument. Forecasts of these economic variables (the "**base economic scenario**") are provided by the Bank's economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of instrument, a mean reversion approach is used.

Scenarios are incorporated through the forward-looking factors selected which are CCI factors that are conditioned and then used as an input to the various ECL components. The CCI calculation is derived through the construction of suitable credit cycles based on economic variables that can be used as proxy to describe credit activities within each country of operation. CCI can be derived from a number of historical factors, such as risk yields, credit growth, credit spreads, default or non-performing loan rates data. Interdependency exists between macro-economic factors such as GDP and the CCI, given its integral part in driving the economic or business cycles.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of PD, LGD and EAD.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk gradings;
- product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Loss allowance

The table below shows a reconciliation from the opening to the closing balance of the loss allowance for loans and advances and Islamic finance in 2022. For similar information as at 31 December in each of 2021 and 2020, see note 5.2.7 to the 2021 Financial Statements.

	ECL provision – loans and advances to customers and Islamic finance 2022			
	Stage 1	Stage 2	Stage 3	Total ECL
	(AED thousands)			
Balance as at 1 January	56,313	6,936	189,762	253,011
Transfers to Stage 1	538	(524)	(14)	—
Transfers to Stage 2	(7,820)	8,565	(745)	—
Transfers to Stage 3	(6,489)	(617)	7,106	—
Net re-measurement of loss allowance	2,380	(2,946)	11,420	10,854
New financial assets originated – net	10,641	642	1,374	12,657
De-recognition of financial assets	(4,077)	(397)	(1,996)	(6,470)
Balance as at 31 December	**51,486**	**11,659**	**206,907**	**270,052**

For the impairment of loans and advances to customers and Islamic finance, the Bank maintains a management overlay to capture the characteristics of the market and associated risks which are not captured in the existing ECL model. As at 31 December 2022, the management overlay amounted to AED 13 million.

The table below shows a reconciliation from the opening to the closing balance of the loss allowance for credit guarantees in 2022. For similar information as at 31 December in each of 2021, see note 5.2.7 to the 2021 Financial Statements.

	ECL provision – credit guarantees 2022			
	Stage 1	Stage 2	Stage 3	Total ECL
	(AED thousands)			
Balance as at 1 January	1,799	—	—	1,799
Net re-measurement of loss allowance	(201)	—	1,598	1,397
New financial assets originated	6,677	—	—	6,677
De-recognition of financial assets	(988)	—	—	(998)
Balance as at 31 December	**7,277**	**—**	**1,598**	**8,875**

Loans and advances

The Bank's total non-performing loans amounted to AED 252 million as at 31 December 2022, compared to AED 253 million as at 31 December 2021 and AED 241 million as at 31 December 2020. The specific provisions held against these loans amounted to AED 203 million as at 31 December 2022, AED 187 million as at 31 December 2021 and AED 179 million as at 31 December 2020.

The table below shows the movement in the Bank's provision for impairment of loans and advances in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Balance as at 1 January	237,502	223,045	202,188
Loss allowance – Stage 1 & 2	(4,402)	5,868	(3,511)
Loss allowance – Stage 3	17,789	11,495	24,678
Write-off and write-backs	(1,996)	(2,906)	(310)
Balance as at 31 December	**248,893**	**237,502**	**223,045**

Islamic finance

The Bank's total gross non-performing Islamic finance amounted to AED 7 million as at 31 December 2022, compared to AED 4 million as at 31 December 2021 and AED 2 million as at 31 December 2020. The specific provisions held against Islamic finance amounted to AED 4 million as at 31 December 2022, AED 3 million as at 31 December 2020 and AED 1 million as at 31 December 2020.

The table below shows the movement in the Bank's provision for impairment of Islamic finance in each of 2022, 2021 and 2020.

	2022	2021	2020
		(AED thousands)	
Balance as at 1 January	15,509	9,935	9,399
Loss allowance – Stage 1 and 2	4,297	4,193	4,089
Loss allowance – Stage 3	1,353	1,381	720
Write-off and write-backs	—	—	(4,273)
Balance as at 31 December	**21,159**	**15,509**	**9,935**

LIQUIDITY RISK

The Bank is exposed to liquidity risk through its term borrowings, deposits and funds, due to banks, commitments to advance financing and the payment of its operating expenses. The Bank maintains a level of liquidity that allows it to meet cash outflows without having to liquidate its assets. Liquidity risk monitoring is performed by the Bank's management and the Bank uses various tools to measure its liquidity risk including:

- daily liquidity management;
- funding gap projections;
- scenario analysis, including a range of early warning indicators based on internal and external events which are intended to enable the Bank to proactively forecast any impending liquidity issues; and
- liquidity contingency plans, which prescribe action to be taken for the orderly management of liquidity in a stress situation.

On a daily basis and on a longer term basis, the Bank monitors the cash outflows across each of its business lines and balances these against its incoming payments. The Bank's liquidity positions are directly supervised by several layers of employees within the Bank as well as by internal committees and authorities. The liquidity positions are also subject to diversified valuations and analytical methods that are outlined in specific policies and procedures of the Bank. The liquidity positions are reported to the Bank's treasury department on a daily basis, to the asset and liability management committee (the "**ALCO**") on a monthly basis and to the Board on a quarterly basis.

Stress testing is also regularly performed for a range of different scenarios.

A maturity analysis of the Bank's financial assets and liabilities is contained in note 5.4 to the 2022 Financial Statements. This analysis shows that during the financial year ended 31 December 2022 the Bank had available net liquidity in the up to 12 months timeframe of AED 3.1 billion, in the over 12 months timeframe of AED 1.6 billion and in the unspecified timeframe of AED 271 million.

MARKET RISK

The overall authority for market risk is vested in the ALCO which has established limits for each type of risk in aggregate and for portfolios. Management is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The principal market risks faced by the Bank are:

Price risk

Price risk is the risk that the prices of the equity securities that the Bank holds at FVOCI will fluctuate because of market factors. To manage its price risk arising from these investments, the Bank diversifies its portfolio in accordance with the limits set by management. Note 5.3 to the 2022 Financial Statements contains a sensitivity analysis that indicates that a 10 per cent. change in the prices of the Bank's portfolio of securities held at FVOCI in 2022 would, assuming all other factors remained constant and, where applicable, the Bank's investments moved according to the historical correlation of the relevant index, have had an AED 28 million impact on the Bank's equity in 2022.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank's management monitors interest rates on a regular basis.

