

Base Prospectus dated 23 May 2024

**Commercial Bank of Dubai P.S.C.***(incorporated with limited liability in the Emirate of Dubai, United Arab Emirates)*

and

**CBD (Cayman) Limited***(an exempted company incorporated with limited liability in the Cayman Islands)***and in the case of Notes issued by CBD (Cayman) Limited  
unconditionally and irrevocably guaranteed by****Commercial Bank of Dubai P.S.C.***(incorporated with limited liability in the Emirate of Dubai, 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**”), CBD (Cayman) Limited (the “**Cayman Issuer**”) and Commercial Bank of Dubai P.S.C. (“**CBD**” or the “**Bank**”, and together with the Cayman Issuer, the “**Issuers**” and each an “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer. The obligations of the Cayman Issuer in respect of Notes issued by it are unconditionally and irrevocably guaranteed by CBD (in such capacity, the “**Guarantor**”). References in this Base Prospectus to the “**Obligors**” are to the Cayman Issuer and CBD, and references to the “**relevant Obligors**” shall be a reference to, in the case of an issue of Notes by CBD, CBD, and in the case of an issue of Notes by the Cayman Issuer, to each of the Cayman Issuer and the Guarantor and “**relevant Obligor**” shall be a reference to either of them, as the context may require.

Notes may be issued in bearer or registered form (respectively, “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal 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 described in the Programme 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 appointed under the Programme from time to time by the Obligors (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the “**Base Prospectus**”) to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.**

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under the Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuers or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Further, such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) (the “**Regulated Market**”) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) for the purposes of MiFID II (each such regulated market being a “**MiFID Regulated Market**”) and/or that are to be offered to the public in any member state of the European Economic Area (the “**EEA**”) (each a “**Member State**”).

Application will be made to the Euronext Dublin for 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 (the “**Official List**”) and to trading on the Regulated Market.

References in this Base Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the Regulated Market and have been admitted to the Official List or, as the case may be, another MiFID Regulated Market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the “**Final Terms**”) which will be delivered to the Central Bank of Ireland and, with respect to Notes to be listed on the Regulated Market, Euronext Dublin.

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 relevant Obligors and the relevant Dealer. The Issuers may also issue unlisted Notes and/or Notes not admitted to trading on any market.

This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a MiFID Regulated Market and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The Issuers will, in the event of any new significant factor, material mistake or material inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Base Prospectus. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a MiFID Regulated Market and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation.

The relevant Obligors may agree with any Dealer that Notes may be issued in a form or with terms and conditions not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

CBD has been assigned long-term issuer ratings of Baa1 and A- by Moody’s Investors Service Cyprus Ltd (“**Moody’s**”) and Fitch Ratings Ltd. (“**Fitch**”), respectively. The “**Baa1**” rating by Moody’s indicates that the CBD’s creditworthiness is moderate and more susceptible to economic changes and

uncertainties compared to higher-rated issuers. The “A-” rating by Fitch indicates that CBD has very low default risk and has a strong capacity for payment of financial commitments which is not significantly vulnerable to foreseeable events. The Programme has been assigned senior unsecured ratings of P(Baa1) by Moody’s in connection with Notes issued by CBD and P(Baa1) by Moody’s in connection with Notes issued by the Cayman Issuer and A-long-term and F2 short-term by Fitch in connection with Notes issued by CBD and A- long-term and F2 short-term by Fitch in connection with Notes issued by the Cayman Issuer. The “P(Baa1)” rating by Moody’s indicates that the Programme is medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The “A-” rating by Fitch indicates that the Programme has very low default risk and has a strong capacity for payment of financial commitments which is not significantly vulnerable to foreseeable events. The “F2” rating by Fitch indicates that the Programme is of good short-term credit quality and it has good intrinsic capacity for timely payment of financial commitments.

Moody’s is established in the European Union (“EU”) and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). Fitch is established in the United Kingdom (the “UK”) and is registered under the CRA Regulation as it forms part of the current domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK CRA Regulation”). The ratings assigned by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. As such, each of Moody’s and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Moody’s is not established in the United Kingdom and has not applied for registration under the UK CRA Regulation. The ratings issued by Moody’s have been endorsed by its United Kingdom branch, Moody’s Investors Service Ltd, in accordance with the UK CRA Regulation and have not been withdrawn. Moody’s Investors Service Ltd is established in the UK and is registered in accordance with the UK CRA Regulation. As such, the ratings of Moody’s may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. The FCA publishes on its website (<https://www.fca.org.uk/firms/credit-rating-agencies>) a list of credit rating agencies registered in accordance with the UK CRA Regulation.

Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, SHIBOR, HIBOR, CNH HIBOR, SIBOR, KLIBOR, EIBOR, SAIBOR, BBSW, PRIBOR, TLREF, TIBOR, SOFR, SONIA or €STR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR), Czech Financial Benchmark Facility s.r.o. (as administrator of PRIBOR), ASX Benchmarks Limited (as administrator of BBSW) and ABS Benchmarks Administration Co PTE. Ltd. (as administrator of SIBOR) are included in the register of administrators of ESMA under Article 36 of the Regulation (EU) No. 2016/1011 (the “EU Benchmarks Regulation”). As at the date of this Base Prospectus, none of the People’s Bank of China (as administrator of SHIBOR), the Treasury Markets Association (as administrator of HIBOR and CNH HIBOR), Bank Negara Malaysia (as administrator of KLIBOR), the UAE Central Bank (as administrator of EIBOR), Refinitiv Benchmark Services (UK) Limited (as administrator of SAIBOR), Borsa İstanbul Index Directorate (as administrator of TLREF), the JBA TIBOR Administration (as administrator of TIBOR), the Federal Reserve Bank of New York (as administrator of SOFR), the Bank of England (as administrator of SONIA) or the European Central Bank (as administrator of €STR) are included in ESMA’s register of administrators under the EU Benchmarks Regulation. As far as CBD is aware, (i) the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the People’s Bank of China, the Treasury Markets Association, Bank Negara Malaysia, Refinitiv Benchmark Services (UK) Limited, the Borsa İstanbul Index Directorate, the JBA TIBOR Administration are not currently required to obtain authorisation/registration (or, if located outside the European Union or the United Kingdom, recognition, endorsement or equivalence) and (ii) the Bank of England, the Federal Reserve of New York, UAE Central Bank and the European Central Bank do not fall within the scope of the EU Benchmarks Regulation by virtue of Article 2 of that Regulation.

#### Arrangers

<b>HSBC</b>		<b>STANDARD CHARTERED BANK</b>
	<b>Dealers</b>	
<b>ANZ</b>	<b>BARCLAYS</b>	<b>CREDIT AGRICOLE CIB</b>
<b>CITIGROUP</b>	<b>COMMERZBANK</b>	<b>EMIRATES NBD CAPITAL</b>
<b>FIRST ABU DHABI BANK PJSC</b>	<b>HSBC</b>	<b>IMI-INTESA SANPAOLO</b>
<b>J.P. MORGAN</b>	<b>NATIXIS</b>	<b>STANDARD CHARTERED BANK</b>

**This Base Prospectus constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation.**

The Obligors accept responsibility for the information contained in this Base Prospectus and the relevant Obligors accept responsibility for the Final Terms in respect of each Tranche of Notes issued under the Base Prospectus. To the best of the knowledge of each of the Obligors the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information under the headings “*Risk Factors*”, “*Description of CBD*”, “*Financial Review*” and “*The United Arab Emirates Banking Sector and Regulations*” has been extracted from information provided by:

- the Central Bank of the UAE (the “UAE Central Bank”), in the case of the “*Risk Factors*”, the “*Financial Review*” and the “*Description of CBD*”; and
- the UAE Central Bank and the International Monetary Fund, in the case of “*The United Arab Emirates Banking Sector and Regulations*”.

The Obligors confirm that such third-party information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant third-party sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information is only available on a federal basis relating to the entire UAE and potential investors should note Dubai’s own position may differ in material respects from the position at an overall federal level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times and differing underlying assumptions and methodologies. In addition, standards of accuracy of statistical data may vary from authority to authority or from period to period due to the application of these different methodologies.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealers or the Managers, as the case may be.

Copies of applicable Final Terms will be available from the registered office of CBD and the specified office set out below of each of the Paying Agents (as defined below), save that, if the relevant Notes are neither: (a) admitted to trading on a MiFID Regulated Market nor (b) offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuers or, as the case may be, the Principal Paying Agent as to its holding of such Notes and identity.

Neither the Arrangers, the Dealers nor any of their respective directors, affiliates, advisers or agents have independently verified the information contained herein. Accordingly, to the fullest extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers or any of their respective directors, affiliates, advisers or agents as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by either Obligor in connection with the Programme, or for any other statement, made or purported to be made by, or on behalf of, an Arranger, a Dealer or any of their respective directors, affiliates, advisers or agents in connection with the Obligors, or the issue and offering of the Notes, and the Arrangers, the Dealers or any of their respective directors, affiliates, advisers or agents accept no liability or responsibility for any acts or omissions of the Obligors or any other person in connection with this Base Prospectus or the issue and offering of Notes under the Programme. Each Arranger, Dealer and their respective directors, affiliates, advisers or agents accordingly disclaim 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, the issue and offering of Notes under the Programme or any such statement.

Neither the Arrangers, the Dealers nor any of their respective directors, affiliates, advisers or agents make any representation or provide any assurance as to the suitability of any Sustainable Notes (as defined herein), including the listing or admission to trading thereof on any dedicated “green”, “environmental”, “sustainable”, “social” or other equivalently-labelled segment of any stock exchange or securities market, or to fulfil any green, social, environmental or sustainability criteria required by any prospective investors. Neither the Arrangers, the Dealers nor any of their respective directors, affiliates, advisers or agents has undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Projects (as defined herein), any verification of whether the Eligible Projects meet such criteria, the monitoring of the use of proceeds of any Sustainable Notes (or amounts equal thereto) or the allocation of the proceeds by either Obligor to particular Eligible Projects. Each prospective investor should have regard to the information set out in “*Description of CBD – Sustainability Policy – Sustainable Financing Framework*” below and determine for itself the relevance of such information for the purposes of an investment in Sustainable Notes together with any other investigation it deems necessary. Neither the Arrangers, the Dealers nor any of their respective directors, affiliates, advisers or agents make any representation as to the suitability or contents of the Sustainable Financing Framework (as defined herein), any second party opinion delivered in respect thereof or any public reporting by or on behalf of CBD in respect of the application of the proceeds of any issue of Sustainable Notes, all of which are not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.

No assurance or representation is or can be given by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person that Eligible Projects will meet investor expectations or requirements regarding such “green”, “sustainable”, “social” or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called “**EU Taxonomy**”) or Regulation (EU) 2020/852 as it forms part of domestic law of the United Kingdom by virtue of the EUWA), as regards any investment criteria or guidelines with which such investor or its investments are required to comply or that any adverse environmental and/or other impacts will not occur during the implementation of any projects funded by or related to any Eligible Projects. Each prospective investor should have regard to the factors described in the Sustainable Financing Framework and the relevant information contained in this Base Prospectus and the applicable Final Terms and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest. None of the Arrangers or any of the Dealers shall be responsible for (i) the suitability of any Sustainable Notes to fulfil environmental, social and/or sustainability criteria required by prospective investors, (ii) whether the equivalent amount will be used to finance and/or refinance Eligible Projects, (iii) any assessment of the Eligible Projects, or (iv) the ongoing monitoring of the use of proceeds in respect of any such Sustainable Notes.

No person is or has been authorised by the Obligors to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Obligor or any of the Dealers.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes (or beneficial interests therein) shall in any circumstances imply that the information contained herein concerning the Obligors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Obligors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes and the Guarantee (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and the Notes in bearer form are subject to

U.S. tax law requirements. Subject to certain exceptions, 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 (see “*Subscription and Sale*”).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and/or the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Obligors or any of the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Obligors or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA, the United Kingdom, Japan, Hong Kong, Singapore, the People’s Republic of China (the “**PRC**”) (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), the Cayman Islands, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Qatar (including the Qatar Financial Centre) and Malaysia (see “*Subscription and Sale*”).

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 consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the applicable Notes, the merits and risks of investing in such Notes and the information contained in this Base Prospectus or any applicable supplement hereto;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the applicable Notes and the impact its investment in such Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the applicable 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) understands thoroughly the terms of the applicable Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that might affect its investment in the Notes and its ability to bear the applicable risks.

Some Notes are complex financial instruments and are high risk and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities similar to the Notes. There are risks inherent in the holding of the Notes, including the risks in relation to their subordination and the circumstances in which holders of the Notes may suffer loss as a result of holding the Notes. See “*Risk Factors*” for a discussion of certain considerations to be taken into account in connection with an investment in the Notes. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with 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.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment their investment in the Notes under any applicable risk-based capital or other rules.

No comment is made or advice given by either Obligor, the Dealers, or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of the Notes by an investor under any applicable law.

If a jurisdiction requires that an offering be made by a licensed broker or dealer and a Dealer, or any affiliate of such Dealers, is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the relevant Issuer in such jurisdiction.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY NOTES.**

## PRESENTATION OF FINANCIAL INFORMATION

The financial statements relating to CBD and its consolidated subsidiaries which are incorporated by reference into this document are as follows:

- unaudited condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2024 including unaudited comparative information as at and for the three-month period ended 31 March 2023; (the “**2024 Interim Financial Statements**”);
- audited consolidated financial statements as at and for the financial year ended 31 December 2023 including audited comparative information as at and for the financial year ended 31 December 2022 (the “**2023 Financial Statements**”); and
- audited consolidated financial statements as at and for the financial year ended 31 December 2022 including audited comparative information as at and for the financial year ended 31 December 2021 (the “**2022 Financial Statements**” and, together with the 2024 Interim Financial Statements and 2023 Financial Statements, the “**Financial Statements**”).

The financial information included in this Base Prospectus: (i) as at and for the three-month period ended 31 March 2024 has been extracted from the 2024 Interim Financial Statements; (ii) as at and for the three-month period ended 31 March 2023 has been extracted from the 2024 Interim Financial Statements; (iii) as at and for the financial year ended 31 December 2023 has been extracted from the 2023 Financial Statements; (iv) as at and for the financial year ended 31 December 2022 has been extracted from the 2023 Financial Statements (where such information is presented for comparative purposes); and (v) as at and for the financial year ended 31 December 2021 has been extracted from the 2022 Financial Statements (where such information is presented for comparative purposes).

Each of the Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (the “**IASB**”). The 2024 Interim Financial Statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“**IAS 34**”). Deloitte & Touche (M.E.) (“**Deloitte**”) have reviewed the 2024 Interim Financial Statements in accordance with the International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, and have issued an unmodified review conclusion on the 2024 Interim Financial Statements as incorporated by reference herein. The 2023 Financial Statements and the 2022 Financial Statements have each been audited in accordance with the International Standards on Auditing by KPMG Lower Gulf Limited (Dubai Branch) (“**KPMG**”), as stated in their audit reports incorporated by reference herein.

CBD publishes its financial statements in UAE dirham.

CBD’s financial year ends on 31 December, and references in this Base Prospectus to any specific year are, unless otherwise indicated, to the 12-month period ended on 31 December of such year.

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

The Cayman Issuer is a special purpose vehicle established in the Cayman Islands as an exempted company with limited liability. The Cayman Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint an auditor.

## PRESENTATION OF OTHER INFORMATION

In this document, references to:

“**AED**”, “**dirham**” or “**fls**” are to the lawful currency of the UAE; one dirham equals 100 fls;

“**Dubai**” are to the Emirate of Dubai;

“**EEA**” are to the European Economic Area;

“EU” are to the European Union;

“EUR”, “euro” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;

the “GCC” are to the Cooperation Council of the Arab States of the Gulf (otherwise known as the Gulf Cooperation Council);

“Group” are to the Cayman Issuer, CBD and CBD’s consolidated subsidiaries and associates taken as a whole;

a “Member State” are, unless the context does not permit, references to a Member State of the EEA;

“OPEC” are to the Organisation of the Petroleum Exporting Countries;

“UAE” are to the United Arab Emirates;

“UK” are to the United Kingdom;

“U.S.” or “United States” are to the United States of America; and

“U.S.\$” or “U.S. dollars” are to the lawful currency of the United States.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus. Any website referred to in this document does not form part of the Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

## PRESENTATION OF ALTERNATIVE PERFORMANCE MEASURES

In this Base Prospectus, CBD uses the following metrics in the analysis of its business and financial position, which CBD considers to constitute Alternative Performance Measures as defined in the European Securities and Markets Authority Guidelines. For further information, see “*Selected Financial Information*”.

<b>Metric</b>	<b>Definition and method of calculation</b>	<b>Rationale for inclusion</b>
Return on average assets	Net profit divided by the average balance of total assets calculated as a simple average of the opening and closing balances for the relevant period.	Performance measure. The ratio shows how many AED of earnings CBD derives from each AED of assets it controls.
Return on average equity	Net profit divided by the average equity calculated as a simple average of the opening and closing balances for the relevant period.	Performance measure. The ratio is a measure of the profitability of CBD’s business in relation to the book value of shareholders equity, also known as net assets or assets minus liabilities. The ratio is a measure of how well CBD uses shareholders’ equity to generate earnings growth.
Cost to Income ratio	Total operating expenses divided by total operating income.	Performance measure. A lower percentage indicates that operating expenses are low relative to operating income.
Non-performing loans ratio	Impaired loans, advances and Islamic financing divided by gross loans, advances and Islamic financing.	Asset quality measure.
Provision coverage ratio	Provisions for impaired loans, advances and Islamic financing divided by	Asset quality measure. The ratio shows total provisions which CBD has built in



	impaired loans, advances and Islamic financing.	respect of its impaired loans, advances and Islamic financing.
Loan to deposit ratio	Net loans and Islamic financing divided by customer deposits and Islamic customer deposits.	Liquidity measure. The loan to deposit ratio is used to calculate CBD's ability to make payments to customers withdrawing their deposits. A ratio of less than one implies that CBD has relied on funds deposited by customers to make loans, advances and Islamic financing. A ratio of more than one, implies that CBD has extended loans, advances and Islamic financing from funds borrowed by it in addition to deposits.

These Alternative Performance Measures are not defined by, or presented in accordance with, IFRS. The Alternative Performance Measures are not measurements of CBD's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of CBD's liquidity.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning CBD's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections titled "*Risk Factors*", "*Description of CBD*" and "*Financial Review*" and other sections of this Base Prospectus. CBD has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although CBD believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which CBD has otherwise identified in this Base Prospectus, or if any of CBD's underlying assumptions prove to be incomplete or inaccurate, CBD's actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Description of CBD*", "*Financial Review*" and "*The United Arab Emirates Banking Sector and Regulations*", which include a more detailed description of the factors that might have an impact on CBD's business development and on the industry sector in which CBD operates.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

These forward-looking statements speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws, each of the Obligors expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Base Prospectus might not occur in the way they are expected, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

All references in this Base Prospectus to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars; all references to *Renminbi*, *RMB* or *CNY* are to the lawful currency of the PRC (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan); and all references to *AED* and *dirham* are to the lawful currency of the United Arab Emirates. 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 references to *euro* and *€* refer to the currency introduced at the start of the third stage of European

economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In addition, all references in this document to Dubai are to the Emirate of Dubai.

#### **KINGDOM OF SAUDI ARABIA NOTICE**

**This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “Capital Market Authority”) pursuant to resolution number 3-123-2017 dated 27 December 2017, as amended by the board of the Saudi CMA resolution number 3-6-2024 dated 17 January 2024 (the “Offer of Securities Rules”). Any offer of Notes to any investor in Saudi Arabia or who is a Saudi person (a “Saudi Investor”) must be made in compliance with Article 8(a)(1) (including the definitions in the Glossary of Defined Terms Used in the Regulations and Rules of the Saudi CMA) or Article 9 and in each case Article 10 of the Offer of Securities Rules.**

**The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.**

#### **CAYMAN ISLANDS NOTICE**

**No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Notes issued under the Programme and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for Notes issued under the Programme.**

#### **KINGDOM OF BAHRAIN NOTICE**

**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 accountholders and accredited investors as defined by the Central Bank of Bahrain (the “CBB”) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.**

**This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006, as amended from time to time). This Base Prospectus and related offering documents have not been and will not be registered as a 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 Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.**

**The CBB has not reviewed, approved or registered the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be marketed 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 document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document. 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.**

#### **QATAR NOTICE**

**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 Financial**

Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar. The 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 under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

#### MALAYSIA NOTICE

The Notes may not be offered for subscription or purchase and no invitation to subscribe for or purchase the 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 I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)), read together with Schedule 8 and Schedule 9 (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 Obligors and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

#### CANADIAN NOTICE

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, *provided that* the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

#### STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers named as the stabilisation manager(s) in the applicable Final Terms (the "Stabilisation Manager(s)") (or person(s) 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. 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 be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Notes 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 person(s) acting on behalf of any Stabilisation Managers(s)) in accordance with all applicable laws and rules.

#### MiFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should

take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of any Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID II 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 MiFID II Product Governance Rules.

### **UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

The applicable Final Terms in respect of any 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 person subsequently offering, selling or recommending the Notes (a “**UK distributor**”) should take into consideration the target market assessment; however, a UK 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 Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

### **PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE**

Unless otherwise stated in the applicable Final Terms, all Notes shall be “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets 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 relevant Final Terms will constitute notice to “relevant persons” for purposes of Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the “**SFA**”).

### **IMPORTANT – EEA RETAIL INVESTORS**

If the applicable Final Terms in respect of any Notes include 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA 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 PRIIPs Regulation.

### **IMPORTANT - UK RETAIL INVESTORS**

If the applicable Final Terms in respect of any Notes include 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 the current domestic law of the UK 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 the current domestic law of the UK 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 the current domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the current domestic law of the UK 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.

## DATA PROTECTION

Under the Cayman Islands Data Protection Act (as amended) (the “**DPA**”) and, in respect of European Union (EU) data subjects, the EU General Data Protection Regulation (together, the “**Data Protection Legislation**”), individual data subjects have rights and the Cayman Issuer as data controller has obligations with respect to the processing of personal data by the Cayman Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Cayman Issuer could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Cayman Issuer and its affiliates and/or delegates, or by virtue of providing the Cayman Issuer with personal information on individuals connected with the investor (for example directors, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Cayman Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Cayman Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

The Cayman Issuer has published a privacy notice (the “**Data Privacy Notice**”), which provides prospective investors with information on the Cayman Issuer’s use of their personal data in accordance with the Data Protection Legislation. By investing in the Note, the Noteholders shall be deemed to acknowledge that they have read in detail and understood the Data Privacy Notice (which can be accessed at <https://www.walkersglobal.com/external/SPVDPNotice.pdf>) and that such Data Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Notes.

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## OVERVIEW OF THE PROGRAMME

*The following overview must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in any Notes should be based on a consideration of this Base Prospectus as a whole. This 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, the applicable Final Terms. The relevant Obligors and any relevant Dealer(s) may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

Words and expressions defined in “**Form of the Notes**”, “**Terms and Conditions of the Notes**”, “**Description of the Cayman Issuer**” and “**Description of CBD**” shall have the same meanings in this overview.

“ <b>Issuers</b> ” .....	CBD (Cayman) Limited (Legal Entity Identifier (LEI): 6354001ANEED7OVAYU98) Commercial Bank of Dubai P.S.C. (Legal Entity Identifier (LEI): 2138002DQL2YD4S8HE87)
“ <b>Guarantor in respect of Notes issued by CBD (Cayman) Limited</b> ” .....	Commercial Bank of Dubai P.S.C.
“ <b>Risk Factors</b> ” .....	There are certain factors that may affect the Cayman Issuer’s ability to fulfil its obligations under Notes issued by it under the Programme and CBD’s ability to fulfil its obligations under the Notes issued by it and the Guarantee. These are set out under “ <i>Risk Factors</i> ”. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
“ <b>Description</b> ” .....	Euro Medium Term Note Programme.
“ <b>Arrangers</b> ” .....	HSBC Bank plc and Standard Chartered Bank.
“ <b>Dealers</b> ” .....	Australia and New Zealand Banking Group Limited Barclays Bank PLC Crédit Agricole Corporate and Investment Bank Citigroup Global Markets Limited Commerzbank Aktiengesellschaft First Abu Dhabi Bank PJSC HSBC Bank plc J.P. Morgan Securities plc Intesa Sanpaolo S.p.A., London Branch Natixis Standard Chartered Bank  and any other Dealers appointed in accordance with the Programme Agreement.



**“Certain Restrictions”** ..... Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Prospectus.

**Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “*Subscription and Sale*”).

**“Issuing and Principal Paying Agent”** ..... Citibank N.A., London Branch.

**“Registrar”** ..... Citibank Europe Plc

**“Programme Size”** ..... Up to U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Obligors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**“Distribution”** ..... Notes may be distributed by way of private or public placement and in each case on a syndicated or non- syndicated basis.

**“Currencies”** ..... Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Obligors and the relevant Dealer(s).

**“Redenomination”** ..... The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5 (*Redenomination*).

**“Maturities”** ..... The Notes will have such maturities as may be agreed between the relevant Obligors and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Obligors or the relevant Specified Currency.

**“Issue Price”** ..... Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

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

**“Fixed Rate Notes”** ..... Fixed interest will be payable on such date or dates as may be agreed between the relevant Obligors and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Obligors and the relevant Dealer(s).

- “Floating Rate Notes”** ..... Floating Rate Notes will bear interest at a rate determined:
- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (each as published by the International Swaps and Derivatives Association, Inc. (the “**ISDA**”), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
  - (b) on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to any Floating Rate Notes will be agreed between the relevant Obligors and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Obligors and the relevant Dealer(s), 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 relevant Obligors and the relevant Dealer(s).

**“Reset Notes”** ..... Reset Notes will bear interest:

- (a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate *per annum* equal to the Initial Rate of Interest; and
- (b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate *per annum* as is equal to the relevant Subsequent Reset Rate, as determined by the Principle Paying Agent on the relevant Reset Determination Date in accordance with Condition 6.3(a) (*Interest on Reset Notes*),

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

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

**“Benchmark Discontinuation”** ..... In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and the application of an Adjustment Spread (which could be positive, negative or zero)) (see Condition 6.2(b)(iii)(iii) (*Interest on Floating Rate Notes – Terms and Conditions – Interest on Floating Rate Notes – Benchmark Replacement*)).

<b>“Redemption”</b> .....	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Obligor(s), as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Obligor(s) and the relevant Dealer(s).</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution (see “<i>Certain Restrictions – Notes having a maturity of less than one year</i>” above).</p>
<b>“Denomination of Notes”</b> .....	<p>Notes will be issued in such denominations as may be agreed between the relevant Obligor(s) and the relevant Dealer(s) save that the minimum denomination of each Note to be admitted to trading on a regulated market for the purposes of MiFID II and/or that are to be offered to the public in a Member State in circumstances that would otherwise require the publication of a prospectus pursuant to the Prospectus Regulation will be: (a) such minimum amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any applicable laws and (b) equal to or greater than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency on the issue date of such Notes), and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.</p>
<b>“Taxation”</b> .....	<p>All payments in respect of the Notes and the Guarantee will be made without withholding or deduction for or on account of taxes imposed by any Tax Jurisdiction, as provided in Condition 9 (<i>Taxation</i>). In the event that any such withholding or deduction is made, the relevant Obligor(s) will, save in certain limited circumstances provided in Condition 9 (<i>Taxation</i>), be required to pay additional amounts to cover the amounts so deducted.</p>
<b>“Negative Pledge”</b> .....	<p>The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4 (<i>Negative Pledge</i>).</p>
<b>“Cross Default”</b> .....	<p>The terms of the Senior Notes will contain a cross default provision as further described in Condition 11 (<i>Events of Default</i>).</p>
<b>“Status of the Senior Notes”</b> ..	<p>The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> amongst themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.</p>
<b>“Status of the Guarantee in respect of the Senior Notes issued by the Cayman Issuer”</b> .....	<p>The obligations of the Guarantor under the Guarantee in respect of Senior Notes issued by the Cayman Issuer will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>)) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.</p>

<b>“Status and subordination of the Subordinated Notes”</b> .....	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3.2 ( <i>Status of the Guarantee in respect of the Senior Notes</i> ).
<b>“Status of the Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer”</b> .....	The Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer is a direct, unsecured and subordinated obligation of the Guarantor. The rights and claims of the Noteholders against the Guarantor under the Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer will be subordinated as described in Condition 3.4 ( <i>Status of the Guarantee in respect of the Subordinated Notes</i> ).
<b>“Rating”</b> .....	The Programme has been assigned senior unsecured ratings of P(Baa1) by Moody’s in connection with Notes issued by CBD and P(Baa1) by Moody’s in connection with Notes issued by the Cayman Issuer and A-long-term and F2 short-term by Fitch in connection with Notes issued by CBD and A- long-term and F2 short-term by Fitch in connection with Notes issued by the Cayman Issuer. The “P(Baa1)” rating by Moody’s indicates that the Programme is medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The “A-” rating by Fitch indicates that the Programme has very low default risk and has a strong capacity for payment of financial commitments which is not significantly vulnerable to foreseeable events. The “F2” rating by Fitch indicates that the Programme is of good short-term credit quality and it has good intrinsic capacity for timely payment of financial commitments. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. 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.
<b>“Listing and admission to trading”</b> .....	<p>Application will be made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and for such Notes to be admitted to trading on the Regulated Market.</p> <p>Notes may be unlisted or may be listed or admitted to trading, as the case may be, on any market (including any unregulated or regulated market for the purposes of MiFID II) as may be agreed between the relevant Obligors and the relevant Dealer(s) in relation to each issue. Notes which are neither listed nor admitted to trading on any market may also be issued.</p>
<b>“Governing Law”</b> .....	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
<b>“Selling Restrictions”</b> .....	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, United Kingdom, Italy, Japan, Hong Kong, Singapore, the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Cayman Islands, the Kingdom of Bahrain, Qatar (including the Qatar Financial Centre), Malaysia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “ <i>Subscription and Sale</i> ”).

**“United States  
Restrictions”**

**Selling**

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

## **RISK FACTORS**

*Each of the Obligors believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes issued under the Programme or under the Guarantee, as the case may be. Most of these factors are contingencies that may or may not occur.*

*Factors that the Obligors believe are material for the purpose of assessing the market risks associated with the Notes are described below.*

*Each of the Obligors believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of either Obligor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Obligors 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.*

### **Factors that may affect the Cayman Issuer's ability to fulfil its obligations under Notes issued by it under the Programme**

The Cayman Issuer is an entity incorporated under the Companies Act (as amended) in the Cayman Islands as a limited liability company. The Cayman Issuer may not have any income except payments received from CBD in respect of loans, which will be the only material source of funds available to meet the claims of the Noteholders against the Cayman Issuer. As a result, the Cayman Issuer is subject to all the risks to which CBD is subject, to the extent that such risks could limit CBD's ability to satisfy in full and on a timely basis its obligations to the Cayman Issuer under any such loans. As the Cayman Issuer is a Cayman Islands company, it may not be possible for Noteholders to effect service of process outside the Cayman Islands upon the Cayman Issuer or its officers and directors.

### **Factors that may affect CBD's ability to fulfil its obligations under Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee**

*In the course of its business activities, CBD is exposed to a variety of risks, as described below. Investors should note that any failure to adequately control these risks could result in adverse effects on CBD's financial condition and reputation. Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial condition and prospects*

CBD, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. As at the date of this Base Prospectus, the performance of global debt, equity and commodity markets has been volatile, reflecting the ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the world's economies, including the economies of the UAE and other Gulf Cooperation Council ("GCC") states.

#### *Oil price volatility*

The OPEC Reference Basket price has been volatile since the outbreak of the COVID-19 pandemic. As a result, certain oil prices turned negative during April 2020 (with the West Texas Intermediate benchmark falling as low as minus U.S.\$37.63 a barrel), as weakened demand as a result of the COVID-19 outbreak led to buyers being paid to take oil due to storage capacity concerns. Oil prices rose over 2021 as the success of COVID-19 vaccination programmes globally led to increased economic activity and a broad increase in economic growth expectations. As at 31 December 2022, the OPEC Reference Basket price had risen to U.S.\$81.29. However, rising tensions between Russia and The North Atlantic Treaty Organization ("NATO") in connection with Ukraine during 2022, which culminated in the Russia-Ukraine crisis in February 2022 (and the imposition of sanctions on Russian companies and institutions in the energy and banking industry, coupled with a ban on imports of Russian oil and gas by some NATO and European countries) and which is still ongoing as at the date of this Base Prospectus, caused oil prices to surge above U.S.\$100.00 a barrel for the first time since 2013. In May 2024, the OPEC Reference Basket monthly price was U.S.\$85.06 (*source*: OPEC website accessed 6 May 2024).

While CBD's direct exposure to the crude oil, gas, mining and quarrying sectors is not significant low oil prices and low demand for crude oil may have a material adverse effect on the UAE's economy and cause a reduction in government spending, which may exacerbate the impact on the UAE economy as a whole leading to deterioration in other industries. This may thereby affect the CBD's business, results of operations, financial condition and prospects and CBD's ability to perform its obligations in respect of any Note issued under the Programme.