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the income derived from them. The Bank manages this risk principally thorough monitoring interest rate gaps and by matching the re-pricing profile of its assets and liabilities.

The effective interest rate of a monetary financial instrument is the rate that, when applied in a present value calculation of future contractual cash flows, results in the carrying amount of the instrument. The rate is an original effective interest rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating instrument or an instrument carried at fair value.

Note 5.3 to the 2022 Financial Statements contains a sensitivity analysis that indicates that a 0.25 per cent. change in EIBOR would, assuming all other factors remained constant, have had an AED 14 million impact on the Bank's net profit for 2022. The sensitivity is based on the Bank's AED 8.8 billion interest bearing assets and AED 1.5 billion interest bearing liabilities and it does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Bank's functional currency is the dirham. Positions are closely monitored and strategies are used to ensure positions are maintained within established limits.

The Bank's assets are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. As at 31 December 2022, the Bank had exposures denominated in U.S. dollars amounting to net short exposures of AED 4.1 billion. As the dirham is pegged against the U.S. dollar, the Bank believes that this risk exposure is limited.

OPERATIONAL RISK

The Bank's operational risk management framework is based on a quantitative and qualitative assessment of risk that complies with the requirements of Basel II. The framework is designed to manage and reduce losses from operational risks.

The Bank's operational risk analysis and measurement system is based on:

- incident management reporting system;
- risk and control self-assessment (RCSA) workshops across each department of the Bank, in which operational risks and effective controls are assessed and examined with the aim of ensuring all business objectives will be met;
- monitoring high-risk areas through a key risk indicator tool;
- the Bank's procedure for approving new products and processes; and
- business continuity management.

The Board oversees the Bank's exposure to operational risk, is responsible for approving each of the Bank's operational risk policies and receives a quarterly report of all operational risk matters affecting the Bank. Each business area is responsible for the development and implementation of controls to address the Bank's operational risk. This responsibility is supported by the development of overall standards for the management of operational risk.

The Management Risk and Credit Committee and the Board have approved a general operational risk management framework, based on broad principles which focus on understanding the Bank's internal processes. The framework consists of performing cause-event-effect analyses to identity the likely causes of any operational risks the Bank may face, taking into account risk profiles and risk tolerance thresholds, and establishing and monitoring responsibility for operational risk.

The Bank's objective is to ensure that the identification and management of operational risks is an integral part of the daily operations across its business areas.

In November 2020, the Bank obtained its first ISO compliance certification - ISO 27031 "ICT Readiness for Business Continuity".

MANAGEMENT AND EMPLOYEES

MANAGEMENT

The Board

The Board provides guidance and direction to the Bank's management towards achieving the Bank's strategic objectives. The Board is responsible for the direction and oversight of the Bank on behalf of the shareholder. The day to day activities of the Bank are delegated to management.

In line with the EDB Law, each Board member is appointed by the Council of Ministers for a renewable period of three years. The most recent three-year period ended on 31 August 2023 and the current three-year period ends in 2026.

The table below shows the current Board members and their date of appointment.

Director	Principal role outside the Bank	Date of first appointment
H.E. Dr. Sultan Bin Ahmed Al Jaber (Chairman)......................................	Minister of Industry and Advanced Technology	August 2020
H.E. Dr. Ahmad Belhoul Al Falasi	Minister of State for Education	September 2020
H.E. Younis Haji Khouri....................	Undersecretary of Ministry of Finance	June 2016
H.E. Abdul Wahed Mohammad Al Fahim..	Chairman, Nasdaq Dubai	May 2013
H.E. Mohamed Saif Al Suwaidi	Director General, Abu Dhabi Fund for Development	September 2020
H.E. Khalfan Jumaa Belhoul.............	CEO, Dubai Future Foundation	June 2016
H.E. Mariam Saeed Ghobash	Director, Global Special Situations Department, Abu Dhabi Investment Council	May 2013
H.E. Najla Ahmed Al Midfa	CEO, Sharjah Entrepreneurship Centre - Sheraa	September 2020
H.E. Ahmed Tamim Al Kuttab	Executive Vice President Strategy, ADNOC Group	September 2020
H.E. Youssef Yaqoob Al Mansoori....	Principal Legal Researcher, Dubai Police	September 2020

The address of each Board member is c/o Emirates Development Bank, P.O. Box 51515, Abu Dhabi, UAE. There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Bank.

Board Committees

The Bank has four Board committees:

Board Credit and Investment Committee ("BCIC")

The BCIC oversees the Bank's credit management as well as its investment activities. It reviews proposed credit and investment strategies, policies and execution plans and monitors the Bank's overall credit and investment performance. The BCIC also approves all credit proposals and investment proposals within the authorities delegated to it. The BCIC has close oversight over non-performing assets and ensures adequate provisioning and follow-up of all non-performing assets.

The current members of the BCIC are H.E. Younis Haji Khouri (Chairman), H.E. Abdul Wahed Mohammad Al Fahim, H.E. Mariam Saeed Ghobash and H.E. Ahmed Tamim Al Kuttab. The BCIC met 23 times in 2022, 14 times in 2021 and seven times in 2020.

Board Strategy & Transformation Committee ("BSTC")

The role of the BSTC is to assist the Board in fulfilling its oversight responsibilities relating to the medium and long-term strategic direction and development of the Bank. The BSTC reviews the approved strategy and business plan of the Bank and monitors the Bank's strategy execution and achievements. It identifies obstacles to implementation and makes tactical recommendations to the Board. The BSTC also outlines the Bank's asset allocation strategy, investment strategy and governance and regulatory affairs. It conducts regular strategy reviews, providing advice and strategic guidance if required.

The current members of the BSTC are H.E. Dr. Ahmad Belhoul Al Falasi (Chairman), H.E. Khalfan Jumaa Belhoul (Vice Chairman), H.E. Mariam Saeed Ghobash, H.E. Najla Ahmed Al Midfa and H.E. Ahmed Tamim Al Kuttab. The BSC met 17 times in 2022, seven times in 2021 and nine times in 2020.

Board Audit Risk and Credit Committee

The BARCC assists the Board in fulfilling its responsibilities relating to internal control, internal and external audit, financial statements, audit risk management and compliance. The BARCC oversees the quality and integrity of the accounting, auditing, internal controls and financial reporting practices of the Bank. It sets the criteria and control mechanisms for all activities involving Bank-wide related risks as well as compliance guidelines, anti-money laundering and combating the financing of terrorism policies. The BARCC also ensures that the financial statements and reports comply with applicable rules for federal institutions and banks in the UAE.

The current members of the BARCC are H.E. Najla Ahmed Al Midfa (Chairman), H.E. Mohamed Saif Al Suwaidi and H.E. Youssef Yaqoob Al Mansoori. The BARCC met nine times in 2022, seven times in 2021 and eight times in 2020.

Board Human Resources Committee ("BHRC")

The BHRC:

- reviews and approves the Bank's employee remuneration policies (bonus, incentives, benefits, overall remuneration and any performance-linked pay);
- reviews the performance report of the Bank's senior management (being those persons who report directly to the CEO). It also reviews and approves the performance appraisal process and rewards and recognition (including merit increments, annual bonuses and promotions);
- evaluates and approves the manpower plan and budget, manages the Bank's emiratisation strategy, nominates candidates for the Bank's leadership functions, defines performance indicators for the executive management and supervises the evaluation of senior management performance;
- reviews and approves the Bank's organisation structure, succession plans for senior management and leadership development programme; and
- reviews and approves HR and training policies and procedures.

The current members of the BHRC are H.E. Mariam Saeed Ghobash (Chairman), H.E. Mohamed Saif Al Suwaidi, H.E. Khalfan Jumaa Belhoul and H.E. Youssef Yaqoob Al Mansoori. The BHRC met seven times in 2022, 10 times in 2021 and six times in 2020.

EXECUTIVE MANAGEMENT

The following table sets out the names of the current members of the Bank's executive management, their position and the date they joined the Bank:

Name	Position	Date joined
Mr. Ahmed Mohamed Al Naqbi ..	CEO	May 2021
Mr. Krishna Kumar Nair	Chief Operating Officer	October 2022
Mr. Ahmed Abdullah Ahmed.......	Chief Risk Officer	August 2014

Name	Position	Date joined
Mr. Shaker Fareed Abdulrahman Zainal	Chief Business Officer	March 2020
Mr. Tariq Fancy	Acting Chief Treasury and Investments Officer	March 2022
Mr. Tanu Goel	Chief Internal Audit Officer	July 2017
Dr. Abeer Al Sumaiti	Chief Human Resources Officer	October 2019
Mr. Vivek Vohra	Chief Wholesale and Institutional Banking Officer	September 2021
Mr. Karolos Travassaros	Transformation Adviser	January 2022
Ms. Mariam Saif Al Nuami	Head of Home Finance	June 2015
Ms. Radwa Nasraldin Shehab	Head of Marketing and Corporate Communication	June 2022
Mr. Punit Chawla	Chief Financial Officer	June 2023
Mr. Mohamed Daouk	Director of Legal Department & Acting Chief Legal Officer and Board Secretary	June 2022

The address of each of the members of the executive management is c/o Emirates Development Bank, P.O. Box 51515, Abu Dhabi, UAE. There are no potential conflicts of interest between the private interests or other duties of the executive management listed above and their duties to the Bank.

Detailed below is brief biographical information on the members of the executive management:

Mr. Ahmed Mohamed Al Naqbi, Chief Executive Officer

Ahmed Mohamed Al Naqbi is the CEO of the Bank. As a seasoned banker with over 18 years' experience, he has led the Bank's journey of transformation into the key financial engine for the UAE's economic development and industrial advancement. Ahmed focuses on initiatives enabling the Bank to fill critical lending gaps by easing access to financing for start-ups, SMEs and large corporates in the UAE's priority industrial sectors of manufacturing, healthcare, infrastructure, food security and technology. Since his appointment in May 2021, he has leveraged his experience in strategy, planning, digitalisation and transformation to implement new work streams to drive innovation throughout the Bank and enhance its products and service offering, for which he was recognised as "Best CEO for Banking Transformation in the UAE for 2021" by International Finance magazine. Prior to joining the Bank, Ahmed served as Managing Director across Retail, Corporate and Investment Banking at the National Bank of Abu Dhabi and First Abu Dhabi Bank.

Ahmed is an alumnus of Harvard Business School and Virginia Tech's School of Architecture and Urban Studies, USA.

Mr. Krishna Kumar Nair, COO

Krishna Kumar Nair started his career in 1990 with Standard Chartered Bank. He moved on to HSBC, working across locations in India. In 1997, he moved to Kuwait with Commercial Bank of Kuwait, followed by five years with National Bank of Dubai and an engagement with Ahli United Bank (AUB) group in Bahrain and Qatar. He also worked with National Bank of Egypt, Qatar Islamic Bank and Commercial Bank of Dubai, completing nearly two decades of experience as a Chief Operating Officer before joining the Bank in 2022. By virtue of his varied work engagements, Kumar brings core expertise in banking operations, business technology, service delivery, customer experience and digital transformation.

Kumar is a mechanical engineer from the College of Engineering, Trivandrum, India and has an MBA from XLRI, Jamshedpur, India and an Advanced Management Program (AMP) from Harvard Business School.

Mr. Ahmed Abdullah Ahmed, Chief Risk and Compliance Officer

Ahmed Abdullah Ahmed joined the Bank in August 2014 as its Chief Risk Officer. He has 30 years' experience in commercial and Islamic banking.

Before he joined the Bank, Ahmed was General Manager Risk - Chief Risk Officer at Nizwa Bank in Muscat, Oman between August 2012 and August 2014. Prior to that, he was deputy chief executive officer and chief risk officer at Jordan Dubai Islamic Bank in Amman, Jordan between May 2010 and August 2012 and before that he was chief risk officer at Gumhouria Bank in Tripoli, Libya between July 2008 and May 2010. Ahmed started his career with Arab Bank Group in Amman, Jordan, where he worked in multiple roles between July 1993 and July 2008, the last of which was as Vice President, Head of Credit Risk Management at the group level.

Ahmed has a Master's degree in Risk Management, Operations and Regulations from the University of Reading in the United Kingdom and a Bachelor's degree in Finance and Banking from the University of Wales in the United Kingdom. Ahmed is also a Certified Professional Risk Manager by The Professional Risk Managers' International Association and a Certified Financial Risk Manager by the Global Association of Risk Professionals.

Mr. Shaker Fareed Abdulrahman Zainal, Chief MSMEs Officer

Shaker Fareed Abdulrahman Zainal joined the Bank in March 2020 as its Director of Business Finance to lead the Bank's strategy towards digitalisation and automation as well as the enhancement of the Bank's overall financial product offering and the non-financial support services ecosystem for mid-size enterprises. He was recently promoted to Chief Business Officer and currently manages wholesale banking, treasury and investments, and strategic partnerships, in addition to the MSME team. He has 22 years' experience in a variety of management roles in the banking sector.