A significant reduction in international oil prices, particularly if they were to remain low for an extended period, could impact CBD in a number of ways, including (i) through its exposure to customers whose business is, directly or indirectly, reliant on oil revenue and who become unable to service their debt, (ii) through reduced liquidity as deposits from government and government-related entities are withdrawn as these depositors are impacted by low oil prices, and (iii) through the impact of low oil prices on the UAE's economy and the consequent impact on CBD's wholesale and retail customers. All of these factors have the potential to impact CBD's assessment of its expected credit losses and could therefore result in increased impairment losses in future periods. This could in turn have an adverse effect on CBD's business, results of operation, financial condition, or prospects.

#### *UAE fiscal reforms*

Additionally, in the UAE, the significant fiscal reforms implemented by the federal government in response to oil price volatility since 2015 have had, and are expected to continue to have, a significant effect on the UAE economy. The UAE federal government has scaled back capital transfers to government-related entities, reduced government investment, raised electricity and water tariffs and removed fuel subsidies. Further, with effect from 1 January 2018, the UAE federal government introduced a value-added tax ("VAT") regime at a rate of 5 per cent. as part of a broader GCC-wide agreement. The resulting stress on the UAE retail markets (which is covered by CBD's Personal Banking business segment) may have a negative impact on CBD's business, results of operations and financial condition and could thereby affect CBD's ability to perform its obligations in respect of any Notes issued under the Programme.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "**CT Law**") to enact a Federal corporate tax ("**CT**") regime in the UAE, that applies to taxable persons for financial years beginning on or after 1 June 2023. Under the CT Law, corporate tax applies on the net profits of a business. A 9 per cent. corporate tax rate applies to taxable income above AED 375,000, while a rate of 0 per cent. applies to taxable income not exceeding AED 375,000. The first tax period that the CT Law is applicable to CBD commenced on 1 January 2024.

CBD's consolidated effective tax rate in respect of the three months ended 31 March 2024 was 8.95 per cent., which was broadly in line with the statutory rate of 9 per cent. prescribed by the CT law.

On 24 November 2023, the UAE Ministry of Finance released Federal Decree Law No. 60 of 2023, amending specific provisions of the CT Law to facilitate the future introduction of domestic minimum taxes under Organisation for Economic Cooperation and Development ("**OECD**") Pillar II rules. On Friday 15 March 2024, UAE Ministry of Finance issued a public consultation document on the potential framework that the UAE will introduce to implement Pillar II. The effective date of application of the new Pillar II is yet to be announced. CBD is domiciled in the UAE and is not expected to be captured within the Pillar II rules.

In the UAE, these measures have become an integral part of a broader federal government strategy aimed at rationalising fiscal expenditure generally and reducing fiscal dependency on hydrocarbon related revenues. When taken in totality with the ongoing oil price volatility, the diversion of significant fiscal revenues to the Saudi Arabian-led military intervention in Yemen since 2015 and domestic job losses in both the private and public sectors across the UAE along with the COVID-19 pandemic, the impact on the UAE economy in recent years has been significant. The measures taken by the UAE federal government to counter the impact of the oil price volatility since 2015 have created significant stress in UAE retail markets. In the event that macro-economic conditions do not improve in the UAE and the challenges faced by the retail sector were to spread to CBD's corporate customers and/or materially adverse fiscal and tax reforms are implemented, this could have a material adverse effect on CBD's business, results of operations and financial condition and could thereby affect CBD's ability to perform its obligations in respect of any Notes issued under the Programme.

### *Volatility in the financial markets*

Furthermore, many of the world's economies are experiencing high levels of inflation. According to the International Monetary Fund (the "IMF"), the headline inflation in the last quarter of 2023 was 2.3 per cent in advanced economies and 9.9 per cent. in emerging market and developing economies (*source*: International Monetary Fund World Economic Outlook 2023).

However, considerable uncertainty surrounds these inflation projections. Various factors have contributed to shaping the inflation outlook, including the Russia-Ukraine conflict, which has led to higher oil prices and food costs due to supply disruptions in commodities like wheat, corn, and fertilisers. Additionally, escalating tensions in the Middle East, particularly the ongoing conflict between Israel and Hamas, and the potential for further regional conflicts, such as those involving Iran, Yemen and Israel could further influence economic conditions. These geopolitical dynamics, coupled with the global economic forecasts and central banks' monetary policies, underscore the complex and interconnected factors that may continue to impact inflation and economic growth in 2024. Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for equity and real estate markets) and CBD's customers and counterparties (leading to lower recoverability) which in turn could affect CBD's ability to perform its obligations in respect of any Notes.

As a result of market conditions prevailing as at the date of this Base Prospectus, companies to which CBD has directly extended or continues to extend credit have experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due, including amounts payable to CBD. These extremely volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The U.S. Federal Reserve raised U.S. overnight interest rates by 25 basis points in March 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022, 25 basis points in February 2023, 25 basis points in March 2023, 25 basis points in May 2023 and 25 basis points in July 2023. In line with such increases, the UAE Central Bank raised the base rate on the overnight deposit facility by 25 basis points in March 2022, 50 basis points in May 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022 and 25 basis points in each of February 2023, March 2023, May 2023 and July 2023. As at 31 December 2023 and 31 March 2024, the UAE Central Bank base rate was 5.4 per cent..

Future movements in such rates may adversely impact CBD's margins, borrowing costs and capital if it is unable to adjust to the volatile interest rate environment.

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

### *COVID-19*

Since 2020, the macro-economic environment (both globally and within the UAE) has been materially affected by the novel coronavirus which causes the disease known as "COVID-19". On 11 March 2020, the World Health Organization officially declared COVID-19 a global pandemic. The resulting restrictions on travel and public transport, requirements for people to remain at home and practice social distancing, and prolonged closures of workplaces severely disrupted the global economy. The UAE took a number of temporary precautionary and preventative measures to contain the outbreak, including suspending passenger and transit flights, restricting movement, closing schools and universities and imposing social distancing. Many of these measures were subsequently removed, although, if there are further outbreaks, such measures may need to be reimposed from time to time.

The COVID-19 pandemic negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets and may lead to lower economic growth in the GCC region and globally. The ultimate impact of COVID-19 on global and local economies (including on the price of oil) is unclear. The duration, impact and severity of the COVID-19



pandemic cannot be predicted as future variants may be identified that could cause more severe disease than those of currently known variants.

In response to the impact of the COVID-19 pandemic on their domestic economies, various governments around the world announced fiscal stimulus packages (see further “*The United Arab Emirates Banking Sector and Prudential Regulations – COVID-19*”) and numerous central banks cut interest rates. The U.S. Federal Reserve and UAE Central Bank reversed this course during 2022 and 2023 with unprecedented number of sharp interest rate increases in response to the rising inflation figures (see “— *Volatility in the financial markets*” below). Further announcements from central banks across the world could be forthcoming and it is unclear what impact these measures will ultimately have on their respective economies.

### ***Risks relating to CBD’s business***

*CBD is subject to risks relating to customer and counterparty credit quality*

CBD is exposed to the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations to CBD. This exposure arises principally from CBD’s loans and advances and Islamic financing, amounts due from banks and investment in debt securities.

CBD, in the ordinary course of its operations, regularly reviews its credit exposure and establishes an allowance for impairment losses that represents its estimate of expected credit losses in its loan portfolio. This process, which is fundamental to CBD’s results of operations and financial condition, requires careful analysis, including projections of the manner in which changes in macro-economic conditions may impair the ability of its customers to repay their loans or the ability of its counterparties to meet their contractual obligations. This analysis may, however, be inaccurate and result in an insufficient allowance of impairment losses. Further, a failure by CBD’s customers to meet their obligations to deliver cash, securities or other assets as due may result in higher levels of impairment. Any such increase in CBD’s levels of impairment or a failure to adequately provision for impairments could have a material adverse effect on CBD’s business, results of operations, financial condition and prospects.

Adverse economic and political developments in recent years, including adverse changes in levels of consumer confidence, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, have historically impacted CBD’s customers and counterparties and, in certain cases, have adversely affected CBD’s customers’ and counterparties’ ability to repay their loans or meet their contractual obligations to CBD.

In the UAE, the IMF forecasted 3.4 per cent. growth in 2023, 3.5 per cent. growth in 2024 and 4.2 growth per cent. in 2025. These forecasts are underpinned by solid population growth, strong domestic business activity and confidence, and a strong fiscal and trade position. Inflationary pressures are expected to moderate gradually, including from the impact of improving financial conditions. The UAE’s GDP increased by 3.7 per cent. in the first half of 2023, 7.6 per cent. in 2022 and 3.8 per cent in 2021 (*source: Reuters*).

As at 31 December 2023, impaired loans represented 6.39 per cent. of CBD’s gross loans and advances and Islamic financing (compared to 6.66 per cent. as at 31 December 2022 and 6.90 per cent. as at 31 December 2021), while impairment allowances on loans and advances and Islamic financing covered 83.26 per cent. of CBD’s impaired loans as at 31 December 2023 (compared to 79.89 per cent. as at 31 December 2022 and 62.59 per cent. as at 31 December 2021).

As at 31 December 2023, impairment allowances on loans and advances and Islamic financing increased by 13.5 per cent. to AED 5.56 billion (compared to AED 4.90 billion as at 31 December 2022). CBD continued its prudent provisioning policy alongside the implementation of IFRS 9 Financial Instruments (“**IFRS 9**”) from 1 January 2018. For more information on the impact of IFRS 9, please see Note 3 to the 2023 Financial Statements.

As at 31 December 2023, CBD had AED 5.68 billion of impaired loans (compared to AED 5.30 billion as at 31 December 2022 and AED 5.56 billion as at 31 December 2021). In accordance with IFRS 9, CBD is required to reflect impairments calculated as a charge to the income statement. However, the actual loan losses could be materially different from the loan impairment allowances.

When assessing credit risk, CBD incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit losses (“ECLs”).

CBD relies on a broad range of forward-looking information as economic inputs, such as:

- real estate price indices (Dubai and Abu Dhabi);
- the Economic Composite Index (“ECI”);
- the Non-Oil Economic Composite Index (“NIECI”);
- the oil price per barrel (“OPB”);
- the Consumer Price Index (“CPI”); and
- hotel occupancy rates (Dubai).

CBD has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. For the purposes of determining the probability of a credit loss occurring, CBD has formulated three economic scenarios: (1) a base case scenario, which is the median scenario and was assigned a 40 per cent. probability of occurring as at 31 December 2023, and two less likely scenarios: (2) an upside scenario, which was assigned a 30 per cent. probability of occurring and (3) a downside scenario, which was assigned a 30 per cent. probability of occurring.

CBD has a portfolio of listed investment securities classified as fair value through other comprehensive income and there can be no assurance that fair valuations of its investment securities in future periods will not result in other comprehensive losses. In addition, the value that CBD ultimately realises for its investment securities may be lower than their current fair value, resulting in losses being recorded in its income statement, which losses could be material. However, when equity investments are classified as fair value through other comprehensive income, the fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the income statement, including on disposal. Impairment losses and reversal of impairment losses are not reported separately from other changes in fair value.

As at 31 December 2023, based on CBD’s management’s assessment, CBD has not identified any significant impact to the fair values. CBD will consistently monitor the market and ensure that the prices it uses are an accurate representation of fair value.

Risks arising from adverse changes in the credit quality and recoverability of loans and amounts due from counterparties are inherent in a wide range of CBD’s businesses, principally in its lending and investment activities. Credit risks could arise from a deterioration in the credit quality of specific borrowers, issuers and counterparties of CBD, or from a general deterioration in local or global economic conditions, or from systematic risks within the financial systems. Such credit risks could affect the recoverability and value of CBD’s assets and require an increase in CBD’s provisions for the impairment of loans, securities and other credit exposures. Any significant increase in impairment allowances on loans and advances and Islamic financing or a significant change in CBD’s estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the impairment allowances on loans and advances and Islamic financing allocated with respect to such losses, could have a material adverse effect on CBD’s business, results of operations, financial condition and prospects.

#### *CBD faces risks associated with changes in market prices*

CBD is exposed to the risk that changes in market prices will affect CBD’s income and/or the value of a financial instrument.

The most significant market risks to which CBD is exposed are interest rate, equity price, foreign exchange rate and credit spread risks associated with its trading, investment and asset and liability management activities. Changes in interest rate levels, yield curves and spread may affect the interest rate margin realised between CBD’s lending and investment activities and its borrowing costs, and the values of assets that are sensitive to interest rate and spread changes. Changes in equity prices may affect the values of CBD’s investment and

trading portfolios. Changes in foreign exchange rates may affect the values of assets and liabilities denominated in foreign currencies and the income from foreign exchange dealing. Although CBD carries out regular stress tests under various anticipated scenarios, it is difficult to predict changes in economic and market conditions accurately and to anticipate the effects that such changes could have on CBD's financial performance and business operations.

The amounts of gains and losses on debt and equity investments may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of securities, which in turn may vary considerably. As at 31 December 2023, CBD's gains on investments (classified as at fair value through profit or loss and at fair value through other comprehensive income) amounted to AED 1.1 million (compared to AED 1.6 million as at 31 December 2022) and CBD's fair value deficit amounted to a deficit of AED 552.33 million as at 31 December 2023 (compared to AED 693.83 million as at 31 December 2022). CBD cannot predict the amount of realised or unrealised gain or loss for any future period and variations from period to period are not indicative of future performance. Gains in CBD's investment portfolio may not continue to contribute to net income at levels consistent with those recent periods, or at all.

Since 2014, the performance of global markets has been volatile, reflecting ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the economies of the Gulf Co-operation Council ("GCC") states, including the UAE.

The UAE's GDP grew by 3.4 per cent. in 2023 (*source*: IMF World Economic Outlook 2024), which was supported by a rebound in the hospitality, wholesale and retail trade and the real estate sectors. The diversified growth across various market segments underscored the overall robustness of the Dubai's economy.

Furthermore, the impact of political events (such as increasing global trade disputes, such as those between the United States and China, the ongoing Russian invasion of Ukraine and the ongoing Israel-Hamas conflict), coupled with the global adverse impact of the COVID-19 pandemic, has caused volatility in international financial markets and investor sentiment generally (see further "*– Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial conditions and prospects*").

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

Failure to manage market risks effectively could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

*CBD's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*

If CBD's cash flow from its operations is not sufficient to meet its short- and medium-term contractual and contingent payment obligations as they become due, it could experience liquidity issues. Such liquidity issues could occur if CBD's available liquidity is not sufficient to enable it to service its debt, fulfil loan commitments or meet other on- or off-balance sheet payment obligations on specific dates, even if CBD continues to receive new deposits from customers, proceeds from new financings or its future revenue streams. Such liquidity issues could also arise if there is an unexpected outflow of customer deposits, if there is a material decline in the value of CBD's liquid securities portfolio or if CBD is unable to secure short-term funding at commercially acceptable rates to bridge this funding gap.

The UAE Central Bank adopted a policy of a gradual, phased introduction of the capital and liquidity standards for credit institutions, approved by the Basel Committee on Banking Supervision (the "**Basel Committee**") in response to the 2008 global financial crisis (the "**Basel III Reforms**"). The Basel III Reforms introduced a number of financial ratios that CBD complies with, including: a liquidity coverage ratio ("**LCR**") and a net stable funding ratio ("**NSFR**"), which are monitored internally and shared with the CBD's Assets & Liabilities Committee and the Board Risk and Compliance Committee.

The LCR is a metric introduced by the Basel Committee as part of the Basel III Reforms to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio

is calculated by taking a financial institution's stock of high-quality liquid assets (“**HQLAs**”) – which include low-risk, highly marketable asset classes, designed to provide significant sources of liquidity in such a stress scenario – and dividing it by its projected net cash outflows over the immediately following 30-day period. The LCR requires that banks have sufficient HQLAs in their liquidity buffer to cover the difference between expected cash outflows and expected capped cash inflows over a 30-day stressed period. As per the Basel III Reforms, the UAE Central Bank requires that the minimum value of the ratio is 100 per cent. (i.e., an institution's stock of HQLAs should at least equal total net cash outflows) from 1 January 2019 onwards.

Accordingly, and in line with the UAE Central Bank's direction, CBD monitors its liquidity position through LCR compliance and reporting. The associated requirement to maintain a significant buffer of HQLAs may adversely affect the CBD's core businesses of institutional and corporate banking, particularly given the inherent cost of maintaining a HQLA portfolio of sufficient size and quality to cover regulatory outflow assumptions embedded in LCR. If CBD were to choose to mitigate against these additional costs by introducing selective deposit fees or minimum lending rates, this may result in a loss of customer deposits, a key source of CBD's funding, net new money outflows and/or a declining market share in its domestic loan portfolio. By virtue of the inherent costs associated with LCR compliance and maintaining a sufficient portfolio of HQLAs, CBD may be at a competitive disadvantage to its peer UAE-based financial institutions who do not monitor liquidity through LCR, which may have a material adverse effect on its business, results of operations and financial condition. If CBD defaults on any contractual or contingent payment obligation, such default would have a material adverse effect on its business, results of operations and financial condition.

In respect of compliance with the NSFR, there are certain sources of “Available Stable Funding” which are treated more favourably than others. Examples of these include customer deposits (with a residual maturity of more than one year) and retail deposits with a residual maturity of less than one year and exclude, for example, short term wholesale funding (with residual maturity of less than six months) and funding from derivative liabilities. As more banks adhere to such ratios, their adherence may inadvertently distort the market in the UAE which may have a material adverse effect on the business, results of operations and financial condition of CBD.

In addition, as a result of on-going implementation of Basel III standards in the UAE, the UAE Central Bank requires banks to apply the following minimum requirements:

- 1) Tier 1 common capital ratio (the “**CET1**”) must be at least 7 per cent. of risk weighted assets (“**RWA**”);
- 2) Tier 1 Capital must be at least 8.5 per cent. of RWA;
- 3) Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5 per cent. of RWA.
- 4) In addition to the minimum CET1 capital of 7 per cent. of RWA, banks must maintain a capital conservation buffer and Countercyclical Capital Buffer, maximum of 2.5 per cent. for each buffer of RWAs on the form of CET1 capital.
- 5) All banks must maintain a leverage ratio of at least 3.0 per cent..

Whilst the UAE Central Bank has as at the date of this Base Prospectus provided a prudential filter aimed at reducing the effect of IFRS 9 provisions on regulatory capital, the UAE Central Bank may further increase its CET 1 ratio requirement in the future. The UAE Central Bank may also require CBD to hold additional capital to cover risks that the UAE Central Bank deems are not covered or are insufficiently covered by the Basel III Pillar 1 capital requirements, due to the results of a stress test or for other reasons. As a result, CBD may need to obtain additional capital in the future. Such capital, whether in the form of financing or additional capital contributions from its shareholders, may not be available on commercially favourable terms, or at all. Moreover, should CBD's capital ratios fall close to regulatory minimum levels, CBD's own internal minimum levels or the levels required to maintain its ratings at the desired level, CBD may need to adjust its business practices, including reducing the risk and leverage of certain activities. If CBD is unable to maintain satisfactory capital adequacy ratios, its credit ratings may be lowered and its cost of funding may therefore increase. Additionally, CBD may find that any fair value assessments of its assets undertaken in connection with the purchase price accounting processes applicable to the combination may have a detrimental impact on its capital adequacy levels.

## *Liquidity Risk*

Liquidity risk is the risk that CBD will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It includes the risk of the inability to fund assets at appropriate maturities and rates and the ability to liquidate assets at reasonable prices and an appropriate timeframe and an inability to meet obligations as they become due.

An inability on CBD's part to access funds or to access the markets from which it raises funds may put CBD's positions in liquid assets at risk and lead to CBD being unable to finance its operations adequately. A dislocated credit environment compounds the risk that CBD will not be able to access funds at favourable rates. These and other factors could also lead creditors to form a negative view of CBD's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, because CBD receives a significant portion of its funding from deposits, CBD is subject to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strain. Also, under certain market conditions, CBD could be unable to raise the cash required to pay amounts due on or in respect of the Notes when due. Furthermore, in circumstances where CBD's competitors have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, CBD's access to funds and its cost of funding may also be adversely affected.

In common with other banks in the UAE, many of CBD's liabilities are demand and time deposits, whereas it has medium and long-term assets (such as loans and mortgages).

All of the above factors relating to liquidity risk could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

*CBD is subject to risks associated with its hedging, treasury operations and investment securities portfolio, including potential negative fair value adjustments*

CBD engages in hedging transactions in the ordinary course of its operations to, for example, limit the potential adverse effect of interest rate or exchange rate fluctuations. However, CBD does not hedge all of its risk exposure and cannot guarantee that its hedging strategies will be successful due to factors such as behavioural risk, unforeseen volatility in interest rates or decreasing credit quality of hedge counterparties in times of market dislocation. If CBD's hedging strategies are not adequate, CBD may be required to record negative fair value adjustments. Losses from the fair value of financial assets could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Through its Treasury and Investment operations, CBD holds liquid asset portfolios for its own account, exposing CBD to interest rate risk, basis risk and credit spread risk. Under volatile market conditions, the fair value of CBD's liquid asset portfolios could decrease and cause CBD to record mark-to-market losses. As at 31 December 2023, CBD held investment securities of AED 15.1 billion (compared to AED 8.81 billion as at 31 December 2022 and AED 8.99 billion as at 31 December 2021) comprising investments issued by corporates and financial institutions. Despite the conservative nature of its investment securities portfolio, there can be no guarantee that the value of CBD's investment securities portfolio will not decrease. In a distressed economic or market environment, the fair value of certain of CBD's holdings and exposures may be volatile and more difficult to estimate because of market illiquidity. Valuations in future periods, reflecting then prevailing market conditions, may result in significant negative changes in the fair value of CBD's exposures and holdings.

*A significant increase in impairment allowances could have an adverse effect on CBD*

IFRS 9 was introduced for financial reporting periods commencing on 1 January 2018, replacing IAS39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced an 'expected credit loss' model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Any mandatory change to CBD's impairment calculation models imposed as a result of further accounting standards or regulatory changes, or any significant increase in impairment allowances for loan losses or a significant change in CBD's estimate of the risk of loss inherent in its portfolio of non-impaired loans and advances to customers, as well as the occurrence of loan losses in excess of the impairment allowances allocated

with respect thereto, may have an adverse effect on CBD's business, results of operations and financial condition.

#### *Concentration of credit risk could increase CBD's potential for losses*

CBD's loan portfolio is concentrated, geographically, in the UAE. As at 31 December 2023, approximately 90.14 per cent. of CBD's gross loans and advances and Islamic financing were located in the UAE (compared to 95.44 per cent as at 31 December 2022), with 4.02 per cent. located in GCC, 2.30 per cent. located in Europe and the remaining located in other regions. As at 31 December 2023, CBD's net loans and advances and Islamic financing constituted 64.59 per cent. of its total assets, or AED 83.31 billion (compared to 64.31 per cent. or AED 74.72 billion as at 31 December 2022). CBD's loan portfolio is concentrated in particular economic sectors. As at 31 December 2023, the real estate sector accounted for 20.7 per cent. of CBD's total gross loans and advances and Islamic financing while the mortgage sector accounted for 13.9 per cent., financial and insurance activities accounted for 9.78 per cent, and the trade sectors accounted for 10.77 per cent.

As a result of the concentration of CBD's gross loans and advances and Islamic financing in the UAE, any deterioration in general economic conditions in the UAE or any failure of CBD to manage its geographic, sectoral and client risk concentrations effectively could have a material adverse effect on CBD's business, results of operations, financial condition and prospects (see further “ – *Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial conditions and prospects*”).

#### *Information Technology and Cybersecurity*

CBD relies heavily upon its information technology systems (“IT”) and operations infrastructure to conduct its business. CBD continued to implement its ‘Default Digital’ strategy, allowing CBD to deliver more than 50 transformation projects and 300 significant enhancements to existing platforms through 2021 and 2022 (for more information, see “*Business Description – Information Technology*”). Alongside the traditional transaction-focused systems supporting CBD's vertical banking capabilities, CBD's technology assets have been enhanced with intelligent process management, customer relationship management, digital banking platforms and data analytics. CBD faced significant challenges during 2020 and 2021 due to COVID-19 and CBD was able to address these without any disruptions to customer services. CBD was able to accelerate digital transformation thereby meeting increased customer expectations and enabling employees to work remotely. Any failure or breach in the security of IT systems could result in failures or interruptions in CBD's risk management, general ledger, deposit servicing, loan organisation and/or other important systems. If CBD's information technology systems failed, even for a short period of time, then it could be unable to serve some or all of its customers' needs on a timely basis which could result in loss of business. In addition, a temporary shutdown of CBD's information technology systems could result in costs that are required for information retrieval and verification. CBD has developed business continuity plans, however no assurance can be given that failures or interruptions will not occur or that CBD will be able to address them adequately if they do occur.

In common with other financial institutions, cyber-security has become an increasingly important consideration. The quantity of sensitive financial and personal identifiable information stored by financial institutions globally makes them potential targets of cyber-attacks. In common with other financial institutions, CBD recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks, and CBD takes appropriate steps on an ongoing basis to combat such threats and minimise such risks by implementing cyber-security controls. However, risks to technology and information systems change rapidly and require continued focus and investment, and given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk could adversely affect CBD's reputation, business, results of operations, financial condition and prospects.

The occurrence of any failures of, or interruptions in, CBD's information technology systems and operations infrastructure, or a failure to adequately manage cyber-security risks, could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

### *CBD's risk management framework and policies and internal controls may not be effective*

Management of standard banking risks requires substantial resources. Although CBD's management believes that CBD's IT and management information systems, policies and procedures are adequate for the purposes of measuring, monitoring and managing CBD's exposure to credit, liquidity, interest rate, foreign exchange and other market risks in the context of its existing business, as CBD's business continues to grow and develop, CBD's risk profiles are likely to change. Management continually assesses its risk management infrastructure and resources and CBD has made considerable investments in information technology. In the event that CBD's risk management systems are not developed in line with the growth in CBD's business and related shifts in its risk exposures, this could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

CBD's risk management processes may not be fully effective or consistently implemented in mitigating its exposure in all market environments or all types of risk that are unidentified or unanticipated. Some of CBD's methods of managing risk are based upon its use of historical market behaviour and stress scenarios. As evidenced by the recent period of macro-economic volatility, these methods may not always predict future risk exposures which could be significantly higher or lower than historical measures or stress scenarios indicate. Any material deficiency in CBD'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 CBD's business, results of operations, financial condition and prospects.

### *Operational Risk*

Operational risk is defined by the Basel Committee as *"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events"*. This definition includes legal risk but excludes strategic and reputational risks.

CBD's objective is to manage operational risk, so as to balance the avoidance of financial losses and damage to the CBD's reputation, with overall cost effectiveness and to avoid control procedures that restrict initiative, innovation and creativity. CBD has established a series of policies and procedures to identify, assess, monitor, manage and report operational risks.

CBD will, when appropriate, insure itself against operational risks. Notwithstanding insurance against operational risks, CBD might nonetheless be subject to losses arising from operational risk as a result of inadequate insurance coverage and delays in claim settlement.

Although CBD has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to eliminate entirely each of the operational risks. CBD therefore remains exposed to operational risk that could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

### *CBD faces risks from competition*

CBD faces competition in all of its business areas from locally incorporated and foreign banks (Islamic banks and conventional banks). According to data published by the UAE Central Bank, there were a total of 62 banks (24 locally incorporated banks and 38 foreign banks) licensed to operate in the UAE as of March 2024 (excluding the Dubai International Financial Centre (the "DIFC")) (source: the UAE Central Bank). CBD's key competitors are primarily UAE banks, such as: Emirates NBD, Mashreq Bank, Abu Dhabi Commercial Bank, First Abu Dhabi Bank PJSC, and the National Bank of Ras Al Khaimah, as well as international banks such as Citibank and HSBC.

The UAE market, historically overbanked, is increasingly characterised by the consolidation of small and medium-sized locally-incorporated banks. Specifically, mergers between National Bank of Abu Dhabi and First Gulf Bank, which was consummated on 30 March 2017, and Abu Dhabi Commercial Bank, Union National Bank and Al Hilal Bank, which was consummated on 1 May 2019, could stimulate further moves towards greater consolidation amongst UAE banks. Such mergers could in turn affect CBD's competitive environment, with a small number of large, locally-incorporated banks competing for large regional financing transactions with foreign banks, which have traditionally benefitted from more developed infrastructure and resources with which to absorb capital costs, such as information technology systems development.

As at 31 December 2023, CBD had 4.4 per cent. of the UAE market share in terms of loans and advances (compared to 4.2 per cent. as at 31 December 2022) and 3.5 per cent. of the UAE market share in terms of customer deposits (compared to 3.6 per cent. as at 31 December 2022) (*source*: UAE Central Bank Monthly Banking Indicators).

The banking market in the UAE has generally been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the "WTO"), the GCC or any other similar entities, it is likely to lead to a more competitive environment for CBD and other domestic financial institutions. For further information on the UAE's membership of the WTO, see "*The United Arab Emirates Banking Sector and Prudential Regulations*". In the event of increased competition and/or limited new business opportunities, CBD may face difficulties due to shrinking interest margins. This could have an adverse effect on CBD's business, results of operations, financial condition and prospects and thereby affect its ability to perform its obligations in respect of any Notes.

### *Ownership*

As at 31 December 2023, the Government of Dubai, through its investment entity the Investment Corporation of Dubai ("ICD"), owns 20 per cent. of the issued share capital of CBD. Neither the Government of Dubai nor the ICD have any legal obligations to provide additional funding for CBD's future operations. There can be no assurance, further, that CBD's shareholders will continue to maintain the existing levels of their ownership of the shares of CBD. CBD may not receive future support from the Dubai or UAE federal governments or it may not receive future support that is commensurate with support it has received in the past. At CBD's annual general meeting held on 11 March 2020, CBD's shareholders approved allowing non-UAE nationals to acquire up to 40 per cent. of CBD's share capital, subject to obtaining the necessary approval of the regulatory authorities. On 14 June 2020, all such regulatory formalities were completed and, since then, non-UAE nationals have been allowed to acquire CBD's shares.

### *Risks related to CBD's Dependence on Key Personnel*

Revenues of CBD will depend, in part, on CBD's ability to continue to attract, retain and motivate qualified and skilled personnel. CBD relies on its senior management for the implementation of its strategy and its day-to-day operations. There is competition in the UAE for skilled personnel, especially at the senior management level, due to a low number of available qualified and/or experienced individuals compared to current demand. Although CBD has a long term service incentive scheme, pursues a policy of succession planning and conducts a "Leadership Program" and other initiatives for its senior and middle managers to identify their potential to move into leadership roles and develop their mentoring and management skills, if CBD were unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have a material adverse effect on CBD's business, results of operations, financial condition and prospects. The loss of any member of the senior management team may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives. These adverse results could, amongst other things, reduce potential revenue, which could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

CBD's human resource policy is guided by the UAE federal policy on Emiratisation, promulgated by UAE Cabinet Decree number 3/10/267 of 2015, dated 25 October 2015 (the "**Emiratisation Circular**"). The Emiratisation Circular has introduced a scoring system which takes into account the employment and progression of Emirati employees in an organisation. The Emiratisation Circular does not set any upper limit at which the UAE federal government's policy supporting the recruitment of UAE nationals policy would no longer be applicable. While CBD continues to hire UAE nationals and is on track to meet its Emiratisation targets, if CBD is not able to achieve its targets for recruiting and progressing UAE nationals, it may be subject to penalties to be calculated in accordance with the Emiratisation Circular.

### *Downgrade in Credit Ratings*

CBD's credit ratings affect the cost and other terms upon which CBD is able to obtain funding. Rating agencies regularly evaluate CBD and their ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding



diversification. These parameters and their possible impact on CBD's credit rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

As at the date of this Base Prospectus, CBD has been assigned long-term issuer ratings of Baa1 and A- by Moody's and Fitch, respectively.

On 20 March 2024, Moody's Investors Service reaffirmed the UAE's Aa2 Government bond and issuer ratings and assigned a stable outlook. A downgrade or potential downgrade of the UAE rating or a change in rating agency methodologies relating to systemic support provided by the UAE could also negatively affect the perception by rating agencies of CBD's rating.

There can also be no assurance that the rating agencies will maintain CBD's current ratings or outlooks or those of the UAE. A downgrade in CBD's credit rating or the credit rating of the UAE may limit CBD's ability to raise funding and increase its cost of borrowing, which could have a material adverse effect on CBD's business, results of operations, financial condition and prospects. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

#### *Anti-money Laundering, Anti-terrorism Financing and Related Regulations*

CBD is required to comply with applicable anti-money laundering ("AML"), anti-terrorism financing laws and other regulations. These laws and regulations require CBD, amongst other things, to adopt and enforce "know your customer" ("KYC") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. CBD has adopted KYC and AML policies, with procedures that are regularly reviewed to align with relevant regulatory and market developments. For example, CBD's staff are required to attend KYC and AML training and are made aware of CBD's policies and procedures relating to these two issues. CBD has also appointed AML reporting officers who are responsible for policy development and awareness, the detection and reporting of suspicious transactions and responding to staff queries relating to AML issues. All cash transactions are closely monitored and suspicious transactions are reported to the relevant branch AML reporting officer and, if required, to the relevant business unit head and CBD's AML manager.

To the extent CBD may fail to fully comply with applicable laws and regulations, the relevant UAE Government agencies to which it reports have the power and authority to impose fines and other penalties on CBD. In addition, CBD's business and reputation could suffer if customers use CBD for money laundering or illegal purposes. This could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

#### **Regulatory Risks**

##### *Impact of Regulatory Changes*

CBD is subject to the laws, regulations, administrative actions and policies of the UAE. These regulations may limit CBD's activities and changes in supervision and regulation could have a material adverse effect on CBD's business, the products or services offered, the value of its assets, and its financial condition. Fiscal or other policies which may materially adversely affect CBD's business, the value of its assets and its financial condition cannot be predicted and are beyond the control of CBD.