Before he joined the Bank, Shaker was Head of Retail & SME Banking at Commercial Bank International. Before that, Shaker was at Mashreq Bank where he was Head of Retail & SME Banking (Egypt). He started his career at HSBC, culminating there as Head of Operations, Channels, Distribution and Branches.

Shaker has an executive MBA from HULT International Business School (Boston, USA) and a Bachelor's degree in Accounting from the UAE University.

Mr. Tariq Fancy, Acting Chief Treasury and Investments Officer

Tariq Ghaffar Fancy joined the Bank in March 2022 to set up the Treasury Solutions business and is currently the Acting Chief Treasury and Investments Officer for the Bank. He is an experienced banker, having spent more than 25 years in financial markets. During his career, Tariq held several senior positions at Standard Chartered and First Abu Dhabi Bank, in their local, regional and international offices. Prior to joining the Bank, he was the Global Head of Financial and Non-banking Financial Institutions at First Abu Dhabi Bank's Global Markets Sales division.

Tariq has a BBA Business Administration degree from the University of Iowa in the United States.

Mr. Tanu Goel, Chief Internal Audit Officer

Tanu Goel joined the Bank in July 2017 as its Chief Internal Audit Officer. Tanu has over 20 years' experience in the field of audit, the majority of which were with regional financial institutions and approximately five years were with audit firms.

Before he joined the Bank, Tanu was General Manager – Internal Audit for Ahli United Bank in Kuwait since 2006. Prior to that, he was an Audit Manager in Ahli United Bank in Bahrain from 2001 to 2006. Tanu also worked with KPMG in Oman from November 1998 until October 2001.

Tanu has a Bachelor's degree and is a Chartered Accountant and a Cost & Works Accountant. In addition, he holds a number of professional certifications from US and UK bodies.

Dr. Abeer Abdulla Al Sumaiti, Director of Human Resources & Administration

Abeer Al Sumaiti is a strategic and innovative HR leader with a track record of driving HR transformation across diverse sectors in the UAE, including private, semi-government, and government organisations. She has a demonstrated ability to translate business vision into HR initiatives that elevate performance, increase profitability, stimulate growth, and enhance employee engagement.

Throughout her career, Abeer has held key positions such as Chief Human Resources Officer and Director of Human Capital. In these roles, she has played a role in driving HR transformation, spearheading talent acquisition efforts, enhancing employee engagement, and championing Emiratisation initiatives.

Abeer has a PhD in Business Administration, a Master's degree in Strategic HR Management from Wollongong University, a Master's degree in Sustainable Design in the Built Environment from The British University in Dubai (a partnership with Cardiff University, Wales) and a Bachelor's degree from the American University in Dubai, along with various executive education programmes from Harvard Business School and Massachusetts Institute of Technology.

Mr. Vivek Vohra, Chief Wholesale and Institutional Banking Officer

Vivek Vohra joined the Bank in September 2021 to build a wholesale banking division aimed at large corporates in the UAE. Under Vivek's leadership, the Bank has built project and corporate finance, analysis and portfolio management and trade finance capabilities. He has 30 years' experience in major foreign and international banks in the GCC and India. Before he joined the Bank, Vivek spent 10 years in First Abu Dhabi Bank, the last five of which were as the Head of Institutional Banking Clients in Abu Dhabi in the Corporate & Investment Banking Division. Before that, Vivek headed Corporate Banking in the Middle East for Lloyds TSB Bank.

Vivek has an MBA in Finance and a Bachelor's degree in Technology in Chemical Engineering from India.

Mr. Karolos Travassaros, Transformation Adviser

Karolos Travassaros joined the Bank in 2021 as its Transformation Advisor, leading the Bank's overall transformation effort. He has more than 20 years' financial services experience in Europe and the Middle East. Prior to joining the Bank, Karolos was a partner in Financial Services at the Boston Consulting Group. He has also previously held positions withing the investment banking teams of Deutsche Bank and Rothschild. Throughout his career, Karolos has executed numerous successful transformation projects across a range of financial institutions banks in the GCC with a strong focus in development finance.

Karolos holds a master's degree in finance & Economics from the London School of Economics and a Bachelor's degree in Accounting and Finance from the Athens University of Economics and Business.

Ms. Mariam Saif Al Nuami, Head of Home Finance

Mariam Saif Al Nuami joined the Bank in June 2015 as its Business Centre Manager / Customer Service Manager to lead on supporting UAE nationals in acquiring their homes through a range of home finance products and services aimed at UAE nationals only. Mariam is now the Head of Home Finance in the Bank. Mariam has over 25 years' experience in the banking sector. Before she joined the Bank, Mariam was Senior Branch Manager in Dubai Islamic Bank for 12 years. She started her career at HSBC, where her last position was Liability Segment Officer in Product Management/Marketing.

Ms. Radwa Nasraldin Shehab, Head of Marketing and Corporate Communication

Radwa Nasraldin Shehab joined the Bank in 2022 as the Head of Marketing and Communication, where she is responsible for developing and executing the Bank's overall marketing and communications strategy. She has led the development and implementation of several successful campaigns that have helped to raise awareness of the Bank, its products and services. In her previous role as Head of External Communications at Abu Dhabi Islamic Bank ("**ADIB**") between 2015 and 2022, Radwa was responsible for developing and executing ADIB's communication strategy across a variety of channels, including media relations, investor relations and internal communications. She also played a role in ADIB's digital transformation, helping to develop and implement a communications strategy that supported ADIB's move to a more digital-focused approach. Prior to that, Radwa held senior marketing and communications roles with Abu Dhabi Airports Company between 2011 and 2015 and The National Health Insurance Company – DAMAN between 2006 and 2011.

Radwa holds an undergraduate degree with a double major in Marketing and International Business, and a post-graduate diploma in Marketing and Communications from Middlesex University, United Kingdom.

Mr. Punit Chawla, Chief Financial Officer

Punit Chawla joined the Bank in June 2023 as Chief Financial Officer. He is a qualified Chartered Accountant and is a financial executive with over two decades of experience. He is overseeing the Bank's financial operations, helping the businesses to maximise growth and achieve scale. Before he joined the Bank, Punit was Chief Financial Officer at Commercial Bank International. Prior to that he held a similar position at other prominent financial institutions, including Mawarid Group, First Abu Dhabi Bank, Emirates NBD and ABN AMRO Bank.