Although CBD works closely with its regulators and continuously monitors the situation, future changes in regulatory, fiscal or other policies cannot be predicted and are beyond the control of CBD. For example, see "*The United Arab Emirates Banking Sector and Prudential Regulations – Capital Management*" and "*– CBD's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*".

CBD performs an impact assessment as and when new regulations are forthcoming or are put in place.

No assurance can be given that the UAE Government will not implement regulations or fiscal or monetary policies, including policies or new regulations or new legal interpretations of existing regulations relating to or affecting taxation, interest rates or exchange controls or otherwise take actions which could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

## ***Risks related to the UAE and the Middle East***

### ***The UAE's economy is highly dependent upon its oil revenue***

The UAE's economy is highly dependent upon oil revenue. According to data produced by OPEC, as at 31 December 2022, the UAE had approximately 9.1 per cent. of the proven crude oil reserves among OPEC members (giving it the fifth largest oil reserves among OPEC members) with OPEC members' total share in the world's crude oil reserve being 79.49 (source: OPEC Annual Statistical Bulletin 2023). According to preliminary data produced by the Federal Competitiveness and Statistics Centre (the "FCSA"), the hydrocarbon sector (mining and quarrying, including crude oil and natural gas) accounted for approximately 28.7 per cent. of the UAE's constant GDP as at 30 June 2022, as compared to 27.6 per cent. as at 30 June 2021. According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years (see further " – *Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial conditions and prospects*").

With this backdrop, oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which CBD 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 in Eastern Europe;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- 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 oil 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.

If the international prices for hydrocarbon products were to materially fall from their current levels and remain there for a significant period of time into the future this could have a material adverse effect on the UAE's economy which, in turn, could have a material adverse effect on CBD's business, financial condition and results of operations and thereby affect CBD's ability to perform its obligations in respect of any Notes.

### ***Majority of Business in the UAE***

CBD is a bank, headquartered in Dubai, UAE, which is primarily focused on the financial markets of the UAE. As at 31 December 2023, 85.7 per cent. of CBD's total assets were located within the UAE, including the majority of its loans and advances and Islamic financing, and CBD derives the majority of its customer deposits and Islamic customer deposits from within the UAE. As at 31 December 2023, approximately 87.1 per cent. of CBD's total liabilities were derived from UAE sources. As CBD has its operations and the majority of its assets located in the UAE, its business is and will continue to be affected by the economic, political and related conditions prevailing from time to time in the UAE and/or the Middle East generally (see "*Economic, Political and Related Considerations*").

Investors in emerging markets should also be aware that these markets are subject to greater risks than more developed markets, including in some cases significant economic, political and related risks.

### ***Economic, Political and Related Considerations***

The UAE has enjoyed economic growth and relative political stability in recent years. There can be no assurance that such growth or stability will continue. 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. The on-going Russia-Ukraine conflict, inflation in Turkey and devaluation of the Egyptian Pound

may cause political and economic stability. Because CBD is headquartered in Dubai, UAE and is primarily focused on the financial markets of the UAE, political and economic developments in or affecting the UAE and the Middle East could have a material adverse effect on CBD's business, results of operations, financial condition and prospects (see further “ – *Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial conditions and prospects*” and “ – *The UAE's economy is highly dependent upon its oil revenue*”).

### *Political Developments*

CBD's business may be affected if there are geo-political events that prevent CBD from delivering its services. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Libya, Oman, Iraq, Syria, Saudi Arabia, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and has given rise to increased political uncertainty across the region and, in certain cases, regime changes. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. These situations have caused significant disruption to regional economies or have had a destabilising effect on international oil and gas prices. A further deterioration, and possible conflict, involving the United States and certain countries in the MENA region, such as: Iran, Lebanon, Yemen and Syria, may arise following the ongoing Israel-Hamas conflict, and recent Israel-Iran conflict, which has the potential to adversely affect regional security, as well as global oil and gas prices. Such a deterioration in relations, should it materialise, could adversely impact the UAE and broader regional security, potentially including the outbreak of further regional conflicts. Although CBD does not have operations in any of these countries, it is not possible to predict the occurrence of events or circumstances such as, or similar to, a war or the impact of such occurrences and no assurance can be given that CBD would be able to sustain its current profit levels if such events or circumstances were to occur. A general downturn or sustained deterioration in the economy of the UAE, instability in certain sectors of the UAE or regional economy, or major political upheaval therein could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

### *UAE Bankruptcy Law*

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

*There are limitations on the effectiveness of guarantees in the UAE and claims under the Guarantee may be required to be made within a prescribed period*

As described above, the UAE courts are unlikely to enforce an English judgment without re-examining the merits of the claim, including the validity of the obligations of the parties contained in the underlying documentation. If a Dubai court were to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, notwithstanding that the Guarantee is governed by English law, the UAE court may interpret the Guarantee in light of UAE law principles rather than English law principles. In order to enforce a guarantee under the laws of the UAE, the underlying debt obligation for which such guarantee has been granted may need to be proved before the UAE courts. In addition, under the laws of the UAE, the obligation of a guarantor is incidental to the obligations of the principal debtor, and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor (notwithstanding anything to the contrary included in the relevant guarantee). The laws of the UAE do not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplate a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the UAE courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform. Consequently, were a UAE court to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, if the Cayman Issuer's obligation to make payment under its Notes cannot be proven to the satisfaction of the UAE court, the court may conclude that there is no obligation on the Guarantor to make payment in the full amount claimed under the Guarantee. Furthermore, notwithstanding that the Notes and the Guarantee are governed by English law, if a UAE court were to apply

UAE law principles when assessing a claim in respect of the Guarantee, the Guarantor may be released from its obligations under the Guarantee if the relevant claim is not made within six months of payment becoming due under the Guarantee.

*Any alteration to, or abolition of, the foreign exchange “peg” of the UAE dirham or other regional currencies at a fixed exchange rate to the U.S. dollar will expose CBD to U.S. dollar foreign exchange movements against the UAE dirham or other such currencies*

CBD maintains its accounts, and reports its results, in UAE dirham. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Base Prospectus. The following other oil producing GCC countries pegged to the U.S. dollar as at the date of this Base Prospectus include: Saudi Arabia, Oman, Bahrain and Qatar. In response to the volatility of oil prices internationally through 2015, certain regional oil producing countries that have traditionally “pegged” their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange “pegs”. As at the date of this Base Prospectus, each of Kazakhstan and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear (the UAE Central Bank has re-iterated its intention to retain the UAE dirham peg against the U.S. dollar), there remains a risk that any such future de-pegging by the GCC states (in the event that the current challenging market conditions persist for a prolonged period) would pose a systemic risk to the regional banking systems by virtue of the likely devaluation of any such de-pegged currency against the U.S. dollar and the impact this would have on the open cross-currency positions held by regional banks, including CBD. Any such “de-pegging” in the UAE or across the wider region, particularly if it is accompanied by a devaluation of the UAE dirham against the U.S. dollar (as described above) could have an adverse affect on CBD’s business, results of operations, financial condition and prospects.

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

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

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

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

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

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

#### *The Notes may be redeemed prior to their final maturity date for tax reasons*

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes as provided or referred to in Condition 9 (*Taxation*) or if the Guarantor is unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, the Issuer may redeem all but not some only of the outstanding Notes of such Tranche in accordance with Condition 8 (*Redemption and Purchase*) of the Notes.

In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise

substantially above the Early Redemption Amount. Potential investors should consider re-investment risk in light of other investments available at that time.

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

Upon the occurrence and continuation of a Regulatory Redemption Event, the Subordinated Notes may be redeemed, together with any accrued but unpaid interest, in accordance with the Conditions but without the consent of the Noteholders (as more particularly described in Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*)). In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the Regulatory Redemption Amount. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

The Basel Committee on Banking Supervision (the “**Basel Committee**”) has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms (the “**Basel III Reforms**”), constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III Reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee’s press release dated 13 January 2011 entitled “Minimum requirements to ensure loss absorbency at the point of non-viability” (the “**January 2011 Press Release**”) included an additional Basel III requirement (the “**Non-Viability Requirement**”) as follows:

“The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that:
  - (i) require such Tier I and Tier II instruments to be written off upon such event; or
  - (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the relevant bank would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would have become non-viable, as determined by the relevant authority.” This definition is for illustrative purposes only and may not necessarily reflect the meaning ascribed to the term “Non-Viability Event” (or any term equivalent thereto) pursuant to any law or regulation implementing Basel III in the UAE.

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

As at the date of this Base Prospectus, there has been no official proposal for a legislative implementation of the Non-Viability Requirement in the UAE. In the absence of new UAE legislation, the terms and conditions of the Notes must provide for the Non-Viability Requirement in order to qualify as regulatory capital under Basel III contractually in the absence of a statutory loss absorption framework in the UAE.

In May 2016, the UAE Central Bank published a draft consultation document entitled “Capital Adequacy Regulation” (the “**Consultation Document**”), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier I capital, Additional Tier I capital and Tier II capital (together, “**Regulatory Capital**”). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the “Regulations re Capital Adequacy” (the “**February 2017 Regulations**”) in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by accompanying standards, including the “Standards for Capital Adequacy of Banks in the UAE” which were published on 12 November 2020 by the UAE Central Bank by virtue of Notice No. CBUAE/BSN/2020/4980 (the “**Accompanying Standards**”) which elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements and how they will be applied by the UAE Central Bank to banks in the UAE. This impacts the capital requirements of UAE banks, including CBD. Any failure by CBD to maintain required regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on CBD’s business, financial condition, results of operation and prospects.

Federal Law No. (14) of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities (the “**2018 Federal Law**”) (Article 116), as amended by Federal Decree Law No. 25 of 2020, indicates that the UAE Central Bank shall establish a resolution framework for financial institutions, pursuant to which, in the case of a deficiency in an institution’s financial position, the UAE Central Bank may take certain actions for the protection of the concerned institution and its depositors. These may include (without limitation) requesting a court to liquidate or declare bankrupt such institution, or prepare a plan for transfer of its assets and liabilities, in accordance with established laws. The timing and content for any such framework are uncertain. The exercise (or perceived likelihood of exercise) of any such action by the UAE Central Bank or any suggestion of such exercise could materially adversely affect the value of the Notes and could lead to holders losing some or all of their investment in the Notes.

As part of the UAE Central Bank’s gradual implementation of Basel III Reforms in the UAE, the UAE Central Bank has introduced the Liquidity Coverage Ratio (“**LCR**”) in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. by 2019. Additionally, the UAE Central Bank has introduced the Net Stable Funding Ratio (“**NSFR**”) in 2018. NSFR is calculated as a percentage of available stable funding to required stable funding and should be maintained at a minimum of 100 per cent.

Banks which are classified as “Domestic Systematically Important Banks” (and informed as such by the UAE Central Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. The Accompanying Standards also provide that the UAE Central Bank will publish a “Capital Issuance Standard” which will provide further clarity on the grandfathering treatment that the UAE Central Bank intends to apply to pre-existing Tier 1 or Tier 2 capital instruments (as so classified under Basel II principles) issued by UAE financial institutions, including CBD. As at the date of this Base Prospectus, whilst CBD has not yet been publicly designated a “Domestic Systematically Important Bank” by the UAE Central Bank, it may be in the future.

As at the date of this Base Prospectus, the UAE has not implemented a law that would require loss absorbency for bank capital instruments on the occurrence of a Non-Viability Event. While the February 2017 Regulations and the Accompanying Standards confirm that any capital instruments issued by UAE banks must contain a loss absorption feature on the occurrence of a Non-Viability Event in order to achieve Regulatory Capital classification from the UAE Central Bank, this loss absorption feature must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus. To the extent that the UAE introduces a statutory resolution regime to implement loss absorbency upon the occurrence of a Non-Viability Event, either through the writing off of the principal amount of the instruments or the

conversion of such instruments into ordinary shares, it is unclear how such a regime will apply to banks in the UAE or how it may be interpreted within the UAE and whether and to what extent it will affect any Subordinated Notes issued from time to time under the Programme.

The Accompanying Standards do not provide any additional clarity on the precise requirements of additional counter-cyclical or systemically important buffers which the UAE Central Bank may subsequently implement (though the Accompanying Standards do note that the UAE Central Bank expects to provide such clarity to UAE banks during 2018). If the UAE Central Bank's ultimate implementation of any such additional counter-cyclical or systemically important buffers is not in accordance with the provisions set out in the February 2017 Regulations and the Accompanying Standards, the regulatory burden on UAE financial institutions may further increase which could adversely impact their business.

If further counter-cyclical or systemically important buffers are implemented by the UAE Central Bank in the form provided for in the February 2017 Regulations and the Accompanying Standards, it is possible that UAE financial institutions will be required to increase the levels of Regulatory Capital that they hold on their balance sheets.

The Accompanying Standards also provide that the UAE Central Bank will publish a "Capital Issuance Standard" which will provide further clarity on the grandfathering treatment that the UAE Central Bank intends to apply to pre-existing Tier 1 or Tier 2 capital instruments (as so classified under Basel II principles) issued by UAE financial institutions. See "*The United Arab Emirates Banking Sector and Regulations – Capital Adequacy*".

If the implementation by the UAE of Basel III or any other relevant laws, rules or guidelines gives rise to a Regulatory Redemption Event (as defined and more particularly described in Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*)), in respect of the Subordinated Notes, the Subordinated Notes may be redeemed pursuant to Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*) without the consent of the Noteholders at any time after the applicable notice period to the Noteholders. See "*– The Subordinated Notes may be redeemed prior to their final maturity date due to the occurrence of a Regulatory Redemption Event*".

To the extent that the UAE introduces a statutory resolution regime to implement loss absorbency upon the occurrence of a Non-Viability Event, either through the writing off of the principal amount of the instruments or the conversion of such instruments into ordinary shares, it is unclear how such a regime will apply to banks in the UAE or how it may be interpreted within the UAE and whether and to what extent it will affect any Subordinated Notes issued from time to time under the Programme.

#### *Fixed/Floating Rate Notes*

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

#### *Risks related to Notes which are linked to "benchmarks"*

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of ongoing national and international regulatory 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 consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

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. Amongst 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).

Regulation (EU) 2016/1011 as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK 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 in the UK. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by UK supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and UK Benchmarks Regulation could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, 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 (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. 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, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

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

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

The elimination of any benchmark, the transition of an existing benchmark to an alternative benchmark or a risk-free overnight rate or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 6.2(b)(iii)(iii) (*Benchmark Replacement*)), or result in adverse consequences to holders of any Notes linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes set out in the Conditions. Depending on the manner in which the rate of interest is to be determined under the Conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies and a Benchmark Event occurs, result in the Rate of Interest (as defined in the Conditions) being set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions) which may be determined by an Independent



Adviser (as defined in the Conditions) or the Issuer or lead to the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available, as further described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference a benchmark.

The Conditions provide for certain fallback arrangements in the event that the Principal Paying Agent is unable to make an ISDA Determination or Screen Rate Determination, or in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an original Reference Rate (as defined in the Conditions) and/or any page on which an original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) is no longer permitted lawfully to calculate interest on any Notes by reference to such an original Reference Rate under the Benchmarks Regulation or otherwise. Following a Benchmark Event, such fallback arrangements include the possibility that the Rate of Interest could be set, without any requirements for the consent or approval of the Noteholders, by reference to a Successor Rate or an Alternative Reference Rate, in each case with the application of an Adjustment Spread (as defined in the Conditions), and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Issuer, or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable. An Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) 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 original Reference Rate, or (iii) if the Independent Adviser (following consultation with the Issuer) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be. Accordingly, the use of a Successor Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate (as applicable) is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest for the relevant immediately following Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

***The relevant Obligor may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Reference Rate in accordance with the terms and conditions of the Notes***

Where the relevant Obligor is unable to appoint an Independent Adviser in accordance with paragraph (c)(i) of Condition 6.2 (*Interest on Floating Rate Notes*) (see: “*Terms and Conditions – Interest on Floating Rate Notes – Benchmark Replacement*”) or the Independent Adviser appointed by the relevant Obligor fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and (in either case) the applicable Adjustment

Spread, prior to the relevant IA Determination Cut-off Date, the relevant Obligor (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, failing which an Alternative Reference Rate and, in either case, an Adjustment Spread.

Where the relevant Obligor has been unable to appoint an Independent Adviser or, the Independent Adviser has failed to determine a Successor Rate or Alternative Reference Rate, the relevant Obligor will continue to attempt to appoint an Independent Adviser in a timely manner to determine a Successor Rate or Alternative Reference Rate to apply to the next succeeding interest period, as necessary.

If the relevant Obligor is unable to appoint an Independent Adviser, or fails to determine a Successor Rate or Alternative Reference Rate for the life of the relevant Notes, the initial Interest Rate, or the Interest Rate as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

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

Investors should be aware that the market continues to develop in relation to risk-free rates such as SONIA, the Secured Overnight Financing Rate (“**SOFR**”) and €STR as reference rates in the capital markets for sterling, U.S. dollar or euro bonds, respectively, and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including term SONIA, SOFR and €STR reference rates (which seek to measure the market’s forward expectation of an average SONIA rate, SOFR or €STR over a designated term). The continued development of risk-free reference rates for the Eurobond markets, as well as the continued development of SOFR, SONIA and €STR based rates and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The substance of the calculation of, and the adoption of market infrastructure for the issuing and trading of Eurobonds referencing, SOFR, SONIA and €STR continues to develop. In particular, investors should be aware that several different SOFR methodologies have been used in notes referencing SOFR issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference such risk-free rates issued under this Base Prospectus. The Issuer may in the future also issue Notes referencing SONIA, SOFR or €STR that differ materially in terms of interest determination when compared with any previous SONIA, SOFR or €STR referenced Notes issued by it under this Base Prospectus. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes that reference a risk free rate issued under the Programme from time to time. In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. On 30 August 2019, the Monetary Authority of Singapore (“**MAS**”) announced the establishment of a steering committee to oversee a benchmark transition to SORA in Singapore. In December 2020, the MAS steering committee confirmed that SIBOR would be discontinued after 31 December 2024. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In addition, the manner of adoption or application of risk-free rates in the international debt capital markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SOFR or €STR or any related indices.

*Risk free rates differ from interbank offered rates in a number of material respects and have a limited history*

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

Interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes referencing interbank offered rates, if Notes referencing backwards-looking rates become due and payable under Condition 11 (*Events of Default*) or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

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

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

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

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

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

*Notes issued at a substantial discount or premium*

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

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

The relevant Obligor's obligations under Subordinated Notes and, where relevant, the Guarantee in respect of the Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Creditors (as defined below).

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

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

**“Senior Creditors”** means all creditors of the relevant Obligor, (including, in respect of CBD only, depositors of CBD) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of Subordinated Notes; and **“solvent”** means, in respect of the relevant Obligor, as the case maybe, that (a) it is able to pay its debts as they fall due and (b) its Assets exceed its Liabilities (each as defined in Condition 3.2 (*Status of the Guarantee in Respect of the Senior Notes*)) (other than its Liabilities to persons who are not Senior Creditors). If any of the relevant Obligor was wound up, liquidated or dissolved (or any other analogous action was taken), the liquidator (or analogous insolvency official) appointed in relation to such Obligor, would apply the assets of such Obligor to satisfy the Senior Creditors. In such a situation, and if the condition as to solvency set out above is not satisfied the holders of the Subordinated Notes shall not be entitled to receive any amounts under the Subordinated Notes or, where relevant, the Guarantee.

*The use of proceeds of the Notes of any Tranche identified as Sustainable Notes in the applicable Final Terms may not meet investor expectations or requirements or be suitable for an investor's investment criteria*

CBD has stated that it intends to use either the net proceeds of the issue of Notes of each Tranche identified as “Sustainable Notes” (the **“Sustainable Notes”**) in the applicable Final Terms, or an amount at least equal to the net proceeds therefrom (the **“equivalent amount”**) to fund or refinance, in whole or in parts, certain eligible projects (the **“Eligible Projects”**) set out in the Sustainable Financing Framework (as defined in “Use of proceeds” below) (see “Use of proceeds”).

CBD will exercise its judgement and sole discretion in determining the businesses and projects that will be financed or refinanced from the proceeds of the Sustainable Notes in the applicable Final Terms or the equivalent amount. If the use of the proceeds of Sustainable Notes is a factor in any potential investor's decision to invest in Sustainable Notes, that investor should carefully consider the disclosure in “Use of proceeds”, in “Description of CBD – Sustainability Policy – Sustainable Financing Framework” and in the Sustainable Financing Framework published on CBD's website and consult with its legal or other advisers and make any other investigation such investor deems necessary before making an investment in Sustainable Notes. In particular, no assurance is given by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person that the use of the proceeds of the Sustainable Notes in the applicable Final Terms or the equivalent amount for any Eligible Projects (as defined in the Sustainable Financing Framework) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. In addition, the Sustainable Financing Framework is subject to change at any time without notice.

Furthermore, notwithstanding CBD's intention stated above, potential investors should be aware that CBD has no contractual obligation to use the equivalent amount as stated in, or to provide the reports described in, “Description of CBD – Sustainability Policy – Sustainable Financing Framework”. Any failure by CBD to use the proceeds of the Sustainable Notes or the equivalent amount as stated or to provide the relevant reports will not constitute an event of default under Condition 11 (*Events of Default*) of the Notes with respect to Sustainable

Notes but may affect the value and/or the trading price of Sustainable Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in green assets.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green”, “social”, “sustainable” or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as “green” or such other equivalent label and no assurance can be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not change significantly.

Accordingly, no assurance or representation is or can be given (whether by the Cayman Issuer, CBD, the Arrangers, Dealers or any other person) that the use of the proceeds of the Sustainable Notes in the applicable Final Terms or the equivalent amount to finance or refinance Eligible Projects will satisfy or meet, whether in whole or in part, investor expectations or requirements regarding such “green”, “social”, “sustainable” or other similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called “**EU Taxonomy**”) or Regulation (EU) 2020/852 as it forms part of UK domestic law by virtue of the EUWA), as regards any investment criteria or guidelines with which such investor or its investments are required to comply or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Projects. Each prospective investor should have regard to the factors described in CBD’s Sustainable Financing Framework and the relevant information contained in this Base Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest.

The EU Taxonomy, which is subject to a phased implementation, may provide some definition for such “green”, “social”, “sustainable” or other similar topics in the European Union or the United Kingdom. From 1 January 2024, the EU Taxonomy mandates comprehensive reporting on six environmental objectives for all relevant entities. No assurance is or can be given (whether by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such “green”, “social”, “sustainable” or other equivalently labelled performance objectives; (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects; or (c) the Sustainable Financing Framework will be aligned with the EU Taxonomy or any other present or future sustainability framework or guidelines.

The Sustainable Financing Framework is intended to be aligned with the Green Bond Principles and the Social Bond Principles as administered by the International Capital Markets Association from time to time, which as at the date of this Base Prospectus are the Green Bond Principles 2021 (with June 2022 Appendix I) (<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>) and the Social Bond Principles 2021 (with June 2022 Appendix I) (<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>) (the “**ICMA Principles**”) and the Green Loan Principles and the Social Loan Principles as administered jointly by the Loan Syndications and Trading Association, the Loan Market Association and the Asia Pacific Loan Market Association from time to time, which as at the date of this Base Prospectus are the Green Loan Principles 2023 (<https://www.lsta.org/content/green-loan-principles/>) and the Social Loan Principles 2023 (<https://www.lsta.org/content/social-loan-principles-slp/>) (the “**LMA Principles**”). CBD has appointed ISS Corporate Solutions to assess its Sustainable Financing Framework and its alignment with the ICMA Principles and the LMA Principles, and to issue a second party opinion in respect thereof (the “**Second Party Opinion**”). This second party opinion is published on CBD’s website. None of CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person makes any representation or gives any assurance as to the Sustainable Financing Framework’s compliance or alignment with the ICMA Principles and the LMA Principles. These principles may be subject to change at any time without notice. Furthermore, none of the Sustainable Financing Framework, the ICMA Principles or the LMA Principles or any associated reports, verification assessments or the contents of the above websites are incorporated in or form part of this Base Prospectus.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third-party (whether or not solicited by CBD or the Cayman Issuer and including the Second Party Opinion) which may or may not be made available in connection with the issue of Sustainable Notes and in particular with any of the businesses and projects funded with the proceeds

of the Sustainable Notes in the applicable Final Terms or the equivalent amount to fulfil any green, environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should it be deemed to be, a recommendation by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person to buy, sell or hold Sustainable Notes. Any such report, assessment, opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in Sustainable Notes. The providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime or oversight.

If Sustainable Notes are at any time listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any Sustainable Notes. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Sustainable Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Notes concerned.

While it is CBD’s intention to apply the proceeds of the Sustainable Notes in the applicable Final Terms or the equivalent amount and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in Sustainable Financing Framework, “*Description of CBD – Sustainability Policy – Sustainability Financing Framework*” and “*Use of proceeds*”, there can be no assurance (whether by CBD, the Cayman Issuer, the Arrangers, the Dealers or any other person) that CBD will be able to do this. Nor can there be any assurance that any Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by CBD.

Any such event as described in the last sentence of the preceding paragraph or failure by CBD to apply the proceeds of the Sustainable Notes in the applicable Final Terms or the equivalent amount for any Eligible Projects or to obtain and publish any such reports and opinions, will not give rise to any claim in contract of a holder of Sustainable Notes against CBD, the Cayman Issuer, any Dealer or any other person. The withdrawal of any such report or opinion, or any report, assessment, opinion or certification attesting that CBD is not complying in whole or in part with any matters for which that report, assessment, opinion or certification is reporting, assessing, opining or certifying, and/or Sustainable Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of Sustainable Notes concerned and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

An Eligible Project may no longer satisfy the eligibility criteria set out in the Sustainable Financing Framework during the life of the project, due to changes of the Sustainable Financing Framework and/or circumstances of the project or any other reasons. The reallocation of such proceeds to new Eligible Project may not be possible or may be delayed. No representation or assurance is given or made by the Cayman Issuer, CBD, the Arrangers, the Dealers or any other person that the equivalent amount used for financing or refinancing of Eligible Projects will always satisfy the eligibility criteria.

The net proceeds of the issue of Sustainable Notes which, from time to time, are not allocated as funding for Eligible Projects are intended by CBD to be invested, in accordance with CBD’s cash management policies. While CBD intends to either credit the net proceeds of the issue of any Sustainable Notes into a segregated account, move them to a sub-portfolio or otherwise track them in an appropriate manner, there can be no assurance that the Sustainable Notes or the proceeds therefrom will not be used to absorb any and all losses of

CBD, regardless of whether or not such losses stem from green, sustainable or other assets, in the same way as CBD's other instruments not classified as Sustainable Notes which may be called upon to cover all losses on the balance sheet.

No Arranger or Dealer makes any representation as to: (i) the suitability of any Sustainable Notes to fulfil any environmental, social and/or sustainability criteria required by prospective investors; (ii) whether the net proceeds of the issuance of any such Notes will be used to finance and/or refinance relevant Eligible Projects, including their green, social and/or sustainability criteria, as applicable; or (iii) the characteristics of relevant Eligible Projects or businesses to whom the proceeds of such Notes are to be allocated, including their green, social and/or sustainability characteristics, as applicable. No Dealer involved in the issue of a specific Tranche of such Notes has undertaken, nor is responsible for, any assessment of or due diligence in respect of the Sustainable Financing Framework, the Eligible Projects or the eligibility criteria, any verification of whether the Eligible Projects meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to CBD's website, annual report and Second Party Opinion for information and should determine for themselves the relevance of the information contained in this Base Prospectus regarding the use of proceeds and its investment in any Sustainable Notes should be based upon such investigation as it deems necessary.

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

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

*Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC and this may adversely affect the liquidity of Notes denominated in Renminbi.*

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

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

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

Although, starting from 1 October 2016, Renminbi was added to the Special Drawing Rights basket created by the IMF and policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were issued, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Obligor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Notes denominated in Renminbi and the relevant Obligors' ability to source Renminbi outside the PRC to service such Notes*

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Whilst the People's Bank of China (the “**PBOC**”) has established Renminbi clearing and settlement mechanisms for participating banks in various countries through settlement agreements on the clearing of Renminbi business

(the “**Settlement Agreements**”) with financial institutions in a number of financial centres and cities (each, a “**Renminbi Clearing Bank**”), including, but not limited to, Hong Kong, the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the Renminbi Clearing Banks will need to source Renminbi from outside the PRC to square such open positions.

The offshore Renminbi market is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future so as to have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Notes denominated in Renminbi. To the extent the relevant Obligor is required to source Renminbi outside the PRC to service Notes denominated in Renminbi, there is no assurance that the relevant Obligor will be able to source such Renminbi on satisfactory terms, if at all.

*An investment in Notes denominated in Renminbi is subject to exchange rate risks*

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, amongst others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect the PRC’s actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. All payments of interest and principal with respect to Notes denominated in Renminbi will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in Notes denominated in Renminbi in U.S. dollar or other applicable foreign currency terms will decline.

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

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions. Notes denominated in Renminbi may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with fluctuations in Renminbi interest rates. If a holder of Notes denominated in Renminbi tries to sell such Notes before their maturity, they may receive an offer that is less than the amount invested.

*Payments for Notes denominated in Renminbi will only be made to investors in the manner specified for such Notes in the Conditions*

Investors may be required to provide certification and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in a number of financial centres and cities. Except in the limited circumstances stipulated in Condition 7.8 (*RMB Currency Even*) (as set out in the RMB provisions below), all Renminbi payments to investors in respect of Notes denominated in Renminbi will be made solely: (i) for so long as such Notes are represented by a Temporary Bearer Global Note, a Permanent Bearer Global Note or a Registered Global Note held with the common depositary, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing



Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system; or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in the Conditions, the relevant Obligor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

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

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

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

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

*Investment in Notes denominated in Renminbi may be subject to PRC tax*

In considering whether to invest in the Notes denominated in Renminbi, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholders’ investment in the Notes denominated in Renminbi may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Notes.

### ***Risks related to Notes generally***

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

#### *Modification*

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

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such

minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

### ***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 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 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.

#### *Exchange rate risks and exchange controls*

The relevant Obligors will pay principal and interest on the Notes or, where relevant, under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency- equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Obligors to make payments in respect of the Notes or, where relevant, under the Guarantee. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

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

One or more independent credit rating agencies may assign credit ratings to the relevant Obligors or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and 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 or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-

registered credit rating agency or the relevant non-EU third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant EU or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EU or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in relevant EU or UK investors selling the Notes which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

## **General**

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

The payments under the Notes are dependent upon CBD, in its capacity as an Issuer or as the Guarantor in respect of Notes issued by the Cayman Issuer, making payments to investors in the manner contemplated under the Notes. If CBD fails to do so, it may be necessary to bring an action against CBD to enforce its obligations and/or to claim damages which could be both time-consuming and costly.

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

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

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

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “**New York Convention**”) entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should therefore be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

There is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign court judgments under the UAE. Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the Law of Civil Procedure).

Federal Law No. 42 of 2022 Promulgating the Civil Procedure Code (“**Law of Civil Procedure**”) governs the enforcement of foreign arbitral awards in the UAE. The Law of Civil Procedure confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that any conditions for enforcement of foreign arbitral awards set out therein shall not prejudice the provisions of treaties and agreements entered into by the UAE with other states, such as the New York Convention. However, there is no established track record as to how the overlapping provisions of the New York Convention and the Law of Civil Procedure will be interpreted and applied by the UAE courts in practice. In addition, there remains a risk that, notwithstanding the Law of Civil Procedure and the terms of an applicable treaties or agreements between the UAE and other states, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the “**UAE Arbitration Law**”) to the enforcement of any non-UAE arbitral award. As the UAE Arbitration Law and the Law of Civil Procedure are both relatively untested, it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Under the Conditions, any dispute relating to the Notes may also be referred to the courts in England or the Courts in the Dubai International Financial Centre (the “**DIFC**”).

The Dubai courts are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the laws of Dubai, UAE law and public policy. This may mean that the Dubai courts may seek to interpret English law governed documents as if governed by UAE law and there can therefore be no certainty that in those circumstances the Dubai courts would give effect to such documents in the same manner as the parties may intend.

Dubai Law no. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts (“**Law No. 16 of 2011**”) came into force in Dubai on 31 October 2011 and extended the jurisdiction of the DIFC courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the DIFC courts, even where such parties are unconnected to the DIFC. Under Article 7 of Law No. 16 of 2011, any final and unappealable judgment, order or award made by the DIFC courts must, upon application to the Dubai Court of Execution, be enforced without that court being able to reconsider the merits of the case. As a result, and as any dispute under the Conditions may also be referred to the DIFC courts as aforesaid, the DIFC courts should recognise the choice of English law as the governing law of the Notes, and any final and unappealable judgment of the DIFC courts

in connection therewith should be enforced by the Dubai courts without reconsidering the merits of the case. Investors should note however that, as at the date of this Base Prospectus, Law No. 16 of 2011 remains relatively new and largely untested and there is therefore no certainty as to how the DIFC courts intend to exercise their jurisdiction under the law should any party dispute the right of the DIFC courts to hear a particular dispute where any party is unconnected to the DIFC, nor is there any certainty that the Dubai Courts of Execution will enforce the judgement of the DIFC court without reconsidering the merits of the case.

As the UAE judicial system is based on a civil code, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the United Arab Emirates. These factors create greater judicial uncertainty.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- (a) the independent auditors' review report and the unaudited condensed consolidated interim financial statements of CBD as at and for the three-month period ended 31 March 2024 (<https://www.cbd.ae/docs/librariesprovider2/financial-results/cbd-financial-statements-31-march-2024.pdf>) including the information set out at the following pages in particular:
- |   |            |
|---|------------|
| Report on review of interim financial information.....  | Page 1     |
| Condensed consolidated interim statement of financial position .....                            | Page 2     |
| Condensed consolidated interim statement of profit or loss.....                                 | Page 3     |
| Condensed consolidated interim statement of profit or loss and other comprehensive income ..... | Page 4     |
| Condensed consolidated interim statement of changes in equity .....                             | Page 5     |
| Condensed consolidated interim statement of cash flows .....                                    | Page 6     |
| Notes to the condensed consolidated interim financial statements .....                          | Pages 7-37 |
- (b) the independent auditors' report and audited consolidated annual financial statements of CBD as at and for the year ended 31 December 2023 (<https://www.cbd.ae/docs/librariesprovider2/financial-results/cbd-financial-statements-31-december-2023---eng.pdf>) including the information set out at the following pages in particular:
- |  |                |
|--|----------------|
| Report of the independent auditors .....                                     | Pages 2 - 6    |
| Consolidated statement of financial position .....                           | Page 7         |
| Consolidated statement of profit or loss.....                                | Page 8         |
| Consolidated statement of profit or loss or other comprehensive income ..... | Page 9         |
| Consolidated statement of changes in equity .....                            | Page 10        |
| Consolidated statement of cash flows .....                                   | Page 11        |
| Notes to the consolidated financial statements.....                          | Pages 12 – 106 |
- (c) the independent auditors' report and audited consolidated annual financial statements of CBD as at and for the year ended 31 December 2022 (<https://www.cbd.ae/docs/librariesprovider2/financial-results/cbd-financial-statements-31-december-2022.pdf>) including the information set out at the following pages in particular:
- |  |                |
|--|----------------|
| Report of the independent auditors .....                                     | Pages 2 - 6    |
| Consolidated statement of financial position .....                           | Page 7         |
| Consolidated statement of profit or loss.....                                | Page 8         |
| Consolidated statement of profit or loss or other comprehensive income ..... | Page 9         |
| Consolidated statement of changes in equity .....                            | Page 10        |
| Consolidated statement of cash flows .....                                   | Page 11        |
| Notes to the consolidated financial statements.....                          | Pages 12 – 104 |

All the information incorporated by reference in this subparagraph (a) can be found at <https://www.cbd.ae/wholesale/about-cbd/investor-relations/financial-results>.

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede

statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of CBD and from the specified office of the Paying 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.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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

## FORM OF THE NOTES

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

### **Bearer Notes**

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

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

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable either (a) upon notice or (b) only upon an Exchange Event. Such designations mean that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either, in the case of (a) above, not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or, in the case of (b) above, only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 11 (*Events of Default*)) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Permanent Bearer Global and definitive Bearer Notes which have an original maturity of more than one year and on all interest coupons relating to such Bearer Notes:



“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

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

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

### **Registered Notes**

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

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 (*Payments in Respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the relevant Obligors, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 (*Payments in Respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **General**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Obligors and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Obligors and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms

of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 23 May 2024 and executed by each of the Issuers.

## APPLICABLE FINAL TERMS

*Set out below is the form of applicable Final Terms that, subject to any necessary amendment, will be completed for each Tranche of Notes issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

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

**[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 (COBS), 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 (“**UK MiFIR**”); 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 (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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

**[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 (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, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**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 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 (“**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 the current domestic law by virtue of the UK 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 the current domestic law of the UK 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 the current domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the current domestic law of the UK 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.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as amended from time to time (the “SFA”) – [Notice to be included if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA.]]

[Date]

[CBD (CAYMAN) LIMITED (Legal Entity Identifier (LEI): 6354001ANEED7OVAYU98)] /  
[COMMERCIAL BANK OF DUBAI P.S.C. (Legal Entity Identifier (LEI):  
2138002DQL2YD4S8HE87)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$3,000,000,000 Euro Medium Term Note Programme

[Unconditionally and irrevocably guaranteed by

Commercial Bank of Dubai P.S.C.]

## PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 23 May 2024 [and the supplements] to it dated [insert date] [and [insert date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [, any supplements thereto] and these Final Terms are available for viewing at the registered office of Commercial Bank of Dubai P.S.C. at Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates during normal business hours and copies may be obtained from those offices and the specified office of the Principal Paying Agent. The Base Prospectus [, any supplements thereto] and these Final Terms have been published on the website of Euronext Dublin (<https://live.euronext.com>).]<sup>1</sup>

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 23 May 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 23 May 2024 [and the supplements to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the “**Base Prospectus**”), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [, any supplements thereto] and these Final Terms have been published on [the website of Euronext Dublin (<https://live.euronext.com>)].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*

- |    |     |                |  |
|----|-----|----------------|--|
| 1. | (a) | Issuer:        | [CBD (Cayman) Limited]/[Commercial Bank of Dubai P.S.C.] |
|    | (b) | Guarantor:     | [N/A]/[Commercial Bank of Dubai P.S.C.]                  |
| 2. | (a) | Series Number: | [•]  |

<sup>1</sup> Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

- (b) Tranche Number: [●]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [24] below, which is expected to occur on or about [date]] [Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
- (a) Series: [●]
- (b) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6. (a) Specified Denominations: [●]
- (in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* *(Note - For an issue in bearer form, where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above [€199,000].”*)
- (b) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [*specify/Issue Date/Not Applicable*]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [*Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to [specify month]*]
9. Interest Basis: [[●] per cent. Fixed Rate]
- [[[●] month *EURIBOR/SHIBOR/HIBOR/CNH HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBSW/PRIBOR/TLREF/TIBOR/SOFR/SONIA/€STR +/- [●] per cent. Floating Rate*]
- [Zero Coupon]
- (see paragraph [15][17][18] below)

10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs cross refer to paragraphs 14 and 15 below and identify there*] [*Not Applicable*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Regulatory Call] [*only applicable to Subordinated Notes*]  
[(see paragraphs [18] [19] below)]
13. (a) Status of the Notes: [Senior/Subordinated] Notes  
[(b)] Status of the Guarantee: [Senior/Subordinated]  
[(c)] [Date [Board] approval for issuance of Notes and Guarantee obtained: [●] [and [●], respectively] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]

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

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [●] per cent. *per annum* payable in arrear
- (b) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (d) Broken Amount(s):*(Applicable to Notes in definitive form)* [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[●] in each year] [Not Applicable]  
*[(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)]*
15. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [●] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) First Interest Payment Date: [●]/[Not Applicable]

- (c) Effective Interest Payment Date: [The date falling [●] Business Days following each Interest Payment Date, *provided that* the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption (include for Payment Delay only)]/[Not Applicable]<sup>2</sup>
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (e) Additional Business Centre(s): [[●]/Not Applicable]
- (f) Manner in which the Rate of Interest and Interest Amount is to be determined: [*Screen Rate Determination not Referencing SOFR, SONIA or €STR/Screen Rate Determination Referencing SOFR, SONIA or €STR/ISDA Determination*]
- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [[●] shall be the Calculation Agent]
- (h) Screen Rate Determination:
- Reference Rate: [[●] month] [EURIBOR/SHIBOR/HIBOR/CNH HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBSW/PRIB OR/TLREF/TIBOR/SONIA/SOFR/€STR]
  - Interest Determination Date(s): [●]/[The date falling [●] Business Days prior to the first day of each Interest Period]/[First day of each Interest Period]/[The [first/second/third/[●]] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][provide details]/[The Interest Payment Date at the end of each Interest Period; *provided that* the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - Include this wording for Payment Delay only]]<sup>3</sup>
  - Relevant Screen Page: [●]
  - Relevant Financial Centre: [●]
  - Relevant Time: [●]
  - Calculation Method: [Compounded Daily]/[Weighted Average]/[SOFR Index]/[SONIA Index]/[Not Applicable]
  - Observation Method: [Lag]/[Lock-out]/[Observation Shift]/[Payment Delay]/[Not Applicable]

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

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

- Observation Look-back Period: [●]/[Not Applicable]<sup>4</sup>
  - D: [365]/[360]/[●]/[Not Applicable]
  - Rate Cut-off Date: [The date falling [●] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – used for Payment Delay only]<sup>5</sup>/[Not Applicable]
- (i) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (In the case of a EURIBOR or EIBOR based option, the first day of the Interest Period)*
- (j) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (k) Margin(s): [+/-][●] per cent. *per annum*
- (l) Minimum Rate of Interest: [[●] per cent. *per annum* / Not Applicable]
- (m) Maximum Rate of Interest: [[●] per cent. *per annum* / Not Applicable]
- (n) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed)
- Actual/365 (Sterling)
- Actual/360
- [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]
- 30E/360 (ISDA)
16. Reset Note Provisions: [Applicable/Not Applicable]
- (a) Initial Rate of Interest: [●] per cent. *per annum* payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] [and [●]] in each year [up to and including the Maturity Date]
- (c) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (d) Determination Date(s): [[●] in each year/Not Applicable]
- (e) Reset Date(s): [●]

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

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



- (f) Subsequent Reset Reference Rate(s) and Relevant Finance Centre: [Mid Swaps/Reference Bond]  
Relevant Financial Centre: [●]
- (g) Reset Margin: [●]
- (h) Subsequent Reset Rate Screen Page: [●]
- (i) Mid Swap Maturity: [●]
- (j) Reset Determination Date: [●]
- (k) Subsequent Reset Rate Time: [●]
17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●] per cent. *per annum*
- (b) Reference Price: [●]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 8.2 *(Redemption for Tax Reasons)*: Minimum period: [●] days  
Maximum period: [●] days<sup>6</sup>
19. Notice periods for Condition 8.3 *(Redemption for Regulatory Reasons (Regulatory Call))*: Minimum period: [●] days  
Maximum period: [●] days
20. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [[●] per Calculation Amount]
- (c) If redeemable in part: [●] [●]
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Notice periods: Minimum period: [●] days

<sup>6</sup> When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.

Maximum period: [●] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

21. Investor Put:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Date(s): [●]

(b) Optional Redemption Amount: [[●] per Calculation Amount]

(c) Notice periods: Minimum period: [●] days

Maximum period: [●] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

22. Final Redemption Amount

[[●] per Calculation Amount]

23. Early Redemption Amount payable on redemption for taxation reasons, regulatory reasons or on event of default:

[●] per Calculation Amount

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]]

[Registered Notes:

Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]

*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes)*

25. Additional Financial Centre(s): [Not Applicable/give details]
- (Note that this paragraph relates to the date of payment and not Interest Period end dates to which item 15(c) relates)*
26. Talons for future Coupons to be attached to Definitive Bearer Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]
27. Redenomination applicable: Redenomination [not] applicable
28. RMB Currency Event: [Applicable/Not Applicable]
29. Relevant Currency for Condition 7.8 (*RMB Currency Event*): [●] [Not Applicable]
30. Relevant Spot Rate Screen Pages for Condition 7.8 (*RMB Currency Event*):
- (i) Relevant Spot Rate Screen Page (Deliverable Basis): [●] [Not Applicable]
- (ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [●] [Not Applicable]
- (For U.S. dollars, use Reuters Screen Page TRADCNY and Reuters Screen Page TRADNDF, respectively.)*
31. Party responsible for calculating the Spot Rate for Condition 7.8 (*RMB Currency Event*): [give name (the “**Calculation Agent**”)] [Not Applicable]
32. Relevant Benchmark[s]: [[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. [As at the date hereof, [[administrator legal name] [appears] / [does not appear]] [repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmark Regulation] / [As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the EU Benchmark Regulation] / [Not Applicable]

Signed on behalf of the Issuer:

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By:  
*Duly authorised*

Signed on behalf of the Guarantor

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By:  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

- (a) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext Dublin’s Regulated Market and the Official List of Euronext Dublin) with effect from [●].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext Dublin’s Regulated Market and the Official List of Euronext Dublin) with effect from [●].]

[Not Applicable.]

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

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated] [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].

[Each of [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”)[CRA Regulation as it forms part of the current domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “UK CRA Regulation”)]

[[*Insert legal name of credit rating agency*] is established in the [European Union]/[UK] and is not registered under the CRA Regulation.]

[[*Insert legal name of credit rating agency*] is not established in the [European Union]/[UK] but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the [European Union]/[UK] and registered under the [UK] CRA Regulation.]

[[*Insert legal name of credit rating agency*] is not established in the [European Union]/[UK] but is certified under the [UK] CRA Regulation.] A rating is not a recommendation by any rating organisation to buy, sell or hold Notes and maybe subject to revision or withdrawal at any time by the assigning rating organisation.

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

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

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]

4. **YIELD** (*Fixed Rate Notes Only*) [●]  
**INDICATION OF YIELD:**

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Details of historic [*LIBOR/EURIBOR/EIBOR*] rates can be obtained from [Reuters].

6. **USE OF PROCEEDS**

Use of proceeds: [●]

“[The Notes are intended to be issued as Green Bonds, [further particulars to be provided].]”

(See “*Use of Proceeds*” wording in Base Prospectus – if reasons for offer different from general financing purposes will need to include those reasons here.)

Estimated net proceeds: [●]

Estimated total expenses: [●]

7. **SUSTAINABLE NOTES**

Sustainable Notes: [Yes]/[No]

Reasons for the offer [●]/[See “*Use of Proceeds*” in the Base Prospectus]

8. **OPERATIONAL INFORMATION**

(a) ISIN Code: [●]

(b) Common Code: [●]

(c) [FISN Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[include code]/[Not [Applicable/Available]]]

(d) [CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that

- assigned the ISIN]/[include code]/[Not  
[Applicable/Available]]
- (e) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[give name(s), address(es) and number(s)]
- (f) Delivery: Delivery [against/free of] payment
- (g) Names and addresses of additional Paying Agent(s) (if any): [•]
- (h) Deemed delivery of clearing system notices for the purposes of Condition 15 (*Notices*): Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

## 9. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/give names]
- (c) Date of [Subscription] Agreement: [•]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (e) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3];  
TEFRA D/TEFRA C/TEFRA not applicable]
- (f) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (e) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by the issuer (the “**Issuer**”) named in the applicable Final Terms (as defined below) pursuant to the Agency Agreement (as defined below).

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

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (the “**Agency Agreement**”, which expression includes the same as it may be amended, supplemented or restated from time to time) dated 23 May 2024 and made between CBD (Cayman) Limited (the “**Cayman Issuer**”) as an issuer, Commercial Bank of Dubai P.S.C. (“**CBD**”) as an issuer and as guarantor of Notes issued by the Cayman Issuer (CBD in such capacity, the “**Guarantor**”), Citibank N.A., London Branch as issuing and principal paying agent and agent bank (the “**Principal Paying Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as transfer agent and the other transfer agents named therein (if any) (the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents) and Citibank Europe Plc as registrar (the “**Registrar**”, which expression shall include any successor registrar).

Interest bearing definitive Notes in bearer form have interest coupons (“**Coupons**”) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the “**Conditions**”). References to the “**applicable Final Terms**” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions



or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

If the Issuer is the Cayman Issuer, the payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a deed of guarantee (such deed of guarantee as modified and/or supplemented and/or restated from time to time) (the “**Guarantee**”) dated 23 May 2024 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

The Noteholders and the Couponholders are entitled to the benefit of a deed of covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 23 May 2024 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent, the Registrar and each of the Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “**Agents**”). Copies of the applicable Final Terms are available for viewing at the registered office of Commercial Bank of Dubai P.S.C. at Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (Regulation (EU) 2017/1129) (as amended) (the “**Prospectus Regulation**”), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, the Guarantee and the Deed of Covenant.

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

In the Conditions, “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. Form, Denomination and Title

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

This Note may be a fixed rate note (“**Fixed Rate Note**”), a floating rate note (“**Floating Rate Note**”) or a zero coupon note (“**Zero Coupon Note**”), a reset note (“**Reset Note**”) or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may also be a senior note (“**Senior Note**”) or a subordinated note (“**Subordinated Note**”) depending upon the Status specified in the applicable Final Terms.

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

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Paying Agent will (except as otherwise required

by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## **2. Transfers of Registered Notes**

### **2.1 Transfers of Interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **2.2 Transfers of Registered Notes in Definitive Form**

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement).

Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication

and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of Transfer upon Partial Redemption**

In the event of a partial redemption of Notes under Condition 8 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of Registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **3. Status of the Notes and the Guarantee**

### **3.1 Status of the Senior Notes**

The Senior Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* amongst themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

### **3.2 Status of the Guarantee in respect of the Senior Notes**

This Condition 3.2 (*Status of the Guarantee in respect of the Senior Notes*) only applies to Senior Notes issued by the Cayman Issuer.

The obligations of the Guarantor under the Guarantee in respect of the Senior Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor (and save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

### **3.3 Status of the Subordinated Notes**

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

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

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

For this purpose and as used in these Conditions:

**"Assets"** shall mean the unconsolidated gross assets of the Issuer or the Guarantor, as applicable, as shown in the latest published audited balance sheet of the Issuer or the Guarantor, as applicable, but adjusted for subsequent events in such manner as the directors of the Issuer or the Guarantor, as applicable, the auditors of the Issuer or the Guarantor, as applicable, or (if a liquidator (or analogous insolvency official) has been appointed in respect of the Issuer or the Guarantor, as applicable,) a liquidator (or such analogous insolvency official) may determine;

**"Liabilities"** shall mean the unconsolidated gross liabilities of the Issuer or the Guarantor, as applicable, as shown in the latest published audited balance sheet of the Issuer or the Guarantor, as applicable, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Issuer or the Guarantor, as applicable, the auditors of the Issuer or the Guarantor, as applicable, or (if a liquidator (or any analogous insolvency official) has been appointed in respect of the Issuer or the Guarantor, as applicable) a liquidator (or such analogous insolvency official) may determine;

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

**"solvent"** shall mean, in respect of the Issuer or the Guarantor, as applicable, that (a) it is able to pay its debts as they fall due and (b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors).

### **3.4 Status of the Guarantee in respect of the Subordinated Notes**

This Condition 3.4 (*Status of the Guarantee in respect of the Subordinated Notes*) only applies to Subordinated Notes issued by the Cayman Issuer.

The obligations of the Guarantor in respect of the Subordinated Notes under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor.

The payment obligations of the Guarantor in respect of the Subordinated Notes under the Guarantee (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Guarantor in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Guarantor which do not rank or are not expressed by their terms to rank junior to the payment obligations of the Guarantor in respect of the Subordinated Notes under the Guarantee and in priority to all claims of shareholders of the Guarantor. The rights of the holders of Subordinated Notes against the Guarantor are subordinated in right of payment to the claims of all Senior Creditors of the Guarantor and accordingly payments under the Guarantee by the Guarantor in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) are conditional upon the Guarantor being solvent at the time of such payment and no payment shall be payable by the Guarantor in respect of the Subordinated Notes under the Guarantee except to the extent that the Guarantor 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 Guarantor's obligations under the Guarantee in respect of the Subordinated Notes and still be solvent immediately thereafter.

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 the Guarantee. No collateral is or will be given for the payment obligations of the Guarantor in respect of the Subordinated Notes under the Guarantee and any collateral that may

have been or may in the future be given in connection with other indebtedness of the Guarantor shall not secure the Guarantor's payment obligations in respect of the Subordinated Notes under the Guarantee.

#### 4. Negative Pledge

This Condition 4 (*Negative Pledge*) only applies to Senior Notes.

So long as any of the Notes or Coupons remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor (if applicable) will create or have outstanding and will procure that no Subsidiary will create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or any Sukuk Obligation (each as defined below), other than a Permitted Security Interest, unless the Issuer or the Guarantor (if applicable), in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and Coupons or the Guarantee (as applicable) are secured by the Security Interest equally and rateably with the Relevant Indebtedness or Sukuk Obligation; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of these Conditions:

**"Permitted Security Interest"** means any Security Interest granted to secure any Relevant Indebtedness or any Sukuk Obligation incurred in connection with a Securitisation;

**"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;

**"Relevant Indebtedness"** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and have a maturity of more than one year and (ii) any guarantee or indemnity of any such indebtedness;

**"Securitisation"** means any securitisation of existing or future assets and/or revenues, *provided that* (i) any Security Interest given by the Issuer or the Guarantor (as applicable) or any of its Subsidiaries 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 securitised as the principal source of repayment for the moneys advanced or payment of any other liability and (iii) there is no other recourse to the Issuer or the Guarantor (as applicable) or any of its Subsidiaries in respect of any default by any Person under the securitisation;

**"Subsidiary"** means in relation to any Person (the "**first person**") at any particular time, any other Person (the "**second person**") whose affairs and policies the first person controls or has 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; and

**"Sukuk Obligation"** means (i) any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other securities issued in connection with any Islamic financing whether or not in return for consideration of any kind, which trust certificates or other securities for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) any guarantee or indemnity of any such undertaking or other obligation.

## 5. Redenomination

### 5.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, *provided that*, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7 (*Payments*);
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes and Coupons are available for exchange (*provided that* such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

- (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

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

## 5.2 Definitions

In the Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 5.1 (*Redenomination*) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

## 6. Interest

### 6.1 Interest on Fixed Rate Notes

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

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

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

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount

(determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1 (*Interest on Fixed Rate Notes*):

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

In the Conditions:

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

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

## 6.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an



“**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable

Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

- (i) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) (*Interest on Floating Rate Notes*) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (T2) System, and any system that replaces it (the “**T2 System**”) is open.

(b) **Rate of Interest**

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

(i) **ISDA Determination for Floating Rate Notes**

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

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

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, not referencing SONIA, SOFR or €STR, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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

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

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such

offered quotations appear, in each case as at the time specified in the preceding paragraph. Notwithstanding the forgoing, in the event that the Issuer, following consultation with the Calculation Agent, determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, that a Benchmark Event has occurred, the Rate Interest will be determined in accordance with Condition 6.2(c).

As used in these 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:

- (i) Euro-Zone interbank offered rate (EURIBOR);
- (ii) Shanghai interbank offered rate (SHIBOR);
- (iii) Hong Kong interbank offered rate (HIBOR);
- (iv) CNH Hong Kong interbank offered rate (CNH HIBOR);
- (v) Singapore interbank offered rate (SIBOR);
- (vi) Kuala Lumpur interbank offered rate (KLIBOR);
- (vii) Emirates interbank offered rate (EIBOR);
- (viii) Saudi Arabia interbank offered rate (SAIBOR);
- (ix) Australia Bank Bill Swap (BBSW);
- (x) Prague interbank offered rate (PRIBOR);
- (xi) Turkish Lira Overnight Reference Rate (TLREF);
- (xii) Tokyo interbank offered rate (TIBOR);
- (xiii) Sterling Overnight Index Average (SONIA);
- (xiv) Secured Overnight Financing Rate (SOFR); or
- (xv) Euro Short-Term Rate (€STR);

“**Relevant Financial Centre**” shall mean (i) Brussels, in the case of a determination of EURIBOR; (ii) Tokyo, in the case of a determination of TIBOR; or (iii) Hong Kong, in the case of a determination of HIBOR, as specified in the applicable Final Terms; or (iv) such other financial centre as specified in the relevant Final Terms; and

“**Relevant Time**” shall mean (i) in the case of EURIBOR, 11.00 a.m.; (ii) in the case of TIBOR, 11.00 a.m.; or (iii) in the case of HIBOR, 11.00 a.m., in each case in the Relevant Financial Centre, or such other time as specified in the relevant Final Terms.

- (iii) Screen Rate Determination for Floating Rate Notes referencing SONIA, SOFR or €STR
  - (A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being SONIA, SOFR or €STR:
    - (1) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being “**Compounded Daily**”, the Rate of Interest applicable to the Notes for

each Interest Period will (subject to Condition 6.2(c) and Condition 6.2(d) and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and

- (2) where the Calculation Method in respect of the relevant Series of Notes is specified in the applicable Final Terms as being “**Weighted Average**”, the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 6.2(c) and Condition 6.2(d) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin, all as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

- (B) Where “**SONIA**” is specified as the Reference Rate in the applicable Final Terms, subject to Condition 6.2(d), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

- (1) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (2) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, “**r**” shall be interpreted accordingly.

- (C) Where “**SOF**R” is specified as the Reference Rate in the applicable Final Terms, subject to Condition 6.2(d), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the SOFR rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page (and “**r**” shall be interpreted accordingly).

- (D) Where “**€STR**” is specified as the Reference Rate in the applicable Final Terms, subject to Condition 6.2(d), if, in respect of any Business Day, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the €STR rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page (and “**r**” shall be interpreted accordingly).
- (E) In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions, subject to Condition 6.2(d), the Rate of Interest for such Interest Period shall be: (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).
- (F) If the relevant Series of Notes become due and payable in accordance with Condition 11 (*Events of Default*), the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as the Notes remain outstanding, be that determined on such date
- (G) For the purposes of this Condition 6.2(b)(iii):

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

“**Applicable Period**” means:

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

“**Business Day**” or “**BD**”, means,

- (a) where “**SONIA**” is specified as the Reference Rate in the applicable Final Terms, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
- (b) where “**SOFR**” is specified as the Reference Rate in the applicable Final Terms, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which

banking institutions in those cities are authorised or required by law or regulation to be closed; and

- (c) where “€STR” is specified as the Reference Rate in the applicable Final Terms, a day on which T2 System is open for settlements of payments in euro;

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

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{r_{i-pBD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

“**D**” is the number specified in the applicable Final Terms;

“**d**” means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

“**do**” means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

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

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

“**i**” means, for the relevant Applicable Period, a series of whole numbers from one to do, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

“**Lock-out Period**” means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

“**ni**”, for any Business Day “i” in the Applicable Period, means the number of calendar days from, and including, such Business Day “i” up to but excluding the following Business Day;

“**New York Federal Reserve’s Website**” means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

“**Observation Period**” means, in respect of the relevant Interest Period, the period from, and including, the date falling “p” Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and

include the Interest Commencement Date) and ending on, but excluding, the date which is “p” Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“p” means, for any Interest Period:

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

“r” means:

- (a) where in the applicable Final Terms “SONIA” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (b) where in the applicable Final Terms “SOFR” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (c) where in the applicable Final Terms “€STR” is specified as the Reference Rate and either “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (d) where in the applicable Final Terms “SONIA” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (i) in respect of any Business Day “i” that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day, and
  - (ii) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

- (e) where in the applicable Final Terms “**SOFR**” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (i) in respect of any Business Day “i” that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
  - (ii) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (f) where in the applicable Final Terms “**€STR**” is specified as the Reference Rate and “Lock-out” is specified as the Observation Method:
  - (i) in respect of any Business Day “i” that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and
  - (ii) in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);
- (g) where in the applicable Final Terms “**SONIA**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the SONIA rate in respect of the Rate Cut-off Date;
- (h) where in the applicable Final Terms “**SOFR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the SOFR in respect of the Rate Cut-off Date; and
- (i) where in the applicable Final Terms “**€STR**” is specified as the Reference Rate and “**Payment Delay**” is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, “r” shall be the €STR in respect of the Rate Cut-off Date;



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

“**Reference Day**” means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-out Period;

“**ri-pBD**” means the applicable Reference Rate as set out in the definition of “**r**” above for, (i) where, in the applicable Final Terms, “**Lag**” is specified as the Observation Method, the Business Day (being a Business Day falling in the relevant Observation Period) falling “**p**” Business Days prior to the relevant Business Day “**i**” or, (ii) otherwise, the relevant Business Day “**i**”;

“**SOFR**” means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve’s Website, in each case on or about 5.00 p.m. (New York City Time) on the Business Day immediately following such Business Day (the “**SOFR Determination Time**”);

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

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

“**Weighted Average Reference Rate**” means:

- (a) where “**Lag**” is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
- (b) where “**Lock-out**” is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, *provided however that* for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to

be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(c) **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 6.2 (*Interest on Floating Rate Notes*), if the Issuer, following consultation with the Calculation Agent, determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the Issuer 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, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (ii) 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 6.2(c) (*Interest on Floating Rate Notes – Benchmark Replacement*));
- (iii) 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);
- (iv) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 6.2(c) (*Interest on Floating Rate Notes – Benchmark Replacement*) and the Independent Adviser (following consultation with the Issuer) determines in good faith: (A) that amendments to these Conditions (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 (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 6.2(c)(vi) (*Interest on Floating Rate Notes – Benchmark Replacement*): (a) without any requirements for the consent or approval of the Noteholders and the Issuer shall vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (b) the Agents shall (at the Issuer’s expense), without any requirement for the consent or sanction of Noteholders, be obliged to concur with the Issuer in effecting such Benchmark Amendments;
- (v) 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 materially prejudicial to the interests of any such Noteholder or person;
- (vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 15 (*Notices*), the Noteholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) the Adjustment Spread; (D) the specific terms of the Benchmark Amendments (if any);

and (E) the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread;

- (vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) or, in either case, an Adjustment Spread, is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this Condition 6.2(b)(vi) (*Interest on Floating Rate Notes – Rate of Interest*) 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 6.2(b)(iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*); and
- (viii) the Independent Adviser appointed pursuant to this Condition 6.2(b)(iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*) shall act and make all determinations pursuant to this Condition 6.2(b)(iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*) in good faith 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 Fiscal Agent, the Paying Agents, the Noteholders, the holders of Receipts or the Couponholders in connection with any determination made by it.

For the purposes of this Condition 6.2(c)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*):

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

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) 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; or
- (C) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) 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
- (D) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following

consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate;

“**Alternative Reference Rate**” means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 6.2(c) (*Interest on Floating Rate Notes – Benchmark Replacement*), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate;

“**Benchmark Event**” means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will 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); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (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 be prohibited from being used either generally, or in respect of the Notes; or (v) it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, except that, in respect of (ii), (iii) and (iv), a Benchmark Event will only be deemed to have occurred on the date that such Reference Rate ceases, is discontinued or is prohibited from being used, as applicable;

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

“**Independent Adviser**” means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer at the Issuer’s expense;

“**Relevant Nominating Body**” means, in respect of a Reference Rate: (A) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (1) the central bank for the currency to which the Reference Rate relates; (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (3) a group of the aforementioned central banks or other supervisory authorities; or (4) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means the rate that the Independent Adviser (in consultation with the Issuer) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

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

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

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

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2 (*Interest on Floating Rate Notes*):

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls; “D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(f) **Linear Interpolation**

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

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

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (if applicable) and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2 (*Interest on Floating Rate Notes*), whether by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.6.3 Interest on Reset Notes.

### 6.3 Interest on Reset Notes

(a) **Rates of Interest**

Each Reset Note bears interest:

- (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate *per annum* equal to the Initial Rate of Interest; and

- (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate *per annum* as is equal to the relevant Subsequent Reset Rate, as determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with this Condition 6.3 (*Interest on Reset Notes*),

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

As used in these Conditions:

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

“**Mid Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro, EIBOR if the Specified Currency is dirham or LIBOR if the Specified Currency is not euro or dirham;

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

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

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

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

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

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

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



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

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

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

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

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

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

“**Subsequent Reset Reference Rate**” means either:

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

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

- (A) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or
- (B) in the case of Reset Notes in definitive form, the Calculation Amount;

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

“**Day Count Fraction**” and related definitions have the meanings given in Condition 6.1 (*Interest on Fixed Rate Notes*).

(b) **Subsequent Reset Rate Screen Page**

If the Subsequent Reset Rate Screen Page is not available, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset

Margin (if any), all as determined by the Principal Paying Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the foregoing provisions of this paragraph, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

For the purposes of this Condition 6.3(b) (Interest on Reset Notes – Subsequent Reset Rate Screen Page):

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

“**Relevant Financial Centre**” means the financial centre specified as such in the applicable Final Terms or if none is so specified: (i) in the case of a determination of EURIBOR, Brussels, (ii) in the case of determination of EIBOR, Dubai or Abu Dhabi, (iii) in the case of a determination of SIBOR, Singapore, (iv) in the case of a determination of TIBOR, Tokyo, (v) in the case of a determination of HIBOR, Hong Kong or (vi) in the case of a determination of the Bank of England Base Rate, London.

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

The Principal Paying Agent will cause the Subsequent Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer, the Guarantor (if applicable) and any stock exchange on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount as notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to any stock exchange on which the relevant Reset Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph 6.3(c), the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London. All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.3 (*Interest on Reset Notes*) by the Principal Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the other Paying Agents and all Noteholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Guarantor (if applicable) or the Noteholders or any other person shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 6.4 Accrual of Interest

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

## 7. Payments

### 7.1 Method of Payment

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*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 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof) or (without prejudice to the provision of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto.

### 7.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and, its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

“**A Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon *provided that* such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which

the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

### 7.3 Payments in respect of Bearer Global Notes

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

### 7.4 Payments in respect of Registered Notes

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

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

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 7.4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Guarantor (if applicable) or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## 7.5 General provisions applicable to payments

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

Notwithstanding the foregoing provisions of this Condition 7.5, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

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

## 7.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 10 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the T2 System is open.

## 7.7 Interpretation of Principal and Interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.6 (*Early Redemption Amounts*)); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 (*Taxation*).