Punit is an alumnus from IMD Switzerland and holds a Bachelor's Degree in Finance from Delhi University, India.

Mr. Mohamad Omar Daouk, Director of Legal Department & Acting Chief Legal Officer and Board Secretary

Mohamad Omar Daouk joined the Bank in June 2022 as the Director of its Legal Department responsible for overseeing the Bank's legal functions. He has over 12 years' experience as a legal consultant.

Before he joined the Bank, Mohamad was the Senior Legal Officer at National Bank of Fujairah PJSC, where he gained experience in different sectors within that bank, such as Retail, SMEs and Large Corporates. In addition to maintaining relationships with key regulators and supervisory institutions within the UAE, he assisted that bank's senior leadership team in sustaining a culture of managing legal risk well and a best-in-class control environment to support its growth strategy.

Mohamad has a Bachelor's degree in Law and Political Sciences from Beirut Arab University. He also holds certificates in Islamic Banking and Securities.

MANAGEMENT COMMITTEES

The Bank has five principal management committees.

Management Committee ("MANCOM")

The MANCOM is responsible for the overall activities of the Bank. It has a wide range of responsibilities and plays a critical role in decision-making across all key functions. MANCOM advises the Board on the strategic direction and planning of the Bank, oversees the implementation of the strategy and reports on progress. It also ensures that all activities are aligned with the Bank's vision and mission, while supporting its values and ethics. MANCOM has financial oversight of the Bank, aiming to ensure effective financial performance and management of financial resources.

The members of MANCOM are the CEO (Chairman), the Chief Financial Officer, the Chief Operating Officer, the Chief Risk Officer, the Director of Strategy & Transformation, the Chief Business Officer, the Chief Wholesale & Institutional Banking Officer, the Chief Treasury and Investments Officer, the Chief Human Resources Officer and the Director of the Legal Department. The Chief Internal Audit Officer attends the meetings as a non-voting member.

IT and Information Security Sub-Committee of MANCOM ("ITISC")

The ITISC assesses, monitors and reviews all of the Bank's IT activities. This includes establishing policies and guidelines, monitoring their implementation and execution, and providing directions and guidance to the IT department. The ITISC is also responsible for monitoring IT information security, Business Continuity and IT disaster recovery, and IT-related incidents. In addition, the ITISC reviews the status of ongoing IT projects and ensures their effective delivery.

The members of the ITISC are the CEO (Chairman), the Chief Operating Officer (Vice Chairman), the Chief Risk Officer, the Chief Financial Officer, the Chief Business Officer, the Director of Strategy & Transformation, the Chief Human Resources Officer and the Chief Treasury and Investments Officer. The Chief Internal Audit Officer may attend the meetings as a non-voting invitee.

Management Risk and Compliance Committee ("MRCC")

The MRCC oversees the Bank's risk management as well as its operations control and compliance activities. It reviews proposed priorities and actions and monitors the Bank's risk management framework, risk appetite statement and risk profile. The MRCC reviews all operational risk matters including incident management, risk and control self-assessment and business continuity management. It also reviews the compliance disclosures and special reporting of any irregular matters. The MRCC is also responsible for reviewing and recommending to the BARCC all matters relating to risk and compliance issues.

The members of the MRCC are the CEO (Chairman), the Chief Risk Officer (Vice Chairman), the Chief Financial Officer, the Director of Strategy & Transformation, the Chief Treasury and Investments Officer and the Market Risk Manager. The Chief Internal Audit Officer attends the meetings as a non-voting member.

Management Credit & Investment Committee ("MCIC")

The MCIC oversees the Bank's credit and investment management activities. It reviews proposed priorities and actions and monitors the elements related to credit exposure at management level. The MCIC reviews all credit applications and investment proposals. It also reviews and recommends changes to all credit related policies, procedures and systems as deemed necessary. The MCIC is also responsible for reviewing and recommending to the BCIC and/or the Board credit and investment proposals in line with the Delegation of Authority.

The members of the MCIC are the CEO (Chairman), the Chief Risk Officer (Vice Chairman), the Chief Financial Officer, the Chief Treasury and Investments Officer and the Head of Credit Risk & Review. The Chief Internal Audit Officer attends the meetings as a non-voting member.

Asset and Liability Committee ("ALCO")

The ALCO is responsible for monitoring compliance with the Bank's asset/liability framework and the Bank's exposure to market risk. It reviews macro-economic and micro-economic information and implements effective processes for interest rate risk, liquidity risk and market risk management, adopting relevant policies and risk limits if required. The ALCO also ensures compliance with treasury limits and ratios approved by the Board, the Central Bank or senior management. The ALCO recommends corrective action to the BCIC overseeing asset/liability management.

The members of the ALCO are the CEO (Chairman), the Chief Treasury and Investments Officer (Vice Chairman), the Chief Financial Officer, the Chief Risk Officer, the Director of Strategy & Transformation, the Chief Business Officer and the Chief Wholesale and Institutional Banking Officer. The Chief Internal Audit Officer attends the meetings as a non-voting invitee.

EMPLOYEES

As at 30 September 2023, the Bank had 197 full time staff, compared to 156 full time staff as of 31 December 2022. The percentage of UAE nationals (as a percentage of total Bank full time staff) was 38 per cent. at 30 September 2023.

The Bank offers its employees a range of benefits (subject to standard eligibility criteria) including child education allowance, annual ticket allowance and medical and life insurance, as well as pension contribution for UAE and GCC nationals.

The Bank is committed to the development of its employees and has developed a robust framework to facilitate this process. The Bank employs various training and development initiatives and provides a number of training programmes, including:

- development programmes for technical and soft skills, based on employees' needs (involving public training courses, in-house training and blended learning (a hybrid teaching approach comprising online educational materials and traditional place-based education);
- emiratisation initiatives: "HIPO" and “Emirati New Graduate” programme to develop and retain talented UAE nationals, thus contributing towards the UAE's nationalisation strategy, and other initiatives such as employee engagement workshops and knowledge-sharing workshops; and
- other engagement programmes: these include a "Buddy" programme, a "Steppi" programme and employee well-being sessions.

OVERVIEW OF THE UNITED ARAB EMIRATES

The UAE

The UAE is a federation of seven Emirates along the eastern coast of the Arabian Peninsula. The Federation was established on 2 December 1971. On formation, the Federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. Abu Dhabi is the capital city of the UAE. The President of the UAE is His Highness Sheikh Mohamed bin Zayed Al Nahyan, who is also the ruler of Abu Dhabi, the capital city of the UAE.