## 7.8 RMB Currency Event

If “RMB Currency Event” is specified as being applicable in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer or, if applicable, the Guarantor acting in good faith, exists on a date for payment of any amount in respect of any Note, any Coupon or under the Guarantee, the Issuer’s and, if applicable, the Guarantor’s obligation to make a payment in RMB under the terms of the Notes or the Guarantee may be replaced by an obligation to pay such amount in the Relevant Currency specified in the applicable Final Terms converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer and, if applicable, the Guarantor shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 (*Notices*) stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 7.8:

“**Rate Calculation Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and the principal financial centre of the country of the Relevant Currency;

“**Rate Calculation Date**” means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes;

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

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

“**RMB Illiquidity**” means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer or, if applicable, the Guarantor cannot obtain sufficient RMB in order to make a payment under the Notes or the Guarantee, as determined by the Issuer or, if applicable, the Guarantor in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

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

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

“**Spot Rate**” means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to the Relevant Spot Rate Screen Page (Deliverable Basis), or if no such rate is available, on a non-deliverable basis by reference to the Relevant Spot Rate Screen Page (Non-deliverable Basis). If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market.

## 7.9 RMB account

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

## 8. Redemption and Purchase

### 8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### 8.2 Redemption for Tax Reasons

Subject to Condition 8.6 (*Early Redemption Amounts*), the Notes may (subject, in the case of Subordinated Notes, to the prior approval of the Central Bank of the United Arab Emirates (the “**Regulator**”, which expression shall include any successor thereto as the relevant regulator of banks in the United Arab Emirates) where required) be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) or, if applicable, the Guarantor would be unable for reasons outside its control to procure payment by the Issuer

and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (b) such obligation cannot be avoided by the Issuer or, if applicable, the Guarantor taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, if applicable, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 8.2 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 8.6 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **8.3 Redemption for regulatory reasons (Regulatory Call)**

This Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*) is only applicable to Subordinated Notes. Subject to Condition 8.6 (*Early Redemption Amounts*) the Notes may (subject to the prior approval of the Regulator where required) be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if a Regulatory Redemption Event has occurred and is continuing and if the circumstance that entitles the Issuer to exercise such redemption was not reasonably foreseeable at the Issue Date of the first Tranche of the Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*), CBD shall deliver to the Principal Paying Agent (to make available at its specified office to the Noteholders) a certificate signed by two Directors of CBD stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the change to the applicable regulatory rules or to the application or official interpretation thereof as described in the definition of “**Regulatory Redemption Event**” has occurred and is continuing.

Notes redeemed pursuant to this Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*) will be redeemed at their Early Redemption Amount referred to in Condition 8.6 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In this Condition 8.3 (Redemption for Regulatory Reasons (Regulatory Call)):

“**Regulatory Redemption Event**” shall be deemed to have occurred if, as a result of any change, after the date on which agreement is reached to issue the first Tranche of the Notes, to any applicable regulatory rules or to the application or official interpretation thereof at any relevant time which has been previously announced in an official publication of the Regulator or of any other relevant governmental, regulatory or judicial body in the United Arab Emirates, the Notes (or, in the case of an issue of Notes by the Cayman Issuer, the proceeds of the Notes which are the subject of a loan from the Cayman Issuer to CBD) are fully excluded from Tier II (supplementary) Capital of CBD and its



subsidiaries (save where such exclusion is only as a result of any applicable limitation on the amount of such capital), *provided that* the Notes have qualified as Tier II (supplementary) Capital at any time following the Issue Date of the first Tranche of the Notes; and

“**Tier II (supplementary) Capital**” means (a) for so long as Circular 13/93 relating to Capital Adequacy published on 14 April 1993 by the Regulator and Circular 27/2009, together with the associated guidance, each as published by the Regulator (as each may be supplemented or amended from time to time) (the “**Circulars**”) is applicable in the United Arab Emirates, Tier II (supplementary) Capital (as described in the “**Circulars**”) and (b) if the Circulars are no longer applicable in the United Arab Emirates, or if Tier II (supplementary) Capital is no longer the applicable regulatory categorisation, such successor regulatory capital categorisation resulting from any change to any applicable regulatory rules or to the application or official interpretation thereof which has been announced in an official publication of the Regulator or of any other relevant governmental, regulatory or judicial body in the United Arab Emirates.

#### **8.4 Redemption at the option of the Issuer (Issuer Call)**

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

- (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (*Notices*); and
- (b) not less than the minimum period nor more than the maximum period of the notice referred to in (a) above, notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.4 (*Redemption at the option of the Issuer (Issuer Call)*) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*) at least five days prior to the Selection Date.

#### **8.5 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 8.5 (*Redemption at the option of the Noteholders (Investor Put)*) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being

current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8.5 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with Condition 2.2 (*Transfers of Registered Notes in Definitive Form*), in each case accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 8.5 (*Redemption at the option of the Noteholders (Investor Put)*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.5 (*Redemption at the option of the Noteholders (Investor Put)*) and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

## 8.6 Early Redemption Amounts

For the purpose of Condition 8.2 (*Redemption for Tax Reasons*) above, Condition 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*) above and Condition 11 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price;

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

“**y**” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption

or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **8.7 Purchases**

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

## **8.8 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.7 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## **8.9 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 (*Redemption at Maturity*), 8.2 (*Redemption for Tax Reasons*), 8.3 (*Redemption for Regulatory Reasons (Regulatory Call)*), 8.4 (*Redemption at the option of the Issuer (Issuer Call)*) or 8.5 (*Redemption at the option of the Noteholders (Investor Put)*) above or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.6(c) (*Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

## **9. Taxation**

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

- (a) presented for payment in a Tax Jurisdiction; or
- (b) a holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6 (*Payment Day*)).

As used herein:

- (i) “**Tax Jurisdiction**” means the Cayman Islands or the United Arab Emirates or any Emirate therein or, in each case, any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

## 10. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 (*Presentation of Definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 7.2 (*Presentation of Definitive Bearer Notes and Coupons*).

## 11. Events of Default

### 11.1 Events of Default relating to Senior Notes

This Condition 11.1 (*Events of Default relating to Senior Notes*) only applies to Senior Notes and provisions of or claims under the Guarantee in respect of Senior Notes of Coupons pertaining thereto.

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

- (a) default is made in the payment of any principal or interest due in respect of the Notes or the Guarantee or any of them and the default continues for a period of at least seven days in the case of principal or at least 14 days in the case of interest; or
- (b) the Issuer or, if applicable, the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer or, as the case may be, the Guarantor of written notice requiring the same to be remedied; or
- (c) (i) any Indebtedness of the Issuer, the Guarantor (if applicable) or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of default (however described) or (iii) the Issuer, the Guarantor (if applicable) or any Material Subsidiary fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee of any Indebtedness, *provided that* each such event 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.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (d) one or more judgments or orders for the payment of any sum in excess of U.S.\$10,000,000 is rendered against the Issuer, the Guarantor (if applicable) or any of their respective Subsidiaries and continues unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 30 days after the date thereof; or
- (e) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor (if applicable) or any Material Subsidiary, save in connection with a Permitted Reorganisation; or
- (f) the Issuer, the Guarantor (if applicable) or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save in connection with a Permitted Reorganisation, or the Issuer, the Guarantor (if applicable) or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) (i) any court or other formal proceedings are initiated against the Issuer, the Guarantor (if applicable) or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer, the Guarantor (if applicable) or the relevant Material Subsidiary, as the case may be), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor (if applicable) or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (h) the Issuer, the Guarantor (if applicable) or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save in connection with a Permitted Reorganisation; or
- (i) any event occurs which under the laws of the United Arab Emirates or any Emirate therein and, if applicable, the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (h) above; or
- (j) at any time (i) it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes, or, if applicable, for the Guarantor to perform or comply with any of its obligations under or in respect of the Guarantee or (ii) any of such material obligations of the Issuer or, if applicable, the Guarantor thereunder are not or cease to be legal, valid, binding or enforceable; or
- (k) if applicable, the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- (l) by or under the authority of any government (i) the management of the Issuer, the Guarantor (if applicable) or any Material Subsidiary is wholly or substantially displaced or the authority of the Issuer, the Guarantor (if applicable) or any Material Subsidiary in the conduct of its business is wholly or substantially curtailed or (ii) all or a majority of the issued share capital of the Issuer, the Guarantor (if applicable) or any Material Subsidiary or the whole or a

substantial part of its revenues or assets are seized, nationalised, expropriated or compulsorily acquired,

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

## 11.2 Events of Default relating to Subordinated Notes

This Condition 11.2 (*Events of Default relating to Subordinated Notes*) only applies to Subordinated Notes and provisions of or claims under the Guarantee in respect of Subordinated Notes or Coupons pertaining thereto.

Each of the following events occurring with respect to any Subordinated Note shall constitute an “**Event of Default**”.

- (a) If default is made in the payment of any principal or interest due in respect of the Notes, the Guarantee or any of them and the default continues for a period of at least seven days in the case of principal and at least 14 days in the case of interest, while such default is continuing any Noteholder may institute proceedings for the dissolution and liquidation of the Issuer or the Guarantor in the United Arab Emirates or any Emirate therein or, as the case may be, in the Cayman Islands (but not elsewhere).
- (b) If any one or more of the following events shall occur and be continuing:
  - (i) the Issuer or the Guarantor (if applicable) takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or reorganisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Issuer or the Guarantor (if applicable) save (A) for the purposes of reorganisation on terms approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation and *provided that a bona fide* disposal for full value on an arm’s length basis of the whole or a substantial part of the business of the Issuer or the Guarantor (if applicable) shall not be deemed in any event to be an Event of Default for the purposes of this subparagraph; 11.2(b)(i) or
  - (ii) the Issuer or the Guarantor (if applicable) ceases to carry on the whole or a substantial part of its business save (A) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation and *provided that a bona fide* disposal for full value on an arm’s length basis of the whole or a substantial part of the business of the Issuer or the Guarantor (if applicable) shall not be deemed in any event to be an Event of Default for the purposes of this subparagraph; 11.2(b)(ii) or
  - (iii) the Issuer or the Guarantor (if applicable) is unable to pay its debts as they fall due or, save in connection with a Permitted Reorganisation, commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of its Indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or
  - (iv) any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Issuer or the Guarantor (if applicable) or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or

vexatious or are being actively contested in good faith by the Issuer or the Guarantor (if applicable); or

- (v) any event occurs which under the laws of the United Arab Emirates or any Emirate therein and, if applicable, the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in subparagraphs (i) to (iv) above,

then the holder of any Note may give written notice to the Issuer and the Guarantor (if applicable) at the specified office of the Principal Paying Agent, that such Note is due and payable, whereupon the same shall, subject to Condition 3 (*Status of the Notes and the Guarantee*), become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

- (c) To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer or the Guarantor (if applicable) as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer or the Guarantor (if applicable) under the Notes, the Coupons or the Guarantee, but the institution of such proceedings shall not have the effect that the Issuer or, if applicable, the Guarantor shall be obliged to pay any sums or sums sooner than would otherwise have been payable by it.
- (d) No remedy against the Issuer or the Guarantor (if applicable), other than the institution of the proceedings referred to in paragraph (a) or (c) above and the proving or claiming in any dissolution and liquidation of the Issuer or the Guarantor (if applicable), shall be available to the Noteholders or the Couponholders for the recovering of amounts owing in respect of the Notes, the Coupons or the Guarantee in respect of any breach by the Issuer or the Guarantor (if applicable) of any other obligation, condition or provision binding on it under the Notes, the Coupons or the Guarantee.

### 11.3 Definitions

For the purposes of this Condition 11:

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

- (a) any obligation to purchase such Indebtedness;
- (b) 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;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) 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:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) 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;
- (d) 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
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**“Material Subsidiary”** means at any relevant time a Subsidiary of CBD (regardless of whether CBD owns such Subsidiary directly or indirectly):

- (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated financial statements, whose consolidated total assets or consolidated gross revenues, as the case may be) represents not less than 10 per cent., of the consolidated total assets or the consolidated gross revenues of CBD and its respective Subsidiaries, all as calculated by reference to the then latest audited financial statements (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated financial statements of CBD; or
- (b) 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; and

**“Permitted Reorganisation”** means:

- (a) any disposal by any Subsidiary of the whole or a substantial part of its business, undertaking or assets to the Issuer or the Guarantor (if applicable) or any wholly owned Subsidiary of the Issuer or the Guarantor (if applicable);
- (b) any amalgamation, consolidation or merger of a Subsidiary with any other Subsidiary or any other wholly owned Subsidiary of the Issuer or the Guarantor (if applicable); or
- (c) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by an Extraordinary Resolution.

## 12. Replacement of Notes, Coupons and Talons

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

## 13. Agents

The names of the initial Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

The Issuer and the Guarantor (if applicable) are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, *provided that*:

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

In addition, the Issuer and the Guarantor (if applicable) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5 (*General Provisions Applicable to Payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer and the Guarantor (if applicable) in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any



Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

#### **14. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

#### **15. Notices**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the Republic of Ireland (which is expected to be the *Irish Times*) or published on the website of Euronext Dublin (<https://live.euronext.com>) or, in either case such publication is not practicable, in a leading English Language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

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

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **16. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be

convened by the Issuer or the Guarantor (if applicable) and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

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

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not, in the sole opinion of the Issuer prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

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

In addition, subject to Condition (iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*), the Issuer and the Agents shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition (iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*) in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or related changes referred to in Condition (iii)(iii) (*Interest on Floating Rate Notes – Benchmark Replacement*) without the requirement for the consent or approval of the Noteholders or Couponholders.

## **17. Further Issues**

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

## 18. Contracts (Rights of Third Parties) Act 1999

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

## 19. Governing Law and Dispute Resolution

### 19.1 Governing Law

The Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Coupons and these Conditions (including the remaining provisions of this Condition 19 (*Governing Law and Dispute Resolution*)) and any non-contractual obligations arising out of or in connection thereto are governed by, and shall be construed in accordance with, English law.

### 19.2 Arbitration

Subject to Condition 19.3 (*Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons and/or these Conditions (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) (a “**Dispute**”) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the “**Rules**”), which Rules (as amended from time to time) are incorporated by reference into this Condition 19.2 (*Arbitration*). For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party hereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

### 19.3 Option to Litigate

Notwithstanding Condition 19.2 (*Arbitration*) above, any Noteholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer and (if applicable) the Guarantor:

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

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 19.4 (*Jurisdiction of the Courts*) and, subject as provided below, any arbitration commenced under Condition 19.2 (*Arbitration*) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the relevant Noteholder or Couponholder must also promptly give notice to the Registrar (as defined in the Rules) and to any arbitrator already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the Registrar, 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:

- (i) 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;
- (ii) his entitlement to be paid his proper fees and disbursements; and

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

#### **19.4 Jurisdiction of the Courts**

In the event that a notice pursuant to Condition 19.3 (*Option to Litigate*) is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England and the Dubai International Financial Centre (the “**DIFC**”) (at the option of the Noteholders and the Couponholders) shall have exclusive jurisdiction to settle any Dispute and the Issuer and the Guarantor each submits to the exclusive jurisdiction of such courts;
- (b) the Issuer and the Guarantor each waives any objection to the courts of either England or the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute; and
- (c) this Condition 19.4 (*Jurisdiction of the Courts*) is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding paragraph (a) above, any Noteholder or Couponholder may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

#### **19.5 Appointment of Process Agent**

Each of the Issuer and the Guarantor irrevocably appoints Process Servers Ltd at its registered office at 4 Marylebone High Street, London W1U 4NQ, United Kingdom as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Process Servers Ltd being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

#### **19.6 Waiver of Immunity**

CBD, in its capacity as Issuer and as Guarantor, irrevocably and unconditionally agrees to waive, with respect to the Notes, the Coupons and the Guarantee, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process including without limitation, the making, enforcement agrees to execution against any property whatsoever (irrespective of its use or intended use) of any order of judgment made or given in connection with any Disputes or Proceedings.

#### **19.7 Other Documents**

Each of the Agency Agreement, the Guarantee and the Deed of Covenant contains governing law, arbitration, submission, process agent appointment and enforcement terms that are substantially similar to those set out above.

## USE OF PROCEEDS

Save in respect of Sustainable Notes, in the case of Notes issued by the Cayman Issuer, the net proceeds from each issue of Notes will be lent by the Cayman Issuer to CBD and, along with the net proceeds from each issue of Notes by CBD, will be applied by CBD for its general corporate purposes, which include making a profit, or as otherwise described in the relevant applicable Final Terms.

In respect of Sustainable Notes, the proceeds of the Sustainable Notes or the equivalent amount will be applied (i) in the case of CBD, applied by it; and (ii) in the case of the Cayman Issuer, be lent by the Cayman Issuer to CBD, in each case to finance and/or refinance, in whole or in part, Eligible Projects (as defined in the Sustainable Financing Framework) as summarised under “*Description of CBD — Sustainability Policy – Sustainability Financing Framework*” and published on its website (the “**Sustainable Financing Framework**”).

## DESCRIPTION OF THE CAYMAN ISSUER

The Cayman Issuer was incorporated in the Cayman Islands as an exempted company with limited liability on 12 May 2015 in accordance with the Companies Act of the Cayman Islands (as amended), with registration number 299778 and having its registered office at c/o Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. Its telephone number is +971 4 212 1416.

The authorised share capital of the Cayman Issuer is U.S.\$50,000.00 divided into 50,000 ordinary shares with a par value of U.S.\$1.00 each. The issued share capital of the Cayman Issuer is 1 share, which is fully paid and held by CBD.

The Cayman Issuer has no subsidiaries.

The board of directors of the Cayman Issuer and their other principal activities at the date hereof are as follows:

<u>Director</u>	<u>Other principal activities at Commercial Bank of Dubai P.S.C.</u>
1. Bernardus van Linder	Chief Executive Officer
2. Darren Clarke	Chief Financial Officer
3. Souhayel Tayeb	Chief Legal Officer and Head of Governance

The business address of each member of the board of directors is Head Office, Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates.

The Cayman Issuer has no employees other than those directors listed above and is not expected to have any employees in the future.

No member of the board of directors of the Cayman Issuer has any actual or potential conflict of interest between his duties to the Cayman Issuer, CBD and his private interests and/or other duties. As a matter of Cayman Islands law, each director is under a duty to act honestly and in good faith with a view to the best interests of the Cayman Issuer, regardless of any other directorships he may hold.

The objects of the Cayman Issuer, as referred to in its Memorandum of Association, are unrestricted and the Cayman Issuer has full power and authority under its Memorandum of Association to carry out any object which is not prohibited by the laws of the Cayman Islands. Permitted objects would accordingly include the issue of the Notes and the execution of the Programme Agreement, the Agency Agreement, the Deed of Covenant (the “**Transaction Documents**”) to which it is a party and other agreements necessary for the performance of its obligations under the transactions contemplated thereby and undertaking activities pursuant to, or that are not inconsistent with, the terms and conditions of the Notes.

Under the terms of the Transaction Documents, the Cayman Issuer is not restricted from issuing securities other than the Notes or otherwise incur indebtedness.

The Cayman Issuer has not audited or published, and does not propose to audit or publish, any accounts since it is not required to do so under the laws of the Cayman Islands. The Cayman Issuer’s non-audited financial statements are not published and are prepared only for internal purposes. The Cayman Issuer is, however, required to keep such books of account as are necessary to give a true and fair view of the Cayman Issuer’s affairs and to explain its transactions.

## DESCRIPTION OF CBD

### Overview

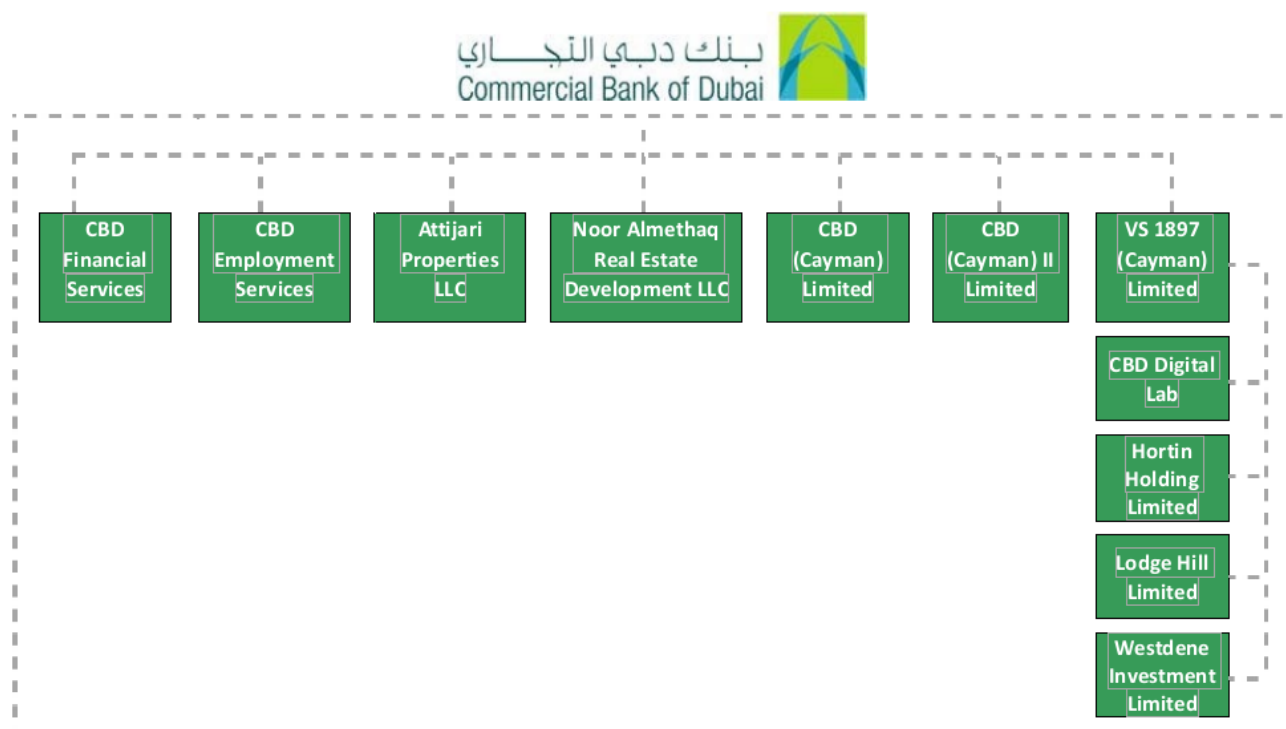
CBD was incorporated in Dubai, UAE, on 4 July 1969 pursuant to an Emiri Decree. CBD is registered as a Public Joint Stock Company in accordance with Federal Law No. 32 of 2021. CBD's commercial registration number is 1010121, its registered office is Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates and its telephone number is +971 4 2121000 and its website is www.cbd.ae.

CBD offers a range of banking products and services in the UAE primarily to institutional and corporate customers, including loans, working capital financing, trade finance products and deposit accounts. CBD also offers personal banking products to retail customers, including deposit accounts, personal loans and mortgage products. Since 2008, CBD has provided Sharia compliant financial services to corporate and retail customers through its "CBD Al Islami" finance division. As at the date of this Base Prospectus, CBD has the following principal wholly owned subsidiaries (collectively, CBD and all of its subsidiaries are referred to as the "**Group**") and the Group has an interest in an associate company (which is an entity over which the Group has significant influence):

1. CBD Financial Services LLC ("**CBD Financial Services**"), which provides brokerage facilities for local shares and bonds;
2. CBD Employment Services One Person Company LLC ("**CBD Employment Services**"), which provides human resource services;
3. Attijari Properties LLC ("**Attijari Properties**"), which provides self-owned property management services as well as engaging in the buying and selling of real estate
4. Noor Almethaq Real Estate Development LLC ("**Almethaq Real Estate**"), which is involved in the development of real estate;
5. CBD (Cayman) Limited (the "**Cayman Issuer**"), a special purpose vehicle incorporated in May 2015, which may, amongst other things, issue notes under the Programme;
6. CBD (Cayman) II Limited a special purpose entity established and registered in the Cayman Islands in 2016 in order to transact and negotiate derivative agreements; and
7. VS 1897 (Cayman) Limited, a special purpose entity established and registered in the Cayman Islands on 20 December 2018 to manage investments acquired in the settlement of debt.

CBD also has one associate company, National General Insurance Co. PJSC ("**NGI**") in which CBD holds a 17.8 per cent. shareholding. NGI underwrites all classes of life and general insurance business as well as certain reinsurance business.

The following diagram summarises CBD’s Group structure as at the date of this Base Prospectus:



CBD categorises its business into four business segments: Institutional Banking; Corporate Banking; Personal Banking; and Trading & Other. As at 31 December 2023, the assets of the Institutional Banking and Corporate Banking segments together accounted for AED 80.0 billion, or 62.0 per cent. of CBD’s total assets and their combined total liabilities amounted to AED 64.6 billion, or 57.1 per cent. of CBD’s total liabilities. As at 31 December 2022, the assets of the Institutional Banking and Corporate Banking segments together accounted for AED 71.9 billion, or 61.9 per cent. of CBD’s total assets and their combined total liabilities amounted to AED 58.1 billion, or 56.8 per cent. of CBD’s total liabilities.

CBD operates across the UAE through a network of 14 branches (of which seven are in Dubai). CBD offers conventional as well as Sharia compliant Islamic products through these branches. CBD also operates one sales office as well as 167 automated teller machines (“ATMs”) and cash deposit machines (“CDMs”). As at 31 December 2023, CBD employed 1,200 staff. As at 31 December 2022, CBD employed 1,334 staff.

As at and for the year ended 31 December 2023, CBD’s net profit was AED 2,650 million (an increase of 45.2 per cent. compared to the year ended 31 December 2022). Its total assets amounted to AED 129.0 billion (an increase of 11.0 per cent. compared to total assets as at 31 December 2022) and its total equity amounted to AED 15.8 billion, an increase of 13.7 per cent. compared to AED 13.9 billion as at 31 December 2022.

CBD’s ordinary shares are listed on the Dubai Financial Market (“DFM”). As at the date of the Base Prospectus, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,985,191,949 ordinary shares of AED 1 each (compared to 2,985,191,949 ordinary shares of AED 1 each as at 31 December 2023 and 2,802,733,968 ordinary shares of AED 1 each as at 31 December 2022). For further information, see “Share Capital and Shareholders”.

CBD has a long term issuer rating of A- from Fitch and Baa1 from Moody’s. Each of Fitch and Moody’s is established in the European Union and registered under the CRA Regulations.

## History and Development

Upon its incorporation, Chase Manhattan Bank N.A. (“Chase Manhattan”), Commerzbank Aktiengesellschaft (“Commerzbank”) and the Commercial Bank of Kuwait S.A.K. (“CBK”) each held 26 per cent. of the issued share capital of CBD, with the balance being held by a number of UAE shareholders. Chase Manhattan managed CBD from its incorporation until July 1977. In 1980, Chase Manhattan sold its shareholding to CBK. Shortly afterwards, Commerzbank sold its shareholding to Pearl Investment Co., a registered company in



Bahrain controlled by CBK, thereby giving CBK a controlling interest of 78 per cent. of CBD's issued share capital. Following the introduction of restrictions on the foreign ownership of banking institutions in the UAE in 1982, CBK sold all of its shareholding in CBD to UAE nationals and to the Government of Dubai. The Government of Dubai's shareholding is currently registered in the name of its wholly owned investment entity, the Investment Corporation of Dubai ("ICD").

## **Strategy**

CBD's vision is driven by its purpose: 'Backing the Nation's Ambition'.

CBD's strategy was refreshed and in 2023, CBD expects to grow market share within its core business segments, increasing the number of customers and deepening relationships with key franchise customers supporting their end-to-end banking needs. Whilst delivering on this goal, CBD seeks to ensure its continued growth across target customer segments is fully aligned with its risk appetite.

CBD's strategy is to diversify its income sources by selectively expanding the range of products and services it offers in its core business areas of Institutional Banking and Corporate Banking, while seeking selective and measured growth in the Personal Banking segment and Islamic Banking. CBD expects to further expand its market share through increased non-funded income, improved digital adoption rates, reduced cost of risk and maintaining asset quality with appropriate provisioning. In addition, CBD seeks to continue to deliver on a number of transformation programmes focused on becoming 'Default Digital', leveraging investments made in Information Technology and its physical customer footprint.

As a cornerstone of its three-year strategy, CBD continues to drive its high-performing culture by investing in its staff and building talent which offers great customer experiences, with a clear focus on Emiratisation (see "*Employees and Human Resources*").

CBD's core values are Collaboration, Ownership, Delivery, and Excellence (CODE), which are embedded in its culture and will guide CBD now and in the years ahead.

### ***Strengthening CBD's Institutional Banking and Corporate Banking portfolios***

The Institutional Banking and Corporate Banking segments continue to support areas of key economic activity, specifically real estate, trade, education, hospitality, healthcare, services, and manufacturing sectors, and have seen growth from both existing and new clients in these sectors. CBD will seek to acquire new customers and strengthen existing client relationships with the aim of becoming its clients' primary banking partner. CBD intends to achieve this objective by focusing on the following initiatives:

- *Selectively expanding the range of Institutional Banking and Corporate Banking products and services offered to Institutional Banking and Corporate Banking customers.* In particular, CBD plans to expand its fee-generating products and services, by leveraging its existing portfolio of trade, treasury and transaction banking products and services to position CBD as banking partner for all client requirements. CBD continues to invest in its innovative corporate online banking platform called "iBusiness", which aims to provide corporate clients with a user-friendly online banking platform. iBusiness allows clients to view account balances, initiate online payments, apply for various trade products and manage daily liquidity positions.
- *Deepening client relationships.* CBD will seek to deepen existing client relationships by institutionalising within CBD client specific service teams. The members of each client service team will be drawn from various departments and levels of seniority within CBD and they will interact with the clients across different levels of client management.
- *Target the expatriate owned business market.* CBD will target businesses owned by expatriates with an established track record of operating in the UAE, particularly corporate and commercial entities operating in the UAE free zones and multinational corporations.

### ***Measured growth in CBD's Personal Banking segment***

CBD's strategic plan sets out growth in the Personal Banking segment as a strategic priority. CBD aims to accelerate revenue growth in the medium-term and have a positive impact on CBD's overall risk-return profile.

A separate comprehensive operational plan has been developed and approved by the Board with the intention of making CBD a leading financial services provider in the UAE for high net worth individuals (“HNWIs”) and “affluent” customers. CBD will seek to compete in this market by offering products and services specifically tailored to its target market segments and, by providing a comprehensive and personalised service to its Personal Banking customers.

CBD believes that the continued development and refinement of its data analytics and intelligence capabilities will be critical in order to enable CBD to maximise its ability to cross sell products and services to its Personal Banking customers, to enhance its credit decision making models and to comply with regulatory requirements.

### ***Develop CBD’s Islamic banking business***

In light of increased demand for Islamic banking products, CBD plans to continue to grow its existing Islamic banking business by strengthening management and sales capabilities and investing in new products and services. CBD’s Islamic banking business, managed under the CBD Al Islami brand, offers a range of banking products and services for both corporate and personal banking clients including deposit accounts, investment deposits (Mudarabah short term, Wakala and Commodity Murabaha), Ijarah Home Finance, Personal Finance, credit cards, Mudaraba Tasdeer Finance, meets all type of financing solution and requirements across Retail and Corporate banking front.

The continuation of ‘Default Digital’ strategy has resulted in simplified processes and documentations, thereby providing effective and efficient onboarding of customers and transaction processing.

### ***Default Digital***

A pillar of CBD’s strategy is ‘Default Digital’, which envisions providing digital solutions by default for all customer services and back-end processes.

CBD was one of the first banks to start digitising its services as it launched the UAE’s first digital-only bank. This initiative is part of a strategy that has been in place for many years, with the aim of making digital technology the main driver of its business development. CBD has maintained its image as a ‘Default Digital’ bank, with significant projects focused on producing digital solutions with practical and fast functionalities that align with the needs of its customers.

As part of its ‘Default Digital’ strategy, CBD initiated a series of transformational digital initiatives, including ‘Direct from Customer’ (“DFC”). Under DFC, customer journeys were redesigned to provide fully digitised products and services to new and existing customers, without any paperwork or human interface.

In 2023, CBD further delivered on its ‘Default Digital’ strategy with enhancements of several digital solutions, such as iBusiness Mobile, whilst also supporting existing customers to better leverage CBD’s digital channels. The ‘iBusiness Mobile’ application offers more than 40 different functionalities, including: biometrics authentication, account summaries and enquiries, transaction approvals in three clicks, QR code initiation and the tracking of payments.

As at 31 December 2023, 99 per cent. of all CBD’s wholesale banking transactions were initiated through digital channels, while 97 per cent. of retail customers were registered for digital channels and there was a 40 per cent. increase in mobile banking transactions. CBD received several high-profile industry recognitions, including being named the number one bank in the UAE according to Forbes’ ‘World’s Best Banks’ report (*source*: Statista). In this report, banks were rated on general satisfaction, as well as key metrics such as: trust, fees, digital services, customer services and financial advice.

CBD has also launched the ‘CBD Digi’ account, an instant digital account. The ‘CBD Digi’ Account offers customers free banking services including free remittances with highly competitive market exchange rates, free ATM withdrawals across the CBD ATM network, a free cheque book and an option to open up to 11 multi-currency accounts, including a ‘Gold’ account. Customers are not required to maintain a minimum balance, or transfer their salaries in order to open the account. CBD has also extended the digital onboarding experience to credit cards and Personal Loans. These services enable customers to instantly receive virtual credit cards and have personal loans disbursed to their accounts within minutes. In order to open an CBD Digi Account, customer require a smartphone and their Emirates ID.

CBD is continuing to invest in its 'Default Digital' strategy to offer customers enhanced solutions across operations using modern technologies, such as: artificial intelligence, robotic process automation and advanced data analytics.

### ***To be recognised as an employer of choice***

CBD aims to be recognised as an employer of choice in the UAE by fostering a motivational environment which rewards superior performance. CBD's performance management framework includes a reward and development programme that supports CBD's ambition to build a high performance culture across its network.

CBD pro-actively implements the Emiratisation initiative to recruit, train, develop and retain Emirati staff at all levels of the organisation. The appraisal process is transparent, both in terms of setting of objectives as well as in the evaluation of performance and career progression is based on merit. CBD's incentive and reward programmes are geared to recognise high performers. Employee welfare is addressed through various channels including a periodic, anonymously conducted Employee Engagement Survey, which is undertaken by an independent survey agency. The findings are presented to management who may elect to set up focus groups to discuss solutions to any issues that become apparent from the survey.

CBD continues to prioritise the health and wellbeing of its employees, providing a series of wellbeing initiatives across 2023. As CBD's most valuable asset, its employees and their holistic health are important to drive engagement, increase resilience and support optimum performance and productivity levels. CBD's Employee Wellbeing initiatives are designed to support employees physically, financially, socially and emotionally, helping to create a positive impact on both their work and personal lives.

CBD continued to measure its employee engagement to ensure that it was providing the optimum environment and culture for its employees to succeed and be happy. Every year, CBD runs a bank-wide employee engagement survey, in which employees are provided an opportunity to give feedback on what is working well and what needs to improve. In 2023, CBD's employee engagement score was 75, maintaining its score from 2022.

CBD aligns with the UAE Government's strategy to increase the Emiratisation rate within the banking sector and support the country's ambition to attract and develop UAE nationals into this core industry. To support this ambition, CBD focuses on the implementation of different learning and development programmes for its UAE national colleagues to support their career ambitions and back their ongoing professional development across CBD. The number of UAE nationals in C-Suite positions increased in 2023 and currently the Emiratisation rate for CBD's Executive Committee stands at 45 per cent., increasing from 33 per cent. in 2022.

CBD is committed to supporting the continuous learning and development ("L&D") of its employees and views this as an investment that drives both organisational and individual goals. For example, CBD has developed tailored L&D programmes for its employees across its organisation which are designed to ensure employees are equipped with the relevant skills and capabilities to perform their roles. The programmes cover the following departments: Wholesale Banking, Compliance, System and Operations, Finance, Legal and Treasury. In addition, CBD has a digital library (in partnership with Open Sesame) which offers a wide range of courses, covering: health and wellbeing, IT and soft skills training.

In 2023, employees benefited from more than 46,232 formal learning hours. This represented an increase of 83 per cent. from the prior year. These learning hours were delivered through a mix of in-house classroom training, virtual training, the Emirates Institute of Finance training programmes and other online learning programs. Furthermore, there was a continued focus on strengthening gender diversity and female empowerment. The UAE National Women Leadership development programme provided a group of mid-level female employees with a supportive community dedicated to engagement, leadership development and career growth.

CBD has continued to invest significantly in the development of all its employees' skills and knowledge to increase the employability of all its staff.

### **Competition**

Banks conducting business in the UAE face competition from the large number of both conventional and Islamic, UAE and foreign banks that are licensed to operate in the UAE. According to data published by the UAE Central Bank there were a total of 62 banks (24 locally incorporated banks and 38 foreign banks) licensed

to operate in the UAE as of March 2024 (excluding the DIFC) (*source*: UAE Central Bank). See “*United Arab Emirates Banking System and Prudential Regulations*” for further information.

In relation to commercial banking, CBD has established a long-standing customer base of leading companies comprising of private corporate and government customers. CBD’s key competitors are primarily UAE banks such as Emirates NBD, Mashreq Bank, Abu Dhabi Commercial Bank, First Abu Dhabi Bank PJSC, and the National Bank of Ras Al Khaimah, as well as international banks such as Citibank and HSBC.

### **Competitive Strengths**

CBD believes that it has a strong market position which is based on competitive advantages such as:

*Stable and low cost funding base:* CBD’s management believe that it benefits from a consistently lower cost of funds than many of its competitors as a result of the high proportion of CBD’s total customer deposits which consist of stable current and savings accounts. As at 31 December 2023, current and savings accounts constituted 49.6 per cent. of total customer deposits and Islamic customer deposits compared to 47.4 per cent. as at 31 December 2022 and 45.2 per cent. as at 31 December 2021. CBD’s low-cost funding has allowed it to achieve higher net interest margins.

*Strong capital base:* CBD calculates its risk asset ratio in accordance with capital adequacy guidelines established by the UAE Central Bank and the Basel Committee Guidelines in accordance with the Basel III accord. The current Tier 1 capital adequacy ratio stipulated by the UAE Central Bank is 8.5 per cent. CBD has consistently maintained a capital adequacy ratio and Tier 1 ratio in excess of the minimum requirements required by the UAE Central Bank. As at 31 December 2023, CBD had a Tier 1 capital adequacy ratio of 14.81 per cent. compared to 14.9 per cent. as at 31 December 2022 and 14.7 per cent. as at 31 December 2021.

*Consistent profitability and returns:* CBD has been consistently profitable, with levels of net profit amounting to AED 2,650.0 million as at 31 December 2023, compared to AED 1,825.0 million as at 31 December 2022.

CBD has had a significant increase in its net profits as a result of increases in net interest, from higher benchmark interest rates, and other operating income. See “*Risk Factors – Risks related to CBD’s business – CBD is subject to risks relating to customer and counterparty credit quality*”, “*Risk Factors – Risks related to CBD’s business – CBD faces risks associated with changes in market prices*” and “*Risk Factors – Risks related to CBD’s business – Liquidity Risk*”. CBD has also maintained returns on average equity of 21.2 per cent as at 31 December 2023 (compared to 16.0 per cent. as at 31 December 2022 and 13.2 per cent. as at 31 December 2021), CBD’s management estimates that CBD has one of the highest total returns to shareholders of UAE banks in the period from 2005 to 2023 (based on CBD’s periodic analysis of UAE banks).

*Islamic financing banking franchise:* The Islamic Banking business at CBD was launched in 2008 and is managed under the CBD Al Islami brand, offering Sharia compliant financial solutions to retail banking, institutional and corporate customers. CBD rebranded its Islamic finance offering in 2015 and introduced a range of innovative Islamic products, including Sukuk custody and leverage on Sukuk products, as well as partnering with SALAMA Insurance to offer a diverse range of Takaful products.

*Strength of brand:* CBD has a strong brand in the UAE, with a loyal customer base consisting primarily of Emirati owned businesses and customers with whom it has long standing relationships. In 2021, CBD expanded the utilisation and prominence of its Net Promoter Score (“**NPS**”) survey. The NPS score is a measure of customer advocacy and provides CBD with an understanding of how its customers regard CBD and its services. As at December 2023, the CBD NPS score was 28, unchanged from the previous year as at December 2022.

*Shareholder support:* The main shareholders and directors are eminent local businessmen who are able to provide management with genuine commercial insights which assist CBD in meeting the needs of its customers. The shareholding structure of the top five shareholders has remained stable since 2007.

*Quality of management:* CBD’s strategy is supported by the senior management’s broad expertise in international, regional and national banks. Senior management have extensive experience in the banking sector in Dubai, the region and internationally.

*Distribution network:* CBD is able to distribute its products through a variety of channels, which include its distribution network of 14 branches, one sales office, 167 ATMs and CDMs, a direct sales force, supported by a 24/7 call centre as well as internet and mobile banking services.

*Innovation and Digitisation:* CBD is committed to fostering innovation and pursuing digital transformation, as evidenced by the recognition it has received from industry experts. This dedication has led to CBD being honoured with a multitude of prestigious awards, showcasing its innovative capabilities and excellence in the financial sector.

Among the accolades CBD has received are “Best Mobile Banking Services” – MEA Finance Magazine Banking Technology Awards 2023, “Payments Innovation of the Year – MEA Finance Leaders in Payment Awards 2023, “Best Digital Wallet Award” – MENA Banking Excellence Awards 2023, “Best Digitization Initiatives” – ME Banking AI Awards 2023, “Best Innovation in Investment Banking” for CBD Investr – MEA Finance Banking Technology 2022 Awards, “Best Instant Payments Technology Implementation” – MEA Finance Leaders in Payment Awards 2023, “Best Instant Payments Platform Implementation” – MEA Finance Awards 2023, and “Excellence in Retail Banking” – Finnovex Middle East Awards 2023.

These achievements underscore CBD’s dedication to implementing innovative strategies and technologies, positioning CBD as an industry leader in innovation and digital transformation.

### Share Capital and Shareholders

As at 31 December 2023, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,985,191,949 ordinary shares of AED 1 each (compared to 2,802,733,968 ordinary shares of AED 1 each as at 31 December 2022 and as at 31 December 2021).

From 2013 to 2023, CBD has distributed between 20 to 50 per cent. of its annual profits to its shareholders as dividends.

As at 31 December 2023, 20 per cent. of the issued share capital of CBD was registered in the name of the ICD on behalf of the Government of Dubai. Of the balance of 80 per cent., which constitutes the free float of CBD’s equity, there are five shareholders with a total holding of 40.35 per cent. of the issued share capital, each holding 5 per cent. or more of CBD’s share capital. These shareholders are Al Futtaim Private Co. LLC (10.51 per cent.), Orient Insurance PJSC (8.84 per cent.), Abdul Wahed Al Rostamani AWR Group (7.68 per cent.), Abdulla Hamad Al Futtaim (6.95 per cent.) and Ghobash Trading & Investment Company LLC (6.37 per cent.).

At CBD’s annual general assembly meeting held on 11 March 2020, the shareholders approved the ownership of up to 40 per cent. of its share capital to non-UAE nationals, subject to obtaining the necessary approval of the regulatory authorities. On 14 June 2020, all regulatory formalities were completed and since then non-UAE nationals have been allowed to acquire CBD’s shares.

### Business Overview

CBD categorises its business into four business segments: Institutional Banking, Corporate Banking, Personal Banking and Trading and Other. As at 31 December 2023, the assets of the Institutional Banking and Corporate Banking segment together accounted for AED 80.0 billion, or 62.0 per cent. of CBD’s total assets and their combined total liabilities amounted to AED 64.6 billion, or 57.1 per cent. of CBD’s total liabilities. As at 31 December 2022, the assets of the Institutional Banking and Corporate Banking segments together accounted for AED 71.9 billion, or 61.9 per cent. of CBD’s total assets and their combined total liabilities amounted to AED 58.1 billion, or 56.8 per cent. of CBD’s total liabilities.

For each of the four business segments, the following tables set out assets and liabilities as at 31 December 2023, as at 31 December 2022 and as at 31 December 2021, and total operating income for the year ended 31 December 2023 and 31 December 2022.

### Business Segments

	Assets		Liabilities	
	(AED million)	(%)	(AED million)	(%)
<b>31 December 2023</b>				
Institutional Banking.....	36,595	28.4	47,532	42.0

	Assets		Liabilities	
	(AED million)	(%)	(AED million)	(%)
Corporate Banking .....	43,388	33.6	17,075	15.1
Personal Banking .....	17,189	13.3	35,088	31.0
Trading & Other .....	31,816	24.7	13,511	11.9
	<b>128,988</b>	<b>100.0</b>	<b>113,206</b>	<b>100.0</b>
<b>31 December 2022</b>				
Institutional Banking .....	29,452	25.3	42,782	41.8
Corporate Banking .....	42,485	36.6	15,334	15.0
Personal Banking .....	14,633	12.6	33,279	32.5
Trading & Other .....	29,617	25.5	10,909	10.7
	<b>116,187</b>	<b>100.0</b>	<b>102,304</b>	<b>100</b>
<b>31 December 2021</b>				
Institutional Banking .....	32,793	28.7	44,574	44.3
Corporate Banking .....	41,912	36.7	16,734	16.6
Personal Banking .....	12,125	10.6	30,025	29.8
Trading & Other .....	27,383	24.0	9,313	9.3
	<b>114,213</b>	<b>100.0</b>	<b>100,645</b>	<b>100</b>

	31 December 2023		31 December 2022		31 December 2021	
	Total Operating Income		Total Operating Income		Total Operating Income	
	(AED million)	(%)	(AED million)	(%)	(AED million)	(%)
Institutional Banking .....	1,122	22.7	916	24.0	925	29.1
Corporate Banking .....	1,454	29.4	1,292	33.9	1,357	42.6
Personal Banking .....	1,839	37.3	1,185	31.1	984	30.9
Trading & Other .....	523	10.6	419	11.0	(83)	(2.6)
	<b>4,938</b>	<b>100.0</b>	<b>3,812</b>	<b>100.0</b>	<b>3,812</b>	<b>100.0</b>

## Institutional Banking

As at and for the year ended 31 December 2023, the Institutional Banking segment accounted for AED 36.6 billion or 28.4 per cent. of CBD's total assets (compared to AED 29.5 billion or 25.3 per cent. as at 31 December 2022) and AED 1,122 million, or 22.7 per cent., of CBD's total operating income (compared to AED 916 million, or 24.0 per cent., for the year ended 31 December 2022).

Institutional Banking provides a range of credit and non-credit banking products and services to clients including: government related entities, financial institutions and to the contracting and energy sectors. Products offered include a wide range of traditional trade finance products which are designed to service their purchase procurement and export related credit requirements.

Institutional Banking also offers purchase financing products such as letters of credit, letters of credit refinancing, open account trade financing (including pre-shipment, post-shipment and advance payments) and loans against collection documents, trade bills discounting, avalisation (where CBD guarantees the obligations of a buyer to a seller in accordance with the relevant contractual terms) and bankers' acceptances. Export financing products such as Tasdeer Finance (involving pre/post shipment finance against export letters of credit and the negotiation of other export trade documents) are also offered to corporate customers and non-customers through a programme which is managed by CBD's Trade Sales Team. CBD also provides payables and receivables financing solutions to support the working capital needs of its clients.

Non-credit related products include payment services which enable corporate customers to transfer funds between accounts, initiate payments to government entities, initiate single or bulk third party payments and initiate trade transactions (such as letters of credit and guarantees). Institutional Banking customers are also offered receivables management services, including cash and cheque collection services, as well as providing 24/7 cash and cheque deposit machines to deposit funds at the customer's convenience. CBD's liquidity management services assist customers in managing account balances across their organisations to consolidate cash flows and order to improve interest efficiency. CBD can also invest funds overnight or pay down revolving lines of credit. CBD also offers escrow services to corporate customers. CBD is a registered escrow agent with the Real Estate Regulatory Authority for developers who require an escrow account when launching new projects.

Institutional Banking also offers a range of treasury products and services which can be tailored to suit a company's specific treasury needs. Some of the products offered by the treasury team are: foreign exchange and FX derivatives, interest rate hedging, commodity hedging, investment products and structured investment products.

A centralised team of experienced relationship managers, based at CBD's Head Office, is responsible for large corporations located in Dubai and the Northern Emirates. Abu Dhabi-based large corporate clientele are managed through a team based in Abu Dhabi.

CBD has a fully-fledged commodity finance team, with the aim to provide regional and international companies with comprehensive solutions for the financing of their local and international businesses, including a full range of standard and/or bespoke products.

To deliver the planned growth in a sustainable and diversified manner CBD established a dedicated Real Estate team as well as a Liability Management team.

The Debt Capital Markets business assists large corporate customers with issuing securities in the domestic debt capital markets.

CBD continues to invest in fully scalable technology to cater to wholesale banking customers by providing them with a high quality experience based on integrated digital channels across different platforms, including the iBusiness platform.

In November 2021, CBD introduced iServe, a new digital self-service portal that empowers its customers with the convenience of on demand support. Through this portal, its wholesale banking customers can enjoy quicker turnaround times, enhanced transparency on request status, and real time communications.

As a result of CBD's commitment to innovative digital technologies, it has been ranked by wholesale banking customers as one of the best transaction banking service providers in the UAE. CBD has been recognised through winning industry awards, including: "Best Mobile Banking Services" at the MEA Finance Magazine Banking Technology Awards 2023.

## **Corporate Banking**

As at and for the year ended 31 December 2023, the Corporate Banking segment accounted for AED 43.4 billion or 33.6 per cent. of CBD's total assets (compared to AED 42.5 billion or 36.6 per cent. as at 31 December 2022), and AED 1,454 million, or 29.4 per cent., of CBD's total operating income (compared to AED 1,292 million, or 33.9 per cent., for the year ended 31 December 2022).

The Corporate Banking segment provides a range of banking products covering funded asset facilities (including: overdrafts, loans, working capital finance, asset backed lending, trade finance), non-funded asset facilities (including: letter of credits and letter of guarantees), liabilities products (including: current accounts, savings accounts and fixed deposits), payment and cash management services, and treasury related services to corporate and emerging corporates clients across the United Arab Emirates.

Corporate Banking clients are managed by relationship managers strategically located at corporate centres in the UAE. Clients are also serviced from CBD's branch network across the UAE. Product specialists from Treasury, Trade Finance and Payments and Cash Management teams work closely with relationship managers to propose tailor-made products to meet clients' needs.

Corporate Banking also seeks to expand its customer base by leveraging its Trade Finance, Cash Management and Treasury expertise. It has a dedicated Cash Management, Treasury, and Trade Sales staff to provide product expertise and advice to corporate customers. CBD believes that this coordinated approach has enabled it to strengthen its relationships with its Corporate Banking customers, generate and increase business and offer additional channels of engagement through CBD's network of experienced product professionals.

The Corporate Banking segment offers a wide range of trade finance products to service the purchase and procurement related financial requirements of its corporate customers, as well as their export-related credit requirements. It also offers purchase financing products such as letters of credit, letters of credit refinancing, open account trade financing (including pre-shipment, post-shipment and advance payments) and loans against collection documents.

As with Institutional Banking customers, export financing related products such as ‘Tasdeer’ finance are also offered to Corporate Banking customers and non-customers. Supply chain financing is also available to Corporate Banking clients.

The Corporate Banking segment offers the same range of treasury products and services which are available to institutional clients. Relationship managers and dedicated payments and cash management specialists design and provide customised cash management solutions that meet client needs and address future strategic opportunities. Some of the products offered are: Wages Protection System (WPS), Escrow Services, Payments, Receivables and Liquidity Management, E-Commerce Solutions and Corporate Cards.

In addition to the above products and services, Corporate Banking also provides Syndication, Asset Management and Investment Advisory services to its customers.

Throughout 2023, CBD embarked on a series of strategic initiatives to further improve its customers’ banking journeys. Notable highlights included:

- **iBusiness:** CBD introduced enhancement to its iBusiness platform which focused on user interface and experience, leading to a more intuitive and user-friendly platform, and made security enhancements with the introduction of biometric capabilities.
- **Digital Client Onboarding:** Following the successful launch of iBank in 2022, CBD enhanced the platform with new business features and regulatory compliance tools. iBank was enriched with additional customer solutions across the Institutional and Corporate segments. iBank was also updated to strengthen compliance with Know Your Customer requirements, the Foreign Account Tax Compliance Act (“**FATCA**”), the Common Reporting Standard (“**CRS**”), risk assessment and sanctions monitoring.
- **Banking on The Go:** CBD continued the focus on driving increased adoption of its award-winning Mobile App. As part of this initiative, CBD launched several campaigns to increase the number of users and transaction volumes. These campaigns yielded strong results across all segments as customers utilised the app's additional features.

## **Personal Banking**

As at and for the year ended 31 December 2023, the Personal Banking segment accounted for AED 17.2 billion or 13.3 per cent. of CBD’s total assets (compared to AED 14.6 billion or 12.6 per cent. as at 31 December 2022) and AED 1,839 million, or 37.3 per cent., of CBD’s total operating income (compared to AED 1,185 million, or 31.1 per cent., for the year ended 31 December 2022).

CBD’s Personal Banking clients are divided into the following segments based on income and wealth:

- private banking clients with assets under management (“**AUM**”) of U.S.\$1 million; (AED 3.5 million AUM/ salary AED 150,000 or above);
- affluent clients with monthly salaries of more than AED 50,000, or AUM of AED 400,000;
- mid-tier clients (Personal), with monthly salaries of between AED 5,000 to 40,000;
- modest income clients (Direct), with monthly salaries of less than AED 5,000; and
- small business clients with less than AED 75 million of assets or AED 250 million of liabilities.

CBD offers a wide range of products and services to its Personal Banking customers. It includes current and savings accounts, time and safe deposit lockers which are tailored to meet specific financial and personal objectives. Other products include: foreign currency accounts, gold and silver currency accounts, an exclusive digital savings account, and fixed and recurring deposits.

The CBD mobile application (the “**CBD App**”) provides effective and efficient onboarding to customers, which enables them to set up and operate their accounts quickly, without the need to visit a CBD branch. Personal Loans are offered to both salary transfer and non-salary transfer customers. ‘Quick Loans’, enables customers



to get a personal loan via the CBD App without transferring their salary. The only document needed to apply for a 'Quick Loan' is an Emirates ID.

Tamweel is a car finance scheme that offers customers the car of their choice at competitive interest rates with repayment periods up to 60 months. CBD also offers mortgage finance to eligible customers for longer terms at competitive interest rates. An extensive range of card products are offered to Personal Banking customers with features designed to meet the needs of specific customer segments. CBD launched a range of bancassurance products in 2014 which have catered to the requirements of Personal Banking customers.

CBD also provides wealth management services to its high-net-worth personal customers through its Elite Management Centres and Private Banking Centre in Dubai.

Improving customer experience online has allowed CBD to engage with customers better and provide a simple, fast and user-friendly banking experience. This helped CBD significantly expand its Personal Banking customer base since 2015, as well as the division's contribution to overall revenues. Total assets within Personal Banking increased by 17.5 per cent. as at 31 December 2023 compared to 31 December 2022, while operating income of AED 1,839 million for the year ended 31 December 2023, was at a higher level when compared with the year ended 31 December 2022. The increase in operating income was as a result of accelerated loan growth and higher market interest rates.

Personal Banking income constituted 37.3 per cent. of CBD's total operating income for the year ended 31 December 2023 (compared to 31.1 per cent. for the year ended 31 December 2022).

As at 31 December 2023, CBD's mortgage portfolio increased to AED 12.4 billion from AED 10.3 billion as at 31 December 2022.

CBD's accelerated loan growth was mainly attributable to the strong performance of its mortgages and an increase in credit card volumes.

Steady growth in liabilities across individual and small or medium-sized enterprises ("SMEs") led to an asset-to-liability ratio of 49.0 per cent. as at 31 December 2023. In line with CBD's ESG strategy, a collaborative approach was adopted with leading retailer "Sharaf DG Group" enabling customers to adopt clean energy solutions via sustainable and digital financing options. In addition, CBD also provided electric vehicle loans to its retail consumers.

CBD also signed a partnership with MyUnipath, a centralised admissions platform for universities worldwide to provide education loans for the purpose of pursuing higher education.

In 2023, the Personal Banking Group won several awards, a testament to the innovative products and services offered by CBD:

- "Excellence in Retail Banking" – Finnovex Middle East Awards 2023;
- "Best Instant Payments Platform Implementation – MEA Finance Awards 2023;
- "Best Digitization Initiatives" – ME Banking AI Awards 2023;
- "Best Digital Wallet Award" – MENA Banking Excellence Awards 2023;
- "Best Mobile Banking Services" – MEA Finance Magazine Banking Technology Awards 2023;
- "Best Instant Payments Technology Implementation" – MEA Finance Leaders in Payment Awards 2023; and
- "Payments Innovation of the Year – MEA Finance Leaders in Payment Awards 2023.

## **Trading & Other**

As at and for the year ended 31 December 2023, the Trading & Other segment accounted for AED 31.8 billion of CBD's total assets (compared to AED 29.6 billion as at 31 December 2022) and reported an AED 523 million operating income (compared to an AED 419 million operating income for the year ended 31 December 2022). The asset balances represent investments and balance sheet positions associated

with funding CBD. The operating income in the Trading & Other segment was primarily on account of the rise in inter-bank interest rates in the UAE. For further information, see “*CBD faces risks associated with changes in market prices*”.

A key role of the trading business is to ensure proactive balance sheet management, adequate funding and prudent liquidity management to support CBD’s asset growth. This is carried out in line with the policies and limits set by the Board and overseen by CBD’s Group Asset and Liability Committee (“**ALCO**”). The unit also manages CBD’s proprietary fixed income portfolio.

## **Islamic Banking**

The Islamic banking business at CBD was launched in 2008 and is managed under the “CBD Al Islami” brand, offering a wide range of Sharia-compliant products to retail, corporate and commercial customers.

CBD Al Islami has its own Sharia supervisory committee (“**ISSC**”), comprising of three leading scholars in the field of Islamic banking, that governs the operations and the development of the Islamic products offered by CBD Al Islami and assures compliance with Sharia principles.

CBD Al Islami has successfully developed a range of Islamic products and services offered to customers through its 14 centres and one dedicated unit across the UAE, and currently offers the following Islamic products and services:

- Mudarabah Investment (investment deposits, saving accounts and E-Saver);
- Wakala - Investment (normal, flexi, notice, step up and children’s savings);
- Current Account – Qard Hassan;
- Ijarah Home Finance – for ‘ready’ properties which are available for immediate occupancy (purchase and refinance), farm and land finance;
- Forward Ijarah – for properties under-construction;
- Personal Finance – Tawarruq;
- Murabaha Trade Finance;
- Vehicle Murabaha;
- Treasury products (FX, PRS, TARG and Sukuk Murabaha (purchase and refinance)); and
- Islamic Credit Card (Infinite, Signature and Platinum).

Importantly, with regard to Sharia compliance, CBD ensures the Islamic window organisation structure upholds the three lines of defence as mandated by the Sharia governance framework. The business complies with all regulatory requirements including the standard for financial institutions housing an Islamic window, as issued by the UAE Central Bank.

## **Branch Network and Product Distribution**

CBD operates across the UAE through 14 branches. CBD offers conventional as well as Sharia compliant Islamic products through these branches. CBD also operates one sales office as well as 167 ATMs and CDMs. Seven branches are located in prominent locations in Dubai, two branches are located in Abu Dhabi, and one branch is located in each of the Emirates of Sharjah, Ajman, Fujairah, and Ras Al Khaimah.

Institutional Banking customers are served by a centrally located team of relationship managers. All credit decisions are made by a central credit department located in CBD’s head office and credit risk is closely monitored by the Risk department which is also located in Dubai.

CBD provides its customers with secure on-line banking services as well as e-payment services which permit customers to facilitate payment to a range of government, semi-government and utility companies. CBD promotes the culture of service excellence and the adoption of innovative digital technologies which has been

evidenced by the ranking of CBD by wholesale banking customers as the leading domestic payment and cash management bank in the UAE.

## **Employees and Human Resources**

As at 31 December 2023, CBD employed 1,200 staff members of 56 nationalities compared to 1,334 staff members of 47 nationalities as at 31 December 2022.

### *Emiratisation*

Emiratisation efforts have continued as a strategic priority for CBD.

CBD recruits UAE nationals at all levels from graduate entry-level to leadership and management positions. The development of UAE nationals has continued to be a focal point for CBD year-on-year, in line with the ambitions of the UAE government and the directives of the CBD Management and Board. CBD has experienced year-on-year growth in the number of UAE national staff members: 351 (or 35 per cent of the total number of employees in 2021), 363 (or 35 per cent of the total number of employees) in 2022 and 445 (or 37.1 per cent. of the total number of employees in 2023).

Similarly, CBD has experienced a steady increase in the number of female UAE national staff members, from 265 (or 25 per cent of the total employees) in 2021 and 265 (or 26 per cent of the total employees) in 2022, and 324 (or 27 per cent of total employees) in 2023.

CBD has invested more on professional certifications for its UAE national population as well as flagship development programmes to develop specific and targeted capabilities (see further “*Strategy – To be recognised as an employer of choice*”). During 2023, CBD recruited 26 UAE national graduates as part of its Tumoo7 Management Trainee programme, a programme designed specifically for UAE national graduates which aims to prepare them for future senior positions within CBD over a five-year period.

‘People’ is one of the five key pillars in CBD’s ESG framework and its commitment to delivering a positive workplace culture is demonstrated by its focus on Emiratisation, diversity and inclusion policies, employee wellness and engagement initiatives and providing learning and development programmes for its staff (see further “*Sustainability Policy*”). As part of its commitment to Emiratisation, CBD launched its UAE National Programme, through which, as at the date of this Base Prospectus, CBD has achieved a rate of 37.1 per cent. of all CBD employees are UAE nationals.

In 2022, CBD launched ‘Sanad’, a new employee assistance programme to help employees cope with the challenges they face in their personal or professional lives. The programme provides telephone counselling support to employees and their family members. Under Sanad, CBD has organised online webinars, delivered by psychologists and subject matter experts, on various topics such as ‘The importance of Emotional Wellbeing’, ‘Stress and Anxiety’, ‘Positive Parenting’, and ‘Self Esteem’, to boost the emotional wellness of its employees. In 2023, CBD held 13 events to support employees across CBD’s four wellbeing pillars – emotional, financial, social and physical.

## **Information Technology**

Information Technology (“IT”) is a key element of CBD’s strategy. CBD’s IT department provides a full spectrum of IT services ranging from enterprise architecture and governance, strategic planning and innovation to solutions delivery and operations.

CBD operates a unified and enhanced user experience for all cash management and collection functions through ‘Hello Paisa’, which provides instant remittance to Pakistan. It also worked towards enabling strategic partnerships and ecosystems with Etisalat and other regional fintech companies.

In 2023, CBD continued to upgrade its IT infrastructure and platforms to ensure uninterrupted services to its customers. In 2023, CBD upgraded its Data Centre (DC) and Disaster Recovery (DR) infrastructure, Network and Security appliances and accelerated its adoption of cloud technology with cloud native applications. These upgrades helped CBD manage significantly larger volumes of transactions and operational risks. CBD invested in cybersecurity to protect against multiple distributed denial of service (DDoS) risks.

CBD's achievements have continued to be widely recognised with the receipt of multiple industry accolades, including: the "Best Technological Innovation in Financial Services" award at Seamless Awards 2022.

## **Property**

CBD owns 36 properties. Eight CBD properties are used for operations and the remaining 28 properties were acquired in settlement of customer debt, which are classified as 'available for sale' investment properties. In addition, CBD leases ten properties across the UAE, which are also used for CBD's operations. As at 31 December 2023, the net book value of freehold land and buildings amounted to AED 149 million; investment properties at AED 246 million; and AED 1,355 million for properties acquired in settlement of debt.

## **Litigation**

In the ordinary course of business, CBD may be subject to governmental, legal and arbitration proceedings. As at the date of this Base Prospectus, legal provisions taken are reviewed and taken in the normal course of business as appropriate for any outstanding legal proceedings against CBD. Quarterly reviews are conducted by CBD in order to ascertain whether provisioning is required and, if necessary, the estimated amount.

## **Insurance**

CBD maintains insurance cover in respect of various insurable risks under a range of insurance policies. These include Bankers Blanket Bonds, Stock Brokers, product related policies (for example: Credit life, Mortgage life, Mortgage property and Credit shield), Terrorism and Sabotage and Property All Risks. Assets are covered on a replacement cost basis. CBD also has in place customer related insurance cover such as credit life insurance, credit card insurance, travel insurance, mortgage property insurance and mortgage life insurance.

The level of insurance cover proposed by management is reviewed by CBD's Board Risk Committee.

## **Sustainability Policy**

CBD is committed to taking a strategic approach to managing sustainability through its organisational culture and conducting business in a responsible way. In this context, the term "sustainability" refers to ensuring long-term business success while creating economic, environmental and social value for generations to come through the identification of new opportunities and the active management of current and future risks. Sustainability is a central factor in CBD's long-term profitability and growth and is integral to its success and ability to meet the needs and expectations of its stakeholders.

In line with CBD's strategy to embed ESG throughout its business with a focus on green financing, CBD Al Islami collaborated on the first green financing transaction with Dubai World Central Corporation (DWCC).

## **Sustainability Report**

In March 2022, CBD published its annual Sustainability Report (the "**Sustainability Report**") which sets out its Environmental, Social and Governance ("**ESG**") framework. The ESG framework establishes a common set of standards across CBD with a focus on the following five key pillars: (i) UAE Community; (ii) CBD People; (iii) Financial Inclusion; (iv) Environment; and (v) Governance. In 2021, the five-pillar ESG framework was expanded into a 'materiality matrix', which is a chart used to identify and prioritise material ESG topics for CBD's business and stakeholders to guide its ESG strategy.

## **Sustainability Financing Framework**

As part of CBD's commitment to supporting the UAE's drive to achieve net-zero emissions by 2050 and the transition towards a climate-neutral economy, CBD established a sustainable financing framework (the "**Sustainability Financing Framework**"). The Sustainable Financing Framework applies to any type of sustainable financing transaction that will be used to fund projects that will deliver environmental and/or social benefits. From time to time and pursuant to the Programme, CBD intends to issue Notes identified as sustainable notes in the relevant Final Terms ("**Sustainable Notes**") whose net proceeds, or an amount at least equal to the net proceeds, would be used to fund or refinance, in whole or in part, eligible green projects and/or eligible social projects within eligible categories (the "**Eligible Projects**") set out in the Sustainable Financing Framework. For the avoidance of doubt, finance provided to any business or project that is not eligible under the criteria set out in the Sustainable Financing Framework will not be considered as the use of proceeds of the

Sustainable Notes for the purposes of the Sustainable Financing Framework. In June 2023, CBD utilised its Sustainable Financing Framework and issued its inaugural USD 500,000,000 green bonds.