The UAE is governed by the Supreme Council of the rulers of each of the emirates (the "**Supreme Council**"). This is the highest Federal governing body and consists of the rulers of the seven emirates. Pursuant to Article 46 of the Constitution, each emirate holds a single vote in the deliberations of the Supreme Council. The Supreme Council elects, from its own membership, the President and the Vice President of the UAE (each for renewable five-year terms). The Supreme Council is vested with legislative as well as executive powers. It ratifies Federal laws and decrees, plans general policy and approves the appointment, resignation or dismissal of the Prime Minister. Decisions by the Supreme Council on substantive matters are passed by a majority of five members (which are required to include the votes of the emirate of Abu Dhabi and the emirate of Dubai), while votes on procedural matters are passed by a majority vote only.

According to OPEC data, as at 31 December 2022, the UAE had crude oil reserves estimated to be 113,000 million barrels, equal to 7.2 per cent. of OPEC's estimate for the world's total proven crude oil reserves (giving it the fifth largest oil reserves in the world). As at the same date, OPEC estimated the UAE's natural gas reserves to be 8,210 billion standard cubic metres (or 290 trillion standard cubic feet), equal to 3.9 per cent. of OPEC's estimate for the world's total natural gas reserves (giving it the sixth largest natural gas reserves in the world).

Based on IMF estimates for 2022 (extracted from the IMF's World Economic Database (October 2023)), the UAE has the second largest economy among the 32 Middle East and Central Asian emerging market and developing economies measured by the IMF after Saudi Arabia based on nominal GDP and the second largest after Qatar based on nominal GDP per capita. It has a more diversified economy than most of the other countries in the GCC.

Population

According to the FCSC, the UAE had a population of approximately 9.2 million in 2020. The population of the UAE has grown significantly since 1975, reflecting an influx of foreign labour. The non-Emirati portion of the UAE's total population comprises expatriates from neighbouring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh and the Philippines), Europe, the Americas and other countries around the world. The official language of the UAE is Arabic, although English is widely spoken.

The UAE's economy

The UAE has one of the largest economies in the MENA region, with a nominal GDP of AED 1,862 billion in 2022. According to the FCSC, real GDP in the UAE declined by 5.0 per cent. in 2020 and grew by 4.4 per cent. in 2021 and 7.9 per cent. in 2022.

Since the discovery of oil, the economy has been influenced mainly by mining and quarrying (which includes crude oil and natural gas); wholesale and retail trade; repair of motor vehicles and motorcycles; manufacturing; financial and insurance activities; public administration and defence (including compulsory social security); construction; transportation and storage; and real estate activities.

The UAE's policy of economic diversification has led to development in key sectors such as tourism, air transport, trade, financial services, manufacturing and alternative energy. The UAE has made progress towards ending its economic dependence on hydrocarbons. The mining and quarrying sector, which includes crude oil and natural gas, accounted for 27.6 per cent. of the UAE's real GDP in 2022, down from 55.2 per cent. in 1980.

The table below summarises the UAE's nominal and real GDP for the years ended 31 December in each of 2022, 2021 and 2020.

	Year ended 31 December		
	2022[(1)]	2021	2020
	(*AED billion, except percentages*)		
Nominal GDP	1,862,192	1,524,744	1,283,440
Real GDP (constant 2010 prices)	1,623,517	1,505,341	1,442,523
Real GDP growth rate (*per cent.*)	7.9	4.4	(5.0)

Note: Preliminary estimates.
Source: FCSC.

Nominal GDP

For the year ended 31 December 2022, nominal GDP increased by 22.1 per cent. compared to the year ended 31 December 2021. This increase in nominal GDP in 2022 was driven by 53.6 per cent. growth in the oil sector, reflecting significantly increased oil prices following the Russian invasion of Ukraine in February 2022 which remained high throughout 2022. In addition increases in non-oil sectors such as manufacturing (18.8 per cent. growth) and transportation and storage (41.8 per cent. growth) supported the growth in nominal GDP in 2022. The oil sector is included in "mining and quarrying" in the calculation of GDP. In 2022, the non-oil sectors accounted for 69.7 per cent. of nominal GDP, while the mining and quarrying sector accounted for 30.3 per cent. of nominal GDP. Among the non-oil sectors, the wholesale and retail trade, repair of motor vehicles and motorcycles sector accounted for the largest share at 16.4 per cent. of non-oil nominal GDP, followed by manufacturing at 13.9 per cent., construction at 10.6 per cent. and financial and insurance activities at 9.5 per cent.

For the year ended 31 December 2021, nominal GDP increased by 18.8 per cent. compared to the year ended 31 December 2020. This increase in nominal GDP in 2021 was driven by a recovery in the oil sector, which grew by 65.0 per cent., principally reflecting increased oil prices following the slump in mid-2020 following the onset of the COVID-19 pandemic and the restrictions imposed around the world to contain it. In addition, increases in non-oil sectors that had been impacted by COVID-19 in 2020, principally manufacturing (15.5 per cent. growth) and wholesale and retail trade, repair of motor vehicles and motorcycles (10.8 per cent. growth), supported the growth in nominal GDP in 2021. In 2021, the non-oil sectors accounted for 75.9 per cent. of nominal GDP, while the mining and quarrying sector accounted for 24.1 per cent. of nominal GDP. Among the non-oil sectors, the wholesale and retail trade, repair of motor vehicles and motorcycles sector accounted for the largest share at 16.8 per cent. of non-oil nominal GDP, followed by manufacturing at 13.2 per cent., construction at 11.1 per cent. and public administration and defence; and compulsory social security and financial and insurance activities, both at 9.9 per cent.

Real GDP

In common with general practice among hydrocarbon-producing countries, the UAE's real GDP is calculated using hydrocarbon prices from a base year (in the UAE's case, 2010). This eliminates the effect of volatile price changes in hydrocarbon products on real hydrocarbon GDP and instead shows only the effects of production changes. The production figures that are included in the calculation of hydrocarbon real GDP include both oil and gas production, as well as the production of certain related products.

The table below shows the growth rates in the UAE's oil sector real GDP, its non-oil sector real GDP and its total real GDP for each of the years indicated.

	2022[(1)]	2021	2020
		(*per cent.*)	
Hydrocarbon sector real GDP	9.5	(1.1)	(3.8)
Non-hydrocarbon sector real GDP	7.2	6.5	(5.4)
Total real GDP	7.9	4.4	(5.0)

Note: Preliminary estimates.
Source: FCSC.