The Sustainable Financing Framework was developed in alignment with best market practice standards reflected in: (1) the June 2021 version of the ‘Green Bond Principles’ (with Appendix 1 published in June 2022) (the “**Green Bond Principles**”) and the June 2021 version of the ‘Social Bond Principles’ (with Appendix 1 published in June 2022) (the “**Social Bond Principles**”), published by the International Capital Market Association’s (“**ICMA**”) and (2) the February 2021 version of the ‘Green Loan Principles’ and the February 2021 version of the ‘Social Loan Principles’, as administered jointly by the Loan Syndications and Trading Association, the Loan Market Association and the Asia Pacific Loan Market Association.

CBD has broadly defined the eligible categories in accordance with the “Green Bond Principles” published by ICMA. Eligible categories include:

- Green buildings;
- Renewable energy;
- Clean transportation;
- Access to education; and
- Pollution prevention and control.

Eligible Projects will be selected by CBD, and specifically reviewed and approved by the ESG Council (see further “*Board Committees – ESG Council*”) in accordance with CBD’s policies, the broad categorisation for green projects set out in the ICMA Green Bond Principles, and as further described in the Sustainability Financing Framework, as updated from time to time. The Sustainable Financing Framework is available at: <https://www.cbd.ae/docs/librariesprovider2/default-document-library/cbd-sustainable-finance-framework-5-4-23.pdf> and the Second Party Opinion is available at: <https://www.cbd.ae/docs/librariesprovider2/default-document-library/cbd-spo-final.pdf> on CBD’s website.

Where feasible and possible, CBD will endeavour to allocate the use of proceeds to new Eligible Projects. Up to 100 per cent. of the proceeds of any Sustainable Notes issue will be applied to refinance existing Eligible Projects. Proceeds used for refinancing Eligible Projects will be substituted out of any Sustainable Notes in favour of funding new Eligible Projects as and when these become funded by CBD. CBD expects that the proceeds of each tranche of Sustainable Notes will be allocated to Eligible Projects within the Middle East region. However, given the international operations of many of the Group’s clients, the proceeds of any Sustainable Notes may be applied globally without geographical restriction, save for any proceeds financing ‘Green buildings’, which are restricted to the UAE. Where any portion of the proceeds of any Sustainable Notes has not been applied to finance Eligible Projects, proceeds may be invested according to CBD’s investment policy. CBD will seek to allocate all equivalent amounts from a tranche of Sustainable Notes within 24 months following the issue date.

CBD intends to either credit the net proceeds of the issue of any Sustainable Notes into a segregated account, move them to a sub-portfolio or otherwise track them in an appropriate manner.

CBD has appointed ISS-ESG, on a one-off basis, to assess the Sustainable Financing Framework and its alignment with ICMA’s Green Bond Principles and Social Bond Principles and to issue a Second Party Opinion in respect thereof.

CBD intends to publish on its website, reports relating to the allocation of the equivalent amount to such financing and/or refinancing of Eligible Projects and on the associated environmental and/or social impact of Eligible Projects, in each case on an annual basis until such time as the equivalent amount has been so allocated in full. CBD’s annual allocation reporting will also be subject to external verification by an independent party.

None of the Sustainable Financing Framework, Second Party Opinion, the ICMA Green Bond Principles or any of the above reports, verification assessments are incorporated in or form part of the Base Prospectus. See also “*Risk factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to the structure of a particular issue of Notes – The use of proceeds*”

*of the Notes of any tranche identified as Sustainable Notes in the applicable Final Terms may not meet investor expectations or requirements or be suitable for an investor's investment criteria".*

## **Risk Management**

The Board of Directors (the "**Board**") has the overall responsibility for the operations and the financial stability of the Group, and ensures that the interests of shareholders, depositors, creditors, employees and other stakeholders, including the banking regulators and supervisors, are addressed. The Board is responsible for strategic direction, management oversight and adequate control with the ultimate objective of promoting the success and long-term value of CBD. The Board is also responsible for the overall framework of the risk governance, management, determining risk strategy, setting CBD's risk limits and ensuring that its risk exposure is monitored, controlled effectively and kept within set limits. Additionally, it is responsible for establishing a clearly defined risk management structure and for approval of the risk policies and procedures as well as management of all risks related to CBD.

In order to effectively discharge this responsibility the Board is assisted by various Board committees, namely the Board Credit and Investment Committee ("**BCIC**"), the Board Strategy Committee ("**BSC**"), the Board Risk and Compliance Committee ("**BRCC**"), the Board Audit Committee ("**BAC**") and the Remunerations, Nomination and Governance Committee ("**REMCO**"). The ISSC, in accordance with the requirements stipulated in the relevant laws, regulations and standards, covers the Sharia supervision of all business, activities, products, services, contracts, documents and charters of CBD's business, policies and accounting standards, operations and activities.

Management actively manages risk, primarily through the Risk Department with oversight by the Executive Committee ("**EXCO**"), Assets & Liabilities Committee ("**ALCO**"), Credit Committee, Project Investment Committee ("**PIC**"), Risk Management and Compliance Committee ("**RMCC**") and Operational Risk Management Committee ("**ORMC**"), Environmental, Social and Governance Council ("**ESG Council**"), Model Oversight Committee ("**MOC**"), IFRS 9 Provisions Committee ("**IFRS 9 PC**") and Sharia Supervision Committee ("**ISSC**").

CBD faces a range of risks in its business and operations. These include credit, market, settlement, liquidity, operational, reputational and legal risks. Each of these risks is described in further detail below. Efficient and timely management of these risks is critical to CBD's financial stability and profitability. Risk management involves identifying, measuring, monitoring and managing these risks on a regular basis with the objective of increasing shareholder value and achieving a return on equity that is commensurate with the risks assumed.

CBD has acquired and implemented systems for credit origination, analysis, rating, pricing and approval in order to control credit, market, liquidity and asset and liability management risks. For treasury-based risks, CBD has systems for front, mid and back offices to manage market, liquidity and asset and liability management risks efficiently. CBD has developed tools that facilitate the analysis, quantification and reporting of operational risk events or losses, measured to a high degree of detail, and which produce a variety of comprehensive reports that are delivered to senior management at prescribed intervals by designated officers.

CBD is also exposed to a number of other risks (such as interest rate, concentration, strategic, business and legal and compliance risks) which are managed, quantified, monitored and reported as part of CBD's internal capital adequacy assessment policy ("**ICAAP**") framework.

### ***Credit Risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from the Group's balances with the UAE Central Bank, amounts due from banks, loans and advances and Islamic financing, other financial assets, loan commitments and financial guarantee contracts. The BRCC is responsible for the oversight and monitoring of CBD's financial and non-financial risk activities and the soundness of its overall enterprise risk management framework, its application and effectiveness. The BRCC is also responsible for setting and monitoring CBD's risk appetite and its performance against the same. Additionally, the BRCC also provides advice to the Board in relation to current and projected performance against risk appetite. The Board has also delegated the responsibility for the management of credit risk to the Credit Committee. The Credit Committee formulates credit policies, establishes the authorisation structure for the approval and renewal of credit facilities, reviews and assesses credit risk, limits concentrations of exposure to counterparties, geographies and industries, develops and

maintains CBD’s risk gradings develops and maintains CBD’s processes for measuring ECL, reviews compliance of business units with agreed exposure limits and provides advice, guidance and specialist skills to business units in order to promote best practice.

CBD uses credit risk grades as a primary input into the determination of the term structure of the probability of default (“**PD**”) for exposures. CBD collects performance and default information about its credit risk exposures, analysed by jurisdiction or region, by type of product and borrower, as well as by credit risk grading. The Group credit risk rating methodology has 22 grades, whereby:

<b>Classification</b>	<b>Grades</b>	<b>Risk significance</b>
Performing.....	1 - 19	Good performing assets and debt securities with External Credit Assessment (ECA) of better than “B-” to “AAA”.
Non-performing.....	20 - 22	Impaired financial assets (i.e. substandard, doubtful and loss).

CBD analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data, such as: the Economic Composite Index, the oil price per barrel, hotel occupancy rates and house prices. CBD generates a ‘base case’ scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. CBD then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

CBD uses different criteria to determine whether credit risk has increased significantly for each obligor. The criteria used are both quantitative changes in PDs, as well as qualitative.

Irrespective of the outcome of the above assessment, CBD presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless CBD has reasonable and supportable information that demonstrates otherwise.

CBD has monitoring procedures in place to make sure that the criteria used to identify a significant increase in credit risk is effective, meaning that such increase is identified before the exposure is defaulted. CBD performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Loss Given Default (“**LGD**”) is the loss expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that CBD expects to receive. CBD estimates LGD based on history of recovery rates and considers the valuation of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

CBD holds collateral against gross loans and advances and Islamic financing in the form of cash, guarantees, mortgages and liens over properties or other security over assets. As at 31 December 2023, approximately 49 per cent. of CBD’s net loan portfolio was collateralised. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are subsequently monitored on a periodic basis. Generally, collateral is not held against debt securities and amounts due from banks, and no such collateral was held as at 31 December 2023 or 2022.

On a case-by-case basis in the Institutional, Corporate and Retail segments, CBD has approved payment holidays to certain customers. CBD has extensively reviewed the past account conduct and payment history of borrowers requesting payment holidays, prior to granting approvals. CBD exercises considered judgement in assessing whether the cash flow and liquidity issues faced by the applicant customer are temporary or long term in nature.

CBD is conducting frequent reviews of Loan to Value (“**LTV**”) ratios on the securities held against facilities, specifically securities which are illiquid in nature.

### **Market Risk**

Market risk is the risk that changes in market factors, such as interest rates, equity prices, foreign exchange rates and credit spreads, will affect CBD’s income and/or the value of a financial instrument.

Market risk exposure in CBD is separated into two portfolio types:

- trading portfolios: these include positions that are held to support clients' needs and proprietary positions with the intention of short-term resale; and
- non-trading portfolios: these include positions which are not held with trading intent and include financial investment (mostly debt instruments) measured at fair value through other comprehensive income.

CBD has a hedging framework which incorporates risk management objectives, a strategy for undertaking the hedge and the nature of a given risk being hedged. CBD tests the effectiveness of its hedging on a regular basis for on and off balance sheet items.

CBD's exposure to market risk is governed by a policy approved by the ALCO and ratified by the Risk Committee. The policy sets out the nature of risk which may be taken and the applicable maximum risk limits. Compliance with the risk limits and the exposure to market risks are reviewed by ALCO at a monthly meeting and by the BRCC at a quarterly meeting.

Market Risk Unit which is an independent function, produces daily reports for the business and senior management detailing CBD's Market risk profile against limits, as well as monthly summary reports to ALCO and Board Risk and Compliance Committee. Breaches of limit is reported daily to Senior Management and escalated to ALCO at the monthly ALCO meeting.

### ***Settlement Risk***

CBD's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Delays in settlement are rare and are monitored through a framework of limits.

For certain types of transactions, CBD mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Group Risk Management Department.

### ***Liquidity Risk***

Liquidity risk is the risk that CBD will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It includes the risk of the inability to fund assets at appropriate maturities and rates and the inability to liquidate assets at reasonable prices and in an appropriate timeframe and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

In order to ensure that liquidity risk remains within prudent levels, the Board and senior management have laid down the following key parameters which are operated on a regular basis:

<b>Parameter</b>	<b>Monitored by</b>	<b>Frequency</b>
Advances to Stable Resources <sup>1</sup> .....	Management	Daily
Loan to Deposit <sup>2</sup> .....	Management	Daily
Eligible Liquid Asset Ratio <sup>3</sup> .....	Management	Daily

<sup>1</sup> Advances to Stable Resources Ratio is defined by the UAE Central Bank. The net loans and short-term placements with banks are calculated as a ratio to the stable funds namely shareholders' equity and term funding with residual maturity over six months with a 15 per cent. haircut for deposits maturing within six months;

<sup>2</sup> Loan to Deposit Ratio is expressed as a ratio of customer loans to customer deposits;

<sup>3</sup> Eligible Liquid Asset Ratio is a ratio of eligible liquid assets as prescribed by the UAE Central Bank (includes balances with the UAE Central Bank and 0 per cent. risk weighted sovereign bonds) to total liabilities;

CBD also performs monthly liquidity stress tests based on contractual and behavioural maturity profiles. CBD categorises liquidity crises into those that are triggered by external factors and those triggered by internal factors. Internal factors are those that are specific to CBD, whereas an external factor is an event or cause that results in



a disruption to the market (e.g. a systemic crisis). The results are circulated to senior management and ALCO members.

As at 31 December 2023, net loans and advances and Islamic financing constituted 64.6 per cent. of CBD's total assets. As at 31 December 2022, net loans and advances and Islamic financing constituted 64.3 per cent. of CBD's total assets (compared to 66.9 per cent. as at 31 December 2021).

The following table shows CBD's liquidity position as at 31 December 2023 and 31 December 2022:

As at 31 December 2023	Total	Less than 1 month	From 1 to 3 months	From 3 mont hs to 1 year (AED Million)	From 1 to 5 years	Over 5 years	No Fixed Maturity
<b>Assets</b>							
Cash and balances with UAE Central Bank.....	15,010	8,142	200	1,300			5,368
Due from banks, net.....	3,773	1,706		422	1,645		
Loans and advances and Islamic financing, net.....	83,313	8,496	7,821	11,512	29,135	26,349	
Investment securities, net.....	15,099	1,132	1,281	5,542	5,227	1,916	
Investment in associate.....	102						102
Investment properties, net.....	246						246
Property and equipment.....	432						432
Bankers acceptances.....	7,932	1,961	89	5,850	32		
Positive mark to market value of derivatives.....	698	698					
Other assets, net.....	2,383	1,029					1,355
<b>Total assets.....</b>	<b>128,987</b>	<b>23,163</b>	<b>9,391</b>	<b>24,628</b>	<b>36,039</b>	<b>28,265</b>	<b>7,503</b>
<b>Liabilities and equity</b>							
Due to banks.....	7,833	2,557	184	2,046	3,047		
Customer deposits and Islamic customer deposits.....	88,287	52,924	11,957	22,947	447	12	
Notes and medium term borrowings.....	5,705			624	5,082		
Due for trade acceptances.....	7,932	1,961	89	5,850	32		
Negative mark to market value of derivatives.....	635	635					
Other liabilities.....	2,814	2,765					49
<b>Total liabilities.....</b>	<b>113,206</b>	<b>60,842</b>	<b>12,230</b>	<b>31,467</b>	<b>8,607</b>	<b>12</b>	<b>49</b>
Gap representing equity.....	15,781	-37,679	-2,839	-6,840	27,431	28,254	7,454
<b>Less</b>							
<b>As at 31 December 2022</b>	<b>Total</b>	<b>h</b>	<b>to 3 months</b>	<b>ths to 1 year</b> (AED Million)	<b>to 5 years</b>	<b>Over 5 years</b>	<b>No Fixed Maturity</b>
<b>Assets</b>							
Cash and balances with UAE Central Bank .	15,760	12,531	-	-	-	-	3,230
Due from banks, net.....	3,767	3,281	-	183	303	-	-
Loans and advances and Islamic financing, net.....	74,720	9,198	6,887	8,534	29,091	21,011	-
Investment securities, net.....	8,810	56	666	1,370	4,044	2,673	-
Investment in associate.....	93	-	-	-	-	-	93
Investment properties, net.....	186	-	-	-	-	-	186
Property and equipment.....	354	-	-	-	-	-	354
Bankers acceptances.....	8,570	1,254	1,675	5,635	6	-	-
Positive mark to market value of derivatives.....	1,024	1,024	-	-	-	-	-
Other assets, net.....	2,902	747	-	-	-	-	2,155
<b>Total assets.....</b>	<b>116,187</b>	<b>28,091</b>	<b>9,228</b>	<b>15,722</b>	<b>33,444</b>	<b>23,684</b>	<b>6,018</b>
<b>Liabilities and equity</b>							
Due to banks.....	7,839	1,835	578	989	4,437	-	-
Customer deposits and Islamic customer deposits.....	81,074	50,431	11,122	18,601	909	11	-
Notes and medium term borrowings.....	2,034	-	-	-	2,034	-	-
Due for trade acceptances.....	8,570	1,254	1,675	5,635	6	-	-
Negative mark to market value of derivatives .....	924	924	-	-	-	-	-
Other liabilities.....	1,863	1,809	-	-	-	-	54
<b>Total liabilities.....</b>	<b>102,304</b>	<b>56,254</b>	<b>13,375</b>	<b>25,225</b>	<b>7,386</b>	<b>11</b>	<b>54</b>
Gap representing equity.....	13,882	(28,162)	(4,147)	(9,503)	26,058	23,673	5,964

## Operational Risk

Operational risk is defined by Basel as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, this includes legal risk but excludes strategic and reputation risks”.

CBD's objective is to manage operational risk, so as to balance the avoidance of financial losses and damage to CBD's reputation, with overall cost effectiveness and to avoid control procedures that restrict initiative, innovation and creativity.

The senior management of CBD has the primary responsibility for overseeing the establishment of an operational risk management framework and monitoring its operational risk profile. CBD set up the ORMC, a cross functional committee of senior management personnel, to formalise this responsibility and closely monitor key operational risks on a pan-bank basis to support the timely execution of action plans.

Accountability and responsibility is further assigned to the heads of individual units, departments or branches. This responsibility is supported by the development of CBD's overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions to eliminate scenarios involving any conflict of interest;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures pertaining to all activities of CBD;
- requirements for at least annual assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses, tracking preventative actions to avoid future recurrence, and remedial actions to ensure the incident is appropriately managed;
- development and testing of contingency plans to mitigate the threats that could disrupt the functioning of the Group to service its customers;
- training and professional development of employees at all levels so as to maintain and increase their awareness of the areas they are responsible for;
- mandatory annual risk and compliance training for all staff;
- ethical and business standards (through the Group's Code of Conduct);
- risk mitigation, including insurance wherever this is effective; and
- whistleblowing and incident reporting policies are channels available to all staff for reporting of any loss events or other wrongdoings.

CBD has an approved framework for the end-to-end management of its operational risks, which involves the active participation of employees at all levels. The operational risk management defines the framework for the identification, assessment, control, monitoring and reporting of operational risks and events. The control testing programme was introduced to the operational risk framework and policy in 2023 as the fourth integral pillar of operational risk management. Control test programmes have been developed to assess the operating effectiveness of controls recorded in departmental risk profiles. Reports are produced for the ORMC.

CBD maintains an operational risk tool to record and manage all operational risk activities. The system collates operational risk information that enables the group to effectively analyse and report operational risk data.

CBD Risk Management unit is responsible for embedding bank-wide Operational Risk awareness, by delivering workshops, seminars and training courses on different operational risk disciplines, for the employees, throughout the year. As part of the Operational Risk framework in CBD, Risk and Control Self Assessments (RCSA) are being carried out by all Business Units to identify and measure their operational risks and assess the effectiveness of existing controls. Action plans are agreed for any control weaknesses or unacceptable risks to mitigate the likelihood and / or impact of an Operational Risk event. Any Operational Risk events that occur are recorded and escalated to ensure timely remedial actions are taken, to reduce customer dissatisfaction and recover losses.

Information and cyber security is the practice that protects information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. The risk includes cyber threats to application, infrastructure, and cloud security. The Group's information security management system is certified to ISO/IEC 27001, and is in compliance with UAE's National Electronic Security Authority (NESA) standards, the Payment Card Industry (PCI) Data Security Standards and Article 6 of the Consumer Protection Regulation. The key risk to the Group is the safety and privacy of critical data such as customer account details and financial data that could lead to reputational damage, financial loss and regulatory violations.

## ***Legal Risk***

During the ordinary course of business, CBD is subject to legal risks, proceedings and adjudications. CBD manages its regulatory compliance and monitors its potential exposure to any legal claims or regulatory actions through its internal legal department and CBD's BRCC. CBD employs a full-time legal adviser who deals with both routine and more complex legal issues. The legal adviser is involved in giving legal advice to CBD's departments. In addition, the legal adviser reviews CBD's documentation, products and contracts to ensure that they are in line with current regulations.

Situations of particular complexity or sensitivity may be referred to external law firms. CBD has established a panel of external legal counsel, made up of leading local and international firms, to which it may refer matters as appropriate.

## ***Derivatives***

CBD enters into derivative contracts for the following reasons:

- to hedge outstanding interest rate or foreign exchange positions;
- to provide hedging solutions to clients to cover their market risk exposures; and
- to take proprietary positions in anticipation of movements in market rates.

CBD seeks to ensure that it enters into derivative transactions with clients only when it is satisfied that the client understands the risk profile of the product.

## **Capital Management**

CBD is regulated by the UAE Central Bank which sets and monitors regulatory capital requirements.

CBD objectives when managing capital are as follows:

- to safeguard its ability to continue as a going concern and optimise returns for shareholders; and
- to comply with regulatory capital requirements set by the UAE Central Bank.

CBD's policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain its future development. The impact of the level of capital on shareholders' return is also recognised, as is the need to maintain a balance between the prospect of generating higher returns from higher gearing and the advantages and security afforded by a sound capital position.

CBD also assesses its capital requirements internally taking into consideration growth requirements and business plans, and quantifies its regulatory and risk / economic capital requirements within its integrated ICAAP Framework. Risks such as: interest rate risk, credit concentration risk, legal risk, compliance risk, liquidity risk, business risk, residual risk, counterparty credit risk and reputational risk are all part of the ICAAP.

CBD also calculates the Risk Adjusted Return on Capital ("**RAROC**") for credit applications that are priced on a risk adjusted basis. RAROC calculations are also built into the Credit Appraisal System.

The UAE Central Bank supervises CBD on a consolidated basis and receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee, after applying the amendments advised by the UAE Central Bank, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The following table sets out the regulatory capital base, risk weighted assets and the capital adequacy ratio as at 31 December 2021, 2022 and 2023:

	As at 31 December			Percentage change	
	2021	2022	2023	2022./2021	2023./2022
	(AED million)			(%)	
Tier 1 capital.....	12,782	13,121	14,407	2.7	9.8
Tier 2 capital.....	1,009	1,007	1,110	(0.2)	10.2
<b>Total regulatory capital.....</b>	<b>13,791</b>	<b>14,128</b>	<b>15,517</b>	<b>2.4</b>	<b>9.8</b>
Risk weighted assets (RWA).....					
Credit risk.....	80,718	80,591	88,804	(0.2)	10.2
Market risk.....	732	1,249	1,038	70.6	(16.9)
Operational risk.....	5,747	6,233	7,458	8.5	19.7
<b>Risk weighted assets.....</b>	<b>87,196</b>	<b>88,073</b>	<b>97,301</b>	<b>1.0</b>	<b>10.5</b>
<b>Tier 1 ratio.....</b>	<b>14.66%</b>	<b>14.90%</b>	<b>14.81%</b>	<b>1.6</b>	<b>(0.6)</b>
<b>Capital adequacy ratio.....</b>	<b>15.82%</b>	<b>16.04%</b>	<b>15.95%</b>	<b>1.4</b>	<b>(0.6)</b>

In line with Article 2.2. of Capital Adequacy Regulation, UAE Central Bank requires banks to apply the following minimum requirement:

1. CET1 must be at least 7 per cent. of risk weighted assets (**RWA**);
2. Tier 1 Capital must be at least 8.5 per cent. of RWA;
3. Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5 per cent. of RWA.
4. In addition to the minimum CET1 capital of 7 per cent. of RWA, banks must maintain a capital conservation buffer (CCB) and Countercyclical Capital Buffer (CCyB), maximum of 2.5 per cent. of RWAs on the form of CET1 capital.
5. All banks must maintain a leverage ratio of at least 3.0 per cent..

## Investments

CBD's proprietary investments predominantly comprise quoted fixed income and equity investments in UAE and regional entities. Proprietary investments in non-UAE entities accounted for AED 5,643 million or 37.4 per cent. of the total portfolio as at 31 December 2023, AED 4,176 million or 47.4 per cent. of the total portfolio as at 31 December 2022, and AED 3,295 million or 36.6 per cent. of the total portfolio as at 31 December 2021.

The following table provides a breakdown of CBD's proprietary investments in UAE entities and non-UAE entities as at 31 December 2023, 31 December 2022 and 31 December 2021:

	Proprietary Investments in UAE entities			Proprietary Investments in non-UAE entities			Total Proprietary Investments		
	31 December			31 December			31 December		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Held at fair value through profit or loss.....</b>									
Equities.....		2	2	162	245	255	162	247	257
Fixed rate securities.....		-	-	-	-	-	-	-	-
<b>Held at fair value through other comprehensive income.....</b>									
Equities and Fund of funds.....	169	178	54	3	17	24	172	195	79
Fixed rate securities.....	2,826	2,636	2,713	3,589	3,433	2,956	6,414	6,069	5,670
Floating rate securities.....	129	146	166	37	35	59	165	181	225
<b>Held at amortised cost</b>									
Fixed rate securities.....	6,333	1,673	2,761	1,853	399	-	8,186	2,072	2,761
Floating rate securities.....		-	-	-	46	-	-	46	-
<b>Total.....</b>	<b>9,456</b>	<b>4,634</b>	<b>5,697</b>	<b>5,643</b>	<b>4,176</b>	<b>3,295</b>	<b>15,099</b>	<b>8,810</b>	<b>8,991</b>

## Corporate Governance

CBD has adopted a Corporate Governance framework consistent with international best practice. The framework is created on principles of fair treatment for all stakeholders, forming the basis for an effective relationship between CBD, its Board, its shareholders and other stakeholders including customers, regulators and supervisors.

## **The Board of Directors**

The Board plays an integral role in the governance of CBD and its responsibilities include approving the strategy (including setting its risk appetite and risk management strategy), monitoring its financial performance, establishing the corporate governance framework and approving CBD's corporate values.

The Board is responsible for the implementation of an effective risk management culture and internal controls across CBD, its subsidiaries and affiliates. In order to promote a sound corporate culture, Board members must establish the "tone from the top".

The formation of the Board is governed by the Federal Law No. 32 of 2021. The current Board comprises of 11 Directors, each elected for a tenure of three years. The business address of each of the Director is Commercial Bank of Dubai, Al Ittihad Road, PO Box 2668, Dubai, UAE.

Elections to the Board were held at an annual general meeting of CBD on 6 March 2024 and, as at the date of this Base Prospectus, the Board comprises:

***H.E. Ahmad Abdulkarim Julfar***  
*(Director)*

His Excellency (H.E.) Ahmad Abdulkarim Julfar joined the Board of CBD in March 2018. H.E. is the Managing Director of Emirates Integrated Telecom Company, a role which he has held since September 2020. He has 30 years of experience with Etisalat Group in the UAE during which he held various positions, the most recently of which was CEO. H.E. held various senior positions including the Chairman of the Board of Directors for the Thuraya Group and Etisalat Services Holding and Deputy Chair of the GSM Association. H.E. was named Telecom Leader of the Year in 2014 by the Mobile World Congress and CEO of the Year – Telecom 2013 by CEO Middle East. H.E. holds a BS in Civil Engineering and Computer Science from Gonzaga University, USA and is a graduate of the Mohammed Bin Rashid Program for Leadership Development. On 7 November 2016, H.E. Ahmad was appointed as Director General of the Dubai Community Development Authority.

***H.E. Ahmad Abdulla Binbyat***  
*(Deputy Chairman)*

H.E. Ahmad Abdulla Binbyat currently serves as the Founding Chairman and CEO of Zaina Investments LLC and holds the position of Vice Chairman of the Dubai Chamber of Digital Economy. He is also a Member of the Higher Committee for Future Technologies for Dubai. Previously, his leadership roles were extensive, including serving as the Founding Chairman of Emirates Integrated Telecommunications Company (du) and as a Member of the Board of Trustees for both Mohammed bin Rashid School of Government and Zayed University. He was also a Board Member of Emirates Investment Authority, the Dubai Free Zone Council, and the Museum of the Future Establishment. Notably, he held positions such as Vice Chairman and Managing Director at Dubai Holding and was a Member of the Dubai 10x Council while serving as Secretary-General of the Dubai Executive Council.

Additionally, H.E. was the Founding Chairman of EMPOWER, the Dubai Real Estate Corporation (Wasl), and the Dubai Education Council. He also chaired the Consulting Office and the Founding Committee at Aswaaq and served as Chairman of the Executive Committee of Smart Dubai. In earlier roles, he held the position of Executive Chairman at TECOM Investments and served as a Board member at Thuraya Telecommunication. His contributions extended to membership in various committees such as the Supreme Fiscal

Committee, the Supreme Committee for Telecom, and the Smart Government Supreme Committee. Prior to these roles, he served as Deputy Regional Manager at Etisalat and acted as President of the Dubai Government Excellence Program.

***Mr. Buti Saeed Mohamed Al Ghandi***  
*(Director)*

Mr. Al Ghandi joined the Board of CBD in 2015. Mr. Al Ghandi serves as the Managing Director of Al Ghandi Investment Co. and as Chairman of the Board of Emirates Investment and Development Company PSC. He is also the Managing Director of Meethaq Employment Agency, Chancellor of the Canadian University of Dubai and Vice Chairman of Dubai World Trade Centre and Board Member of the Dubai Chamber. He was a member of the Board of Zakat Fund and served as a Board Director of Union National Bank PJSC, Dubai Islamic Bank and Vice Chairman of the Union National Bank in Egypt, and Vice Chairman of the Oman Insurance Company. Mr. Al Ghandi holds a Bachelor's Degree in Business Administration & Finance from George Washington University, USA.

***Mr. Khalid Abdul Wahid Hassan Al Rostamani***  
*(Director)*

Mr. Khalid Abdul Wahed Al Rostamani joined the Board of CBD in March 2008. He was appointed as Deputy Chairman to the Board of CBD in 2012. Mr. Al Rostamani is the CEO and Chairman of the A.W. Rostamani Group of Companies and a founder and Chairman of BCD Travel, Transport and Freight Forwarding. He is also a Board Director of Dubai Insurance Company (P.S.C.) and Etisalat Group (e&). Mr. Al Rostamani holds a Bachelor's degree in Finance from the George Washington University, USA.

***Mr. Saod Mohamed Obaidalla***  
*(Director)*

Mr. Saod Obaidalla graduated from the Higher College of Technology in Dubai, United Arab Emirates, in 1992. His career journey is marked by significant roles within Emirates NBD PJSC, spanning various positions from Manager of Credit, Guarantee, and Trade Finance (1993-1995). He also served as Head of Private Banking (2016-2023) Head of UAE & GCC, Private Banking (2014-2016), Head of Royal Accounts, Private Banking (2010-2014), Commercial Manager in the Middle Corporate Company (2000-2010), and Branch Manager (1995-2000) within the same institution. Additionally, he held board memberships in prominent organizations, including Dubai World Trade Centre (2003-present), Emirates NBD Securities (2014-2023), National General Insurance (2016-2021), and Oman Insurance Company (2003-2012).

***H.H Shaikh Maktoum Hasher Al Maktoum***  
*(Director)*

His Highness (**H.H.**) Shaikh Maktoum Hasher Al Maktoum joined CBD's Board of Directors in March, 2015. He founded A1 Grand Prix Limited in 2001 and served as its Chairman and President. He is currently the Chief Executive Officer of Al Fajer Properties LLC. He served as an Executive Chairman of SHUAA Capital PSC from April 2012 to February 2015. He serves as the Chairman of Dubai International Holding Company. He served also as Director of SHUAA Capital PSC from February 2011 to February 2015. He is also a Founding Investor of Virgin Megastores in the UAE. He has been recognised for his leadership qualities on a number of occasions, including being named "Chief Executive Officer of the Year" by Chief Executive Officer Middle East in 2009 and

“Young Global Leader of 2007” by the World Economic Forum. He graduated with a Bachelor of Science degree in Business Administration and Finance from Boston University, USA.

***Mr. Abdulla Mohamed al Karam***  
*(Director)*

Dr. Abdulla Al Karam holds a Doctorate in Philosophy, a Master's degree in Engineering, and a Bachelor's degree of Science in Engineering. He has served as the Director General of the Dubai Knowledge and Human Development Authority. Additionally, he is a Board member of the Digital School and Dubai Cares, Dubai Media Council, UAE University and a member of the Supreme Committee for the Protection of Rights of People of Determination in Dubai.

***Miss Moza Omar Abdullah Hamad Al Futtaim***  
*(Director)*

Ms. Moza Al Futtaim holds a Bachelor's Degree in Law from the School of Oriental and African Studies (SOAS), University of London. She currently serves as the Chief AI Officer at Al Futtaim Group.

***Mr. Abdul Wahed Mohamed Al Fahim***  
*(Director)*

Mr. Al Fahim joined CBD's Board of Directors in March 2018. He is Chairman of the Board of Directors of Nasdaq Dubai and Board Member of EGA since 2014. He also serves as a Board Member of DUBAL Holding LLC and Emirates Development Bank. Mr. Al Fahim has over 25 years of banking and finance experience with the Emirates NBD Group having served as a board member of both Emirates NBD Capital and Emirates NBD Asset Management. Mr. Al Fahim served as General Manager of both the Corporate and Wholesale Banking divisions of Emirates NBD Bank before his appointment as Group Deputy Chief Executive Officer of the Bank in 2009. Mr. Al Fahim holds a Bachelor's degree in Business Administration Management from St. Edward's University.