Real growth in the oil sector has been driven principally by production changes. The non-oil sector of the economy contracted by 5.4 per cent. in 2020 and grew by 6.5 per cent. in 2021 and by 7.2 per cent. in 2022.

In 2020, the non-oil sector of the economy was impacted by restrictions imposed to combat COVID-19, including lockdowns and travel restrictions, as well as the slump in oil prices in mid-year and only a gradual recovery during the second half of 2020. In 2021, the non-oil sector began to recover as COVID-19 restrictions were eased, oil prices generally recovered and the world economy grew. In 2022, both the oil and the non-oil sectors grew strongly (by 9.5 per cent. and 7.2 per cent., respectively, in real terms) compared to 2021 as economic recovery continued, in the case of the non-oil sector driven by significantly higher oil and gas prices.

Inflation

The table below shows the UAE's consumer price index as at 31 December in each of 2022, 2021 and 2020 and inflation in the UAE for the six months ended 30 June 2022 (compared to the six months ended 30 June 2021) and for each of 2021 and 2020.

	Year ended 31 December		
	2022[(1)]	**2021**[(2)]	**2020**[(2)]
Consumer price index (2014 = 100)	104.8	106.9	106.7
Inflation (*per cent.*)..	4.8	0.2	(2.1)

Notes:
(1) Base year 2021.
(2) Base year 2014.
Source: FCSC.

The inflation rate for 2021 was 2.3 per cent. This was the result of an increase in price of both tradeables and non-tradeables, particularly in the transportation tradeable basket as a result of the increase in oil prices in the fourth quarter of 2021.

According to the Central Bank, CPI inflation averaged 4.8 per cent. for 2022 and, on a quarterly basis, was 2.6 per cent. in the first quarter, 5.6 per cent. in the second quarter, 6.5 per cent. in the third quarter and 4.6 per cent. in the fourth quarter. The three most significant baskets in the index by weight are housing, water, electricity and gas (35.1 per cent.); transportation (12.7 per cent.) and food and beverages (12.0 per cent.).

Housing, water, electricity and gas inflation was minus 1.9 per cent. in the first quarter of 2022, minus 1.0 per cent. in the second quarter, 0.1 per cent. in the third quarter and 1.6 per cent. in the fourth quarter of 2022, reflecting an increase in rents in Dubai.

Transportation inflation was 21.1 per cent. in the first quarter of 2022, 30.3 per cent. in the second quarter, 30.2 per cent. in the third quarter and 11.0 per cent. in the fourth quarter of 2022, largely reflecting continuing high oil prices during the year.

Food and beverages inflation was 5.0 per cent. in the first quarter of 2022, 8.2 per cent. in the second quarter, 8.5 per cent. in the third quarter and 7.1 per cent. in the fourth quarter of 2022, reflecting the overall trend in inflation for the year.

The Central Bank's inflation projection for 2023, made in its economic review for the first quarter of 2023 published in June 2023, is 3.1 per cent. and takes into account lower energy and food prices, as well as a mild decline in inflation in Dubai in the first quarter of 2023. Imported inflation is expected to be modest owing to the disinflation trend in UAE's major trading partners, while rents, wages, and the introduction of corporate income tax in June 2023 are expected to contribute moderately. In 2024 the Central Bank projects inflation to slow further to 2.6 per cent.

Economic Policy

The UAE launched its first national strategy in 2007 and since then has launched a number of strategies with the aim of strengthening the UAE's economic position globally. These strategies include:

UAE Centennial Plan 2071

This is a long-term plan that extends for five decades after 2021. Its objectives include establishing the UAE Government as the best government in the world, with a long-term vision and inspirational leadership that anticipates and prepares for the future. The plan includes a number of economic objectives such as increasing the productivity of the national economy, supporting national companies, investing in science research and other sectors, focusing on innovation, entrepreneurship and advanced industries, diversifying imports and exports by relying less on oil and developing a national strategy to shape the future of the UAE's economy and industry with a view to place the UAE among international important economies.

UAE's 50 Projects Initiative

In September 2021, the UAE announced that it plans to launch 50 new economic initiatives to boost the country's competitiveness and attract AED 550 billion in foreign direct investment over the next nine years. The projects are founded on the following principles:

- strengthening the union, its institutions, legislation, capacity and budget;
- building a competitive and dynamic economy;
- using foreign policy as a tool that aims to serve the UAE's economic interests;
- developing the educational system, attracting talent and retaining specialists;
- developing stable and positive economic, political and social relationships;
- creating one unified nation;
- encouraging digital, technical and scientific excellence;
- encouraging openness and tolerance;
- providing foreign humanitarian aid; and
- resolving political disputes.

Initially, AED 5 billion from the Bank is expected to be allocated to support projects by Emiratis in new economic sectors. Another AED 5 billion is expected to be allocated to reform the industrial sector towards the Fourth Industrial Revolution over the next five years. Teenagers will also be able to work from the age of 15 for the first time.

UAE Strategy for the Fourth Industrial Revolution

In September 2017, the UAE Government launched the UAE Strategy for the Fourth Industrial Revolution, which aims to strengthen the UAE's position as a global hub for the Fourth Industrial Revolution and to increase its contribution to the national economy by means of advancing innovation and future technologies, and focuses on a number of key fields, including innovative education, artificial intelligence, intelligent genomic medicine and robotic healthcare.

The UAE's post-oil strategy

In 2015, the UAE Government implemented a AED 300 billion programme to foster a knowledge economy, driven by innovation to prepare the UAE for a world after oil. The Emirates Science, Technology and Innovation Higher Policy launched 100 initiatives with major investments in education, health, energy, transport, space and water. It includes fields such as robotics, solar power, developing intellectual property, stem cell research and biotechnology. As part of the UAE Centennial Plan 2071, the UAE plans to continue to support these programmes to work towards a knowledge-based economy and encourage innovation.

Ratings

The UAE has been assigned a credit rating of Aa2 by Moody's with a stable outlook and AA- by Fitch with a stable outlook.

The UAE's rating was most recently reaffirmed by Moody's in March 2023. Moody's noted in its March 2023 report that upward pressure on the rating would develop if regional geopolitical tensions were to decline significantly and durably or if the UAE's resilience to carbon transition scenarios materially increases further. A marked improvement in policy transparency and data disclosure practices at both the federal and emirate levels would also lead to a more positive assessment of the government's creditworthiness. Additionally, given the importance and size of Abu Dhabi's economy and balance sheet and strong interlinkages between the federal and Abu Dhabi governments, an upgrade of Abu Dhabi's rating may exert upward pressure on the UAE's rating. In turn, downward pressure on the rating would be likely to emerge from an escalation in regional political tensions that significantly affected the UAE's ability to produce and export oil, or develop its non-hydrocarbon sectors. Perceptions that support from Abu Dhabi for the federal government, including for some spending that is the responsibility of the federal government, is declining without a corresponding increase in self-sustaining revenue may also lead to a more negative assessment of the federal government's creditworthiness. In addition, a downgrade of Abu Dhabi's rating may exert downward pressure on the UAE's rating.

The UAE's rating was most recently reaffirmed by Fitch in August 2023. In its rating report, Fitch noted that a moderate consolidated public debt level, a strong net external asset position and high GDP per capita which are balanced by weak governance indicators relative to rating peers, the UAE's high dependence on hydrocarbon income and the significant indebtedness of some of the emirates and their government-related entities. Fitch also noted that a rating downgrade could be prompted by a deterioration in Abu Dhabi's sovereign credit profile, substantial erosion of the external position of the UAE and/or the individual emirates' fiscal position, for example due to a sustained period of low oil prices or a materialisation of contingent liabilities, or a geopolitical shock that impacts economic, social or political stability.

TAXATION

The following is a general description of certain United Arab Emirates, United States and EU tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates Taxation

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Base Prospectus and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments made by the Issuer under the Notes. In the event of such imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject to certain limited exceptions.

FATCA

Pursuant to certain provisions of 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 Bank 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Bank to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Bank to, and purchased by, Dealers are set out in a dealer agreement dated 8 November 2023 (the "**Dealer Agreement**") and made between, amongst others, the Bank and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Bank in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has (to the best of its knowledge and belief) complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Bank and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus, any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Bank. Any such supplement or modification may be set out in a supplementary prospectus.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Bank and the relevant Dealer shall agree and as shall be set out in the applicable subscription agreement, Dealer accession letter or a Dealer confirmation, as the case may be.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Bank in such jurisdiction.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the rulebook 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 (COB) Module of the DFSA Rulebook.

Prohibition of Sale to EEA Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies "*Prohibition of Sales to EEA Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA. 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 EU 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 EU MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory provisions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (i) to "**professional investors**" within the meaning of the SFO and any rules made under the SFO; or (ii) 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(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No.228 of 1949, as amended)), or to others for re offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, 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).

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 any Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 8 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 ("**CMA**") resolution number 8-5-2023 dated 18 January 2023 (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Notes to be issued under the Programme may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "*institutional and qualified clients*" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of, or as otherwise required by, the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

The offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (the "**SC**") under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**").

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the SC and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA (Chapter 2001 (2020 Revised Edition) of Singapore) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA; or

(b) where no consideration is or will be given for the transfer; or

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

State of Qatar (including Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licenced to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus has not been filed, reviewed or approved by the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA rules are not applicable.

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Bank by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Bank shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an available exemption from registration under the Securities Act, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

GENERAL INFORMATION

1. **Authorisation**

The update of the Programme was authorised by resolutions of the Board of Directors of the Bank passed on 8 September 2023. The Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

2. **Listing of Notes**

Application has been made to the DFSA for the Notes issued under the Programme to be admitted to the DFSA Official List and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.

3. **Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Bank is aware) which may have, or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Bank and its Subsidiaries.

4. **Significant/Material Change**

Since 31 December 2022 there has been no material adverse change in the prospects of the Bank or the Bank and its Subsidiaries and, since 30 June 2023, there has not been any significant change in the financial or trading position of the Bank and its Subsidiaries.

5. **Auditors**

Interim Financial Statements and Annual Financial Statements

The current auditors of the Bank are Deloitte (authorised and regulated under the Register of Practicing Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of Level 11, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 990, Abu Dhabi, United Arab Emirates, who have reviewed the Interim Financial Statements, as stated in their report appearing therein. The Annual Financial Statements have been audited by Deloitte, as stated in their report appearing therein.

With respect to the Interim Financial Statements, Deloitte have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included therein states that they did not audit and they do not express an opinion on that interim financial information.

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

6. **Documents on Display**

Copies of the following documents may be inspected during normal business hours at the specified offices of the Paying Agent for twelve months from the date of this Base Prospectus:

(a) the memorandum and articles of association of the Bank (together with direct and accurate English translations thereof);

(b) the condensed consolidated interim financial statements of the Bank for the six-month period ended 30 June 2023;

(c) the audited consolidated financial statements of Emirates Development Bank P.J.S.C. for the years ended 31 December 2022 and 31 December 2021, in each case together with the audit reports prepared in connection therewith;

(d) the Agency Agreement;

(e) the Deed of Covenant;

(f) the Programme Manual (which contains the forms of the Notes in global and definitive form);

(g) a copy of this Base Prospectus; and

(h) any future supplementary prospectus including Final Terms and any other documents incorporated herein or therein by reference.

7. **Material Contracts**

Neither the Bank nor any of its Subsidiaries has entered into any material contracts outside the ordinary course of business which could result in its being under an obligation or entitlement which is, or may be, material to the ability of the Bank to meet its obligations in respect of the Notes.

8. **Clearing of the Notes**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders.

Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. **Conditions for Determining Price and Yield**

The price and amount of Notes to be issued under the Programme will be determined by the Bank and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

10. **Dealers transacting with the Bank and its Subsidiaries**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Bank and its Subsidiaries in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Bank or the Bank's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with an offering of Notes issued under the Programme, each Dealer and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such Notes and any securities of the Trustee or related investments and may offer or sell such securities or other investments otherwise than in connection with an offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Dealers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

REGISTERED OFFICE OF THE BANK

Emirates Development Bank P.J.S.C.
P.O. Box 51515
Abu Dhabi
United Arab Emirates

FISCAL AGENT
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Agency and Trust Services
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United Kingdom

REGISTRAR
Citibank Europe Plc
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Ireland

PAYING AGENT
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SOLE ARRANGER

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DEALERS

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United Arab Emirates

Standard Chartered Bank
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P.O. Box 999
Dubai
United Arab Emirates

Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch
Gate Village 01, Level 5 & 6,
Dubai International Financial Centre
P.O. Box 506856
Dubai
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Abu Dhabi Commercial Bank PJSC
Abu Dhabi Commercial Bank PJSC
ADCB Tower, Head Office, Sheikh Zayed Street
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United Arab Emirates

Crédit Agricole Corporate and Investment Bank
12 place des Etats-Unis
CS 70052 92 547 Montrouge Cedex
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