***Mr. Ali Fardan Ali Al Fardan***  
*(Director)*

Mr. Al Fardan joined the Board of CBD in 2011. He is currently member of the Board of Directors of Al Mal Capital, Dubai Investment PJSC and National General Insurance Co. PJSC. He is the Vice Chairman of Naif Marine Services Co. PJSC, Chairman of Al Fardan Group LLC, Chairman of Embassy Capital Limited, Chairman Al Fardan PTC Holding Limited, the owner ABF Investments LLC. Mr. Al Fardan holds a Bachelor of Science (Major in Information System) from the Metropolitan State College, USA.

***Mr. Hadi Mohammed Taher Badri***  
*(Director)*

Mr. Hadi Badri holds a Bachelor's Degree in Economics from Tufts University in the USA. Throughout his career, he has held several notable positions in the realm of economics and business. He is currently the CEO of Dubai Economic Development Corporation. Prior to this, he held the positions of CEO, Emaar International (2019-2022) and Chief Strategy Officer (2017-2018). He also served as the Chairman of Namshi (2019-2022). Additionally, he contributed his expertise as a Board Director for Emaar Properties in various capacities across Real Estate, E-commerce, and Hospitality. Notably, he played a significant role in overseeing Emaar's real estate development ventures in India, Turkey, Pakistan, Morocco, and Jordan, serving on the boards of 15 different companies within these sectors.

The following table sets out the number of shares held by each Board member as at 25 March 2024:

<b>Board Member</b>	<b>Number of shares held</b>
H.E. Ahmad Abdulkarim Mohd Julfar	-
H.E. Ahmad Abdulla Binbyat	-
Mr. Buti Saeed Al Ghandi	-
Mr. Khalid Abdul Wahed Al Rostamani	4,325,941
Mr. Saod Mohamed Obaidalla	-
H.H Shaikh Maktoum Hasher Al Maktoum	145,622
Mr. Abdulla Mohamed Al Karam	-
Miss Moza Omar Abdulla Hamad Al Futtaim	18,516,800
Mr. Abdul Wahed Mohamed Al Fahim	-
Mr. Ali Fardan Al Fardan	-
Mr. Hadi Mohammad Taher Badri	-

### **Executive Senior Management**

The business address of each member of the executive senior management is Commercial Bank of Dubai, Al Ittihad Road, PO Box 2668, Dubai, UAE.

#### ***Dr. Bernd van Linder (Chief Executive Officer)***

Dr. Bernd van Linder was appointed as the CEO of CBD in January 2017. He has more than 25 years of banking experience. In his previous role, Dr. van Linder was the CEO for Alawwal Bank (Saudi Hollandi Bank) and was based in Riyadh. He worked at Alawwal Bank for over 10 years including more than seven years in the position of CEO. Prior to that, he worked for ABN Amro in the Netherlands. Dr. van Linder holds a MBA Financial Management from the University of Bradford, UK, a PhD in Artificial Intelligence from the Utrecht University in the Netherlands and an MSc in Computer Science from Nijmegen University in the Netherlands.

#### ***Mr. Darren Clarke (Chief Financial Officer)***

Mr. Darren Clarke joined CBD in April 2018. He has more than 25 years of banking experience. In his previous role, Mr. Clarke was the CFO for National Australia Bank International, and was based in Singapore. He worked at NAB for 13 years, including as the CFO for Global Markets & Treasury. Prior to that, he worked for J.P. Morgan Chase in the UK, Luxembourg and Hong Kong. Mr. Clarke holds a Bachelor's degree in Accounting from the University of Wollongong. He is also qualified as a Chartered Accountant with the Institute of Chartered Accountants in Australia.

#### ***Mr. Mark Zanelli (General Manager, Treasury & ALM)***

Mr. Mark Zanelli joined CBD in July 2017. Prior to joining CBD, he was the Head of Treasury at National Bank of Fujairah for nearly ten years where he was responsible for the function's performance in Foreign Exchange, Money Markets, Investments and Bullion. Prior to joining National Bank of Fujairah, Mr. Zanelli was the Head of Treasury for Burgan Bank in Kuwait and previously worked in both Kuwait and London in a number of trading roles for other financial institutions. Mr. Zanelli holds a BSc in Applied Biology & Chemistry from the University of Salford and a MBA from Henley Management College, both in the UK.

#### ***Mr. Fahad Al Muhairi (General Manager, Institutional Banking)***

Mr. Fahad Al Muhairi joined CBD in December 2014 and has 18 years of banking experience. Mr. Al Muhairi's previous roles include Chief Risk Officer at Dubai Islamic Bank and General Manager at Amlak Finance. Mr. Al Muhairi's other experience includes: senior manager in corporate banking and main branch manager at Standard Chartered Bank as well as a Bank Examiner at the UAE Central Bank. Mr. Al Muhairi holds a Bachelors degree in Economics from University of Arkansas in the USA and a Masters Degree in Business Administration and Finance from the Canadian University of Dubai in the UAE.

#### ***Mr. Othman Ibrahim Bin Hendi (Chief Customer Officer)***

Mr. Othman Ibrahim Bin Hendi joined CBD in 1999, after completing 12 years at Standard Chartered Bank, and has served in a number of positions across the organisation during his career with CBD. Mr. Bin Hendi has over 36 years of international and local banking experience in a variety of positions including Regional Manager



for Abu Dhabi, Head of Wealth Management, Head of Credit, General Manager of Institutional Banking and Chief Customer Officer to lead Client Engagement, CSR, Corporate Communications and ESG.

Mr. Bin Hendi holds a diploma in Banking from the Emirates Institute for Banking and Financial Studies in the UAE, and has completed the Program for Executive Development from International Institute of Management Development, Switzerland.

***Mr. Abdul Rahim Al Nimer (General Manager, Corporate Banking)***

Mr. Abdul Rahim Al Nimer joined CBD in 1988 and has held a number of key front-line roles during the course of his dedicated career with CBD. Mr. Al Nimer served as Deputy General Manager and Head of Commercial Banking in 2013 and General Manager of the Corporate Banking Group in 2017. Mr. Al Nimer has significantly contributed to the growth and success of the Group. Mr. Al Nimer is a reputable UAE banker with over thirty years of banking experience across several business groups during his career at CBD.

Mr. Al Nimer holds a Bachelor of Business Administration from the School of Business Management, Loma Linda University, Washington DC, USA and a Master of Science in Management from Southeastern University SEU, in the UAE.

***Mr. Khaled Ahmed Al Hammadi (General Manager, Personal Banking Group)***

Mr. Khaled Al Hammadi joined CBD in 2015 and is the General Manager of the Personal Banking Group and a member of CBD's Executive Committee. Mr. Al Hammadi is an experienced Emirati banking executive with over two decades of experience across both conventional and Islamic banking and is responsible for leading CBD's retail banking programme including the management of the Personal Banking, Private Banking and SME segments. Prior to joining CBD, Mr. Al Hammadi held several senior management roles with FAB and HSBC Bank in the UAE, including heading the branch network. Mr. Al Hammadi holds a Bachelor of Science degree from Virginia Commonwealth University, USA.

***Mr. Sultan Al Mahmood (Chief Human Resource Officer)***

Mr. Sultan Al Mahmood joined CBD in 2023 and has almost 20 years of experience in the field of Human Resources. Prior to his current role, Sultan served as Chief Human Resources Officer at Al Hilal bank and also held several other senior roles in the UAE, including Executive Director of Strategic Performance at Tourism Development and Investment Company (TDIC), and Executive Vice President and Head of Human Resources at Abu Dhabi Commercial Bank. Mr. Al Mahmood holds a Bachelor's Degree in Business Administration and a Master's Degree in Human Resources Development from Webster University in Geneva, Switzerland. He also holds a Master of Business Administration in Strategic and Security Studies from National Defense College, Abu Dhabi.

***Mr. Alan Blair Grieve (Chief Credit Officer)***

Mr. Alan Blair Grieve joined CBD in 2017 following a 29-year career with HSBC which included senior leadership roles in corporate banking, operations and risk management across Asia, Latin America, Europe and the Middle East. Mr. Grieve returned to the UAE after recently serving for five years as HSBC's Chief Risk Officer for China, based in Shanghai. Mr. Grieve's previous roles at HSBC included Chief Operations Officer in Panama, head of special assets at Saudi Awwal Bank and head of wholesale credit risk for the Asia Pacific region. Mr. Grieve holds an LLB (Hons) from Aberdeen University where he graduated in 1988.

***Mr. Ali Imran (Chief Operating Officer)***

Mr. Ali Imran joined CBD in September 2020. In his previous role, Mr Imran was a PwC Partner (Financial Services Consulting) based in the UAE where he was responsible for PwC's customer advisory business, including: front office transformation, customer value management, payments and transaction banking and digital/innovation management. Mr. Imran has previously worked for ABN AMRO, HSBC and for six years was a General Manager at Saudi Hollandi Bank with responsibility for retail and business banking. Mr Imran holds a BSc in Computer Science from a HIIT University, Pakistan and an MBA from Hult International Business School, USA.

### ***Mr. Rupert Rogers (Chief Risk Officer)***

Mr. Rupert Rogers is the Chief Risk Officer at CBD and is responsible for leading and implementing CBD's risk framework and overseeing operational risk, fraud risk, market risk, enterprise risk management, risk infrastructure and governance. Rupert is an accomplished banking and capital markets professional with more than 20 years of experience across multiple geographies. Prior to joining CBD, Mr. Rogers was the General Manager of Enterprise Risk Management in SABB in Saudi Arabia. Mr Rogers has also held a number of senior risk and credit roles for Standard Bank and the Financial Services Authority in London prior to his move to Saudi Arabia in 2009. Mr Rogers is a Chartered Financial Analyst and holds a Bachelor of Laws from The London School of Economics in the UK.

### ***Mr. Anurag Saigal (Head of Investment & Transaction Banking)***

Mr. Anurag Saigal joined CBD in 2023 and has almost 26 years of experience in the industry. Prior to his current role, Anurag held a number of senior positions throughout his career, including Managing Director and Chief Operating Officer for Wholesale Banking at HSBC, where he spent the majority of his career across multiple geographies, including Hong Kong, Indonesia, India, London, and New York. Mr Saigal holds an MBA from the London Business School, UK. He also holds a Post-Graduate Diploma in Management, from XLRI in India, and a Bachelor of Technology in Industrial Engineering, which he received from the Indian Institute of Technology.

In order to effectively discharge its duties, the Board is assisted by four Board Committees and seven Management Committees as illustrated below:

#### **Board Committees**

The Board has delegated specific responsibilities to committees as shown below. Each committee has a formal charter.

#### ***Board Strategy Committee (BSC)***

The Board of Directors has granted the BSC the authority and set limits for it to oversee the implementation of strategy and to collaborate with management in identifying growth opportunities for CBD.

#### ***Board Credit and Investment Committee (BCIC)***

The Board of Directors delegates to the BCIC authority and limits to: approve larger credit facilities and investments above management limits; approve product programmes for those credit products approved on a programmatic basis; oversee CBD's approach to the most material sectorial and individual credit exposures in its portfolio; review the quality of CBD's investment portfolio and the trends affecting that portfolio; and oversee the effectiveness of CBD's investment strategy and policies.

#### ***Board Risk and Compliance Committee (BRCC)***

The Board of Directors delegates to the BRCC the principal responsibility for the oversight and monitoring of CBD's Enterprise Risk Management framework, its application and effectiveness. In addition, the BRCC oversees the management of CBD's compliance risk, which includes, but is not limited to, Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT), Market Conduct and Consumer Protection.

The Risk and Compliance Committee provides advice to the Board specifically in relation to current and projected performance against risk appetite. The Risk and Compliance Committee also has the responsibility to provide the Board with assurances that CBD's risk and compliance processes, policies, systems, controls and staffing are fit for purpose.

#### ***Board Audit Committee (BAC)***

The primary purpose of the BAC is to provide oversight of the financial reporting process, the audit process, CBD's system of internal controls and compliance with laws and regulations, through:

- monitoring the quality and integrity of financial statements and any formal announcements relating to financial performance;
- reviewing the audit and internal control systems currently in place to ensure they remain sound and fit for purpose;
- receiving and considering reports and recommendations from Internal Audit, External Audit and Management;
- compliance with laws and regulations, whistleblowing and fraud;
- making recommendations to the Board in respect of financial reporting and in relation to the appointment, re-appointment and removal of the external auditor and approval of the remuneration and terms of employment of the Chief Internal Audit Officer;
- from a fixed pay perspective, recommending changes to the Chief Internal Auditor's remuneration and recommending the same to the Board Remuneration Committee. From a performance and variable pay perspective, assessing the performance of the Chief Internal Auditor including his/her KPIs, annual performance rating and annual bonus amount and recommend the same to the Board Remuneration and Nomination Committee;
- monitoring and reviewing the effectiveness of the internal audit function;
- reviewing the internal and external auditor's independence and objectivity;
- review and approve policies where it has the responsibility to do so as per the Policy and Procedure Delegation of Authority; and
- review the related party transactions with CBD and ensure that there are no conflicts of interest and raise recommendations to the Board before the conclusion of such transactions.

#### ***Remunerations, Nomination and Governance Committee (REMCO)***

REMCO is established by the Board and its purpose is to assist the Board in:

- approving CBD's strategy relating to its employees (which covers talent attraction, talent retention and Emiratisation) and monitoring its delivery;
- approving CBD's strategy relating to remuneration ("**Reward Policy**") as applied to all employees of CBD and its associated and/or subsidiary companies;
- approving all other HR policies associated with remuneration and/or the Reward Policy;
- approving the Code of Conduct and policy relating to conflict of interest;
- approving all remuneration packages of senior executives in line with the Corporate Governance Regulations;
- providing advice in relation to remuneration for Board Members;
- approving long term incentive plans for all employees;
- ensuring that the compensation of employee in control functions of Risk Management, Compliance and Internal Audit are determined independently of the performance of CBD. The variable compensation must be based on performance targets related to their functions and independent of the lines of business they monitor and control;
- ensuring that performance based compensation of senior executives and Material Risk Takers is reduced or reversed based on realised risks and violations of laws, Regulations, Code of Conduct or other policies before compensation vests;
- reviewing business related incentive schemes;

- approving employee benefit plans for all employees;
- establishing a Fit and Proper Process for the selection of the board members and senior executives;
- reviewing succession plans of senior executives and Board Members;
- recommending individuals for nomination as members of the Board and its Committees;
- overseeing the performance management system including performance goals for the CEO and all senior executives
- overseeing the organisational structure of its committees and senior executives;
- reviewing corporate governance arrangements including but not limited to the board selection, suitability and diversity, board continuing professional development, overseeing the annual performance evaluation of the Board, its committees and individual Board Members and committees' structures and adequacy;
- reviewing any other ancillary matter to the above as decided by the Committee;
- review and approve policies where it has the responsibility to do so as per the Policy and Procedure Delegation of Authority; and
- approve credit facilities extended to the staff or relatives of the staff outside the ordinary course of business.

## **Management Committees**

The Board is also assisted by eight management committees in effectively discharging its responsibilities.

### ***Executive Committee***

The role of the EXCO is ensuring coordination of activity among CEO and key bank managers, safeguarding the delivery of CBD's financial and operational performance as defined in the Board approved Strategy, serving as a sounding board for the CEO in the overall management of the business and affairs of CBD and facilitating prompt cross-functional decisions on key issues or decisions.

### ***Asset and Liability Committee***

The objective of the ALCO is to manage the balance sheet in accordance with limits and presented financial plans, approve significant asset and liability decisions relating to wholesale funding and capital raising in the form of debt or equity e.g. AT1, EMTN or share issuance and oversight the ALCO portfolio including the investment book.

### ***Credit Committee***

The Credit Committee is responsible to review and approve credit facilities requests where CBD is acting as a lender. It also considers any issues that may have a potential material impact on CBD's performance, risks and controls framework and corporate social responsibility. The Credit Committee will exercise the authorities at its level, as per the approvals granted by the Board through the BEC, and the proposals higher than the Credit Committee approving authorities will be taken up to BEC.

### ***Operational Risk Management Committee***

The purpose of the ORMC is to maintain oversight of the operational risks identified across CBD by all relevant units like Operational Risk Management Department, Internal Control Department and Internal Audit.

### ***Project Investment Committee***

The PIC reviews and approves investment projects for CBD and provides guidance for CBD's long term and short term goals in the areas of strategic project investment. The PIC governs all projects of CBD including but not limited to those which have a direct or an indirect dependency on IT. The PIC is also responsible for

reviewing key aspects including the investment slate, project performance, project financials, business case approvals and project delivery.

### ***Risk Management & Compliance Committee (RMCC)***

The RMCC has been created to provide strategic and tactical guidance in managing CBD's overall risk profile in alignment with the risk appetite as set by the BRCC.

The RMCC provides strategic and tactical guidance in managing CBD's overall risk profile in alignment with the risk appetite as set by the BRCC. The RMCC reviews and challenges risk and compliance reports covering all aspects of CBD's activity and reviews and approves risk policies, or endorses them for BRCC approval as required. The RMCC is also the senior management committee responsible for overseeing stress testing and ICAAP processes.

CBD's corporate governance strategy is also implemented through the following departments:

### ***Model Oversight Committee (MOC)***

The RMCC discharges its responsibilities vested to it by the BRCC to the MOC in respect to CBD's model risk management approach. The MOC provides oversight in respect to implementation and ongoing running of the overall model management & governance process in accordance with the model management & governance policy and in compliance with prevailing UAE Central Bank guidelines. The purpose of the MOC is to review and approve the development of new models and/or request the re-redevelopment of existing models, model validation results and risk acceptances representing deviations from the model management & governance policy. The MOC provides quarterly update to the RMCC encompassing the key actions carried out by the MOC in respect to the overall model risk management.

### ***IFRS 9 Provisions Committee***

The IFRS 9 Provisioning Committee ("**IFRS9 PC**") was established to govern the credit provisioning and IFRS 9 practices at CBD.

The purpose of the IFRS9 PC is to review and approve provisioning, staging and classification through the application of IFRS 9 and provisioning policies whilst also ensuring compliance with relevant regulatory requirements set out by the UAE Central Bank.

### ***ESG Council***

CBD's ESG initiatives are governed by an ESG council that is accountable to the Executive Committee to ensure CBD delivers on its ESG commitments. The ESG council is comprised of a cross-functional team and is jointly chaired by the Chief Risk Officer and Chief Customer Officer. The ESG council meets at least four times a year or as requested by the Chairman. The ESG council's primary responsibilities, include, among other things, providing a steer on the implementation of CBD's ESG strategy, policy and sustainable finance practices, and approving and implementing a roadmap for ESG initiatives.

### ***Internal Sharia Supervision Committee***

CBD offers Sharia-compliant financial solutions to its retail and corporate clients under the Islamic window branded as CBD Al Islami.

CBD Al Islami is regulated by the UAE Central Bank's Higher Sharia Authority ("**HSA**") and all its activities are supervised by CBD's ISSC. This committee is independent, appointed by the general assembly of CBD for a term of three years and has the ultimate authority within CBD regarding all Sharia related matters.

### **CBD Risk Department**

The Risk Department comprises Enterprise Risk Management, Market Risk, Operational Risk including Technology Risk and Business Continuity Management, Fraud Risk Management Risk Infrastructure and Governance units. Its responsibilities include the following:

- maintaining the Risk Management Framework and risk appetite in alignment with the strategic plans approved by the Board and regulatory requirements;

- performing the Group's ICAAP, which includes the Material Risk Identification Process, Capital Management analysis, the development of Pillar II capital assessment models, and performing stress testing;
- providing independent assessments and challenges to the business areas' risk management and profiles to ensure robust maintenance;
- serving as a consultative reference for risk and control matters, offering advice to management, disseminating best practices, conducting special reviews as instructed by RMCC and ALCO, and identifying emerging risks;
- performing assurance reviews on the first line of defence activities, including risk and control self-assessments, control testing, and proper adoption of risk policies;
- ensuring operational resilience by safeguarding Group and customer information assets against cybersecurity risks and maintaining critical functions in the event of disruption;
- centrally managing the Group's policies to ensure timely review and approval, meeting regulatory and internal deadlines;
- developing and overseeing the Group's Model Risk management approach, ensuring the implementation of appropriate governance controls in compliance with internal and regulatory standards; a
- establishing and implementing necessary controls to identify, assess, and monitor the Group's exposure to Market Risk.

### **Internal Audit Department**

The role of the Internal Audit Department within CBD is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by CBD is appropriate and effectively applied. In addition, it also provides an independent check on compliance with laws and regulations and measuring compliance with CBD's policies and procedures. Additionally, the Internal Audit Department provides consulting services which are advisory in nature, and are generally performed at the specific request of the BAC or Management.

The Internal Audit Department is led by the Chief Internal Audit Officer, who reports to the BAC, with administrative reporting to the Chief Executive Officer.

To perform its role effectively, the Internal Audit Department has organisational independence from Management, to enable unrestricted evaluation of Management's activities. The Internal Audit Charter empowers the Internal Audit Department to have full, free and effective access at all reasonable times to all records, documents and employees of CBD. The Internal Audit Department has direct access to the Chairman of the BAC and the Chief Executive Officer.

To determine whether the Internal Audit Function is functioning effectively, the BAC shall:

- assess the appropriateness of the Internal Audit Charter;
- assess the adequacy of resources available, both in terms of skills and funding once each year; and
- sponsor external assessments, at least once every five years, by a qualified, independent reviewer from outside CBD.

### **Internal Control**

The Board and Management are responsible for developing and maintaining the existence of a sound Internal Control System and procedures that meet international standards and fulfil the requirements of the Group's

Management and external regulatory bodies. The internal control system should be capable of ensuring the achievement of the following:

- accuracy and integrity of financial and operational statements issued by the Group;
- effectiveness and efficiency of the Group's operational activities;
- effectiveness of measures and procedures set to safeguard the Group's assets and properties; and
- compatibility with laws, legislations and regulations in force as well as policies pertinent to internal operational procedures.

Executive management constantly monitors and assesses the efficiency and effectiveness of internal control procedures and their ability to achieve stated objectives and their furtherance and enhancement.

The processes and responsibilities of the Internal Control functions include but not limited to:

- ensuring that the Group's operational policies, processes and controls are adhered to;
- ensuring that proper internal controls are in place and that they are functioning as designed in a timely and effective manner;
- periodic review of the Group's internal control system in order to identify areas where internal controls may be weak, not present and areas where there appear to be excessive controls resulting in operational inefficiency so as to suggest ways to rectify the same;
- enabling the management to conduct an annual review of the efficiency of the internal control system and report its findings; and
- monitoring of operational activities and overseeing operational controls being exercised to ensure that these are timely and effective.

## **Compliance**

Compliance risk is defined by the Basel Committee as "the risk of legal or regulatory sanctions, financial loss, or loss to reputation that a Group may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice".

The process of monitoring compliance is an independent task which aims at ensuring that the Group, which includes CBD and its regulated subsidiaries, operates in compliance with applicable laws, regulations, instructions, directives and circulars, issued by relevant authorities as well as prevailing market practices and ethical standards.

The Board of Directors oversees management of compliance risk within the Group and takes necessary measures to set and promote a culture of compliance with the applicable laws, rules, standards, ethical and professional conduct values when conducting the business of the Group.

The mission and role of the Group's Compliance department is to:

- ensure compliance risk is adequately identified, assessed, monitored and mitigated in conjunction with Business and other control functions;
- ensure senior management and the Board are fully informed of significant compliance issues and plans for resolution;
- contribute to a "no surprise" compliance culture by educating and communicating compliance awareness throughout the Group;
- conduct independent reviews of selected processes and controls across the Group to ensure that key regulatory obligations are met and that key controls operate effectively;

- develop annual compliance plans which set out compliance priorities for the Group and align compliance plans with business strategies and goals; and

support the business in meeting applicable regulatory requirements, including Anti-Money Laundering (“AML”), combatting the financing of terrorism (CFT), FATCA and CRS requirements.

### **Whistleblowing**

A set of arrangements has been designed to enable employees and customers to confidentially report concerns about any potential violations, enabling the investigation and follow up of such concerns in an independent and confidential manner. Such arrangements are supervised by the Board in coordination with the senior management.

### **Fraud prevention**

The Group has a dedicated Fraud Prevention and Investigation Unit that assists in identification, detection, and verification of potential or actual fraud incidents including quantification and recoupment of any losses sustained as a result of such incident. The purpose is to manage the susceptibility of the Group’s assets and processes to fraud risk with a view to reducing it and to raise the level of fraud awareness amongst employees, customers and other stakeholders.

### **Conflicts of Interest**

Certain members of CBD’s Board and senior management personnel have interests in entities other than CBD, including directorships and shareholdings with third parties (“**related entities**”). Certain of these related entities have banking and/or other commercial relationships with CBD. In addition, certain Board members and senior management personnel have obtained loans and advances from, and maintain deposits with, CBD. For further information, see “*Related Party Transactions*” and Note 33 to the 2023 Annual Financial Statements.

All transactions between CBD and members of the Board, senior management personnel and/or such related entities are subject to compliance with CBD’s corporate governance regime which requires, amongst other things, that such transactions are approved by the Board and are executed on an arms-length basis. All such transactions must also comply with regulations imposed by the UAE Central Bank.

Save as set out above, there are no potential conflicts of interest between the duties of the members of CBD’s Board and senior management and their private interests and/or other duties.

### **Related Party Transactions**

Balances with certain related parties (major shareholders of CBD, Government related parties, CBD’s Board and companies of which they are principal owners or directors and key management personnel of CBD) accounted for loans and advances and Islamic financing, net of AED 3.4 billion (which accounts for 4.0 per cent. of CBD’s total loans and advances and Islamic financing) and customer deposits and Islamic customer deposits of AED 5.1 billion (which accounts for 5.8 per cent. of CBD’s total customers’ deposits and Islamic customers’ deposits) as at 31 December 2023. Balances with related parties accounted for loans and advances and Islamic financing, net of AED 3.7 billion (which accounts for 5.0 per cent. of CBD’s total loans and advances and Islamic financing, net) and customer deposits and Islamic customer deposits of AED 4.4 billion (which accounts for 5.5 per cent. of CBD’s total customer deposits and Islamic customer deposits) as at 31 December 2022.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of CBD, directly or indirectly, including any director (whether executive or otherwise) of CBD. Other related parties represent major shareholders, parties related to directors and key management personnel. The terms of transactions with related parties are comparable to third party transactions and do not involve more than normal amounts of risk. The terms of these transactions are approved by the Board. Please see Note 33 to the 2023, 2022 and 2021 Annual Financial Statements.

### **Recent Developments**

The following information has been extracted without material adjustment from CBD’s unaudited condensed consolidated interim financial statements as at and for the three-months ended 31 March 2024:



## Consolidated Statement of Financial Position Data

	As at	
	31 March 2024	31 December 2023
	(AED million)	
<b>ASSETS</b>		
Cash and balances with UAE Central Bank .....	11,901	15,010
Due from banks, net .....	3,717	3,773
Loans and advances and Islamic financing, net.....	86,791	83,313
Investment securities, net .....	16,887	15,099
Investment in an associate .....	105	102
Investment properties .....	246	246
Property and equipment.....	451	432
Bankers acceptances.....	7,456	7,932
Positive mark to market value of derivatives.....	806	698
Other assets, net .....	2,616	2,383
<b>TOTAL ASSETS</b> .....	<b>130,976</b>	<b>128,987</b>
<b>LIABILITIES AND EQUITY</b>		
Due to banks.....	8,773	7,833
Customer deposits and Islamic customer deposits.....	90,342	88,287
Notes and medium-term borrowings .....	5,082	5,705
Due for trade acceptances.....	7,456	7,932
Negative mark to market value of derivatives .....	730	635
Other liabilities.....	3,455	2,814
<b>TOTAL LIABILITIES</b> .....	<b>115,838</b>	<b>113,206</b>
<b>EQUITY</b>		
Share capital .....	2,985	2,985
Tier 1 capital notes .....	2,204	2,204
Legal and statutory reserve.....	1,493	1,493
General reserve.....	1,328	1,328
Capital reserve.....	39	39
Fair value reserve .....	(544)	(552)
Retained earnings .....	7,633	8,285
<b>TOTAL EQUITY</b> .....	<b>15,138</b>	<b>15,781</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>130,976</b>	<b>128,987</b>

Consolidated Statement of Profit or Loss	For the three-months ended 31 March	
	2024	2023
	(AED million)	
Net interest income and net income from Islamic financing.....	959	889
Net fees and commission income .....	277	215
Net gains from foreign exchange and derivatives.....	78	70
Net gains from investments at fair value through profit or loss .....	1	0.394
Net gains from sale of debt investments at fair value through other comprehensive income.....	0.951	-
Dividend income .....	4	4
Other income.....	52	59
Total operating income.....	1,372	1,237
Reversal / (charge) of impairment allowance on due from banks	(0.133)	(0.145)
Credit impairment allowances <sup>1</sup> .....	(309)	(325)
Recoveries of loans and advances and Islamic financing .....	43	32
(Charge) / reversal of impairment allowance on investment securities.....	(0.032)	(0.133)
Impairment allowance on other assets .....	(0.211)	(78)
Impairment allowance on financial guarantees and loans commitments	(20)	(0.783)
Total net income.....	1,085	865
Staff and other expenses.....	(303)	(278)
Depreciation and amortisation.....	(12)	(11)
Total operating expenses.....	(315)	(289)
Net profit for the year before income tax	770	575
Income tax expense	(69)	-
Net profit for the period.....	701	575
Basic and diluted earnings per share .....	0.23	0.19

## Results of Operations

The following is a summary of the result of operations for the three-months period ended 31 March 2024 compared with the equivalent results for the three-months period ended 31 March 2023:

### *Net interest income and net income from Islamic financing*

CBD's interest income and income from Islamic financing increased by 23.99 per cent. from AED 1,484 million to AED 1,840 million. This was primarily a result of higher benchmark interest rates and an increase in loans.

Interest expense and distributions to Islamic depositors increased by 47.90 per cent. from AED 595 million to AED 880 million. This increase in interest expenses was primarily due increases in current and savings accounts.

### *Total non-interest income*

Total non-interest income constituted 30.0 per cent. of CBD's total operating income. Total non-interest income increased by 18.3 per cent. from AED 349 million to AED 413 million, mainly driven by syndication, transaction banking fees and investment gains.

Net fees and commission income increased by 28.89 per cent. from AED 215 million to AED 227 million. Net gains from foreign exchange and derivatives increased by 11.16 per cent.. Income from investments increased by 438 per cent., mainly due to an increase in fair value of investment and sale of debt securities. Other income decreased by 12.5 per cent.

### *Impairment allowances*

CBD's net impairment allowance decreased by 23.0 per cent. to AED 287 million from AED 373 million, primarily due to improved asset quality, absence of impairments on acquired properties and higher recoveries.

Impairment allowances on loans and advances and Islamic financing decreased by 4.9 per cent. from AED 325 million to AED 309 million, due to specific credit provision. CBD recorded a provision coverage ratio of 93.39 per cent.. The total carrying amount of impaired loans (excluding restructured performing loans and

loans under restructuring) decreased by 2.4 per cent. to AED 6,552 million from AED 6,716 million, which was due to settlements on impaired loans.

CBD's recoveries increased by 34.5 per cent. from AED 31.9 million to AED 42.9 million. These recoveries reflect CBD's focus on monitoring its non-performing loan ratio and collection procedures.

### ***Total operating expenses***

CBD's staff and other expenses amounted to AED 315 million. CBD continued to focus on cost controls, resulting in its cost to income ratio decreasing from 23.38 per cent. to 22.96 per cent..

The control in CBD's operating expenses is mainly due to CBD's ongoing cost optimisation efforts with a strong focus on enhancing operating efficiency and adopting digital solutions, while continuing to invest in key strategic initiatives. With the increasing digitisation of key customer services, CBD has optimised its distribution network over the last two years.

### ***Net profit***

CBD's net profit increased by 21.91 per cent. from AED 575 million to AED 701 million. The increase was a result of an increase in loans, current and savings accounts, higher benchmark interest rates and non-funded income.

### ***Total Assets***

CBD's total assets increased by 1.54 per cent. from AED 129 billion to AED 131 billion. The increase was as a result of an increase in loans and advances and Islamic financing.

### ***Loans and advances and Islamic financing, net***

CBD's loans and advances and Islamic financing, net increased by 41.7 per cent. from AED 83.3 billion to AED 86.8 billion. The increase was a result of an increase in wholesale loans.

### ***Investment securities***

CBD's investment securities increased by 11.84 per cent. from AED 15.1 billion to AED 16.9 billion. The increase was as a result of an increase in investments in UAE Central Bank monetary bills.

### ***Other assets***

CBD's investment securities increased by 9.75 per cent. from AED 2.4 billion to AED 2.6 billion. The increase was mainly as a result of an increase in properties acquired in settlement of debt held for sale.

### ***Customer deposits and Islamic customer deposits***

CBD's customer deposits and Islamic customer deposits increased by 2.33 per cent. from AED 88.3 billion to AED 90.3 billion. The increase was as a result of increases in current and saving deposits.

## SELECTED FINANCIAL INFORMATION

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and the notes thereto, which have been incorporated by reference in and form part of this Base Prospectus.

The following tables set out selected consolidated financial information of CBD, as extracted from the Financial Statements. Financial information set out in the tables below corresponding to (i) the financial year ended and as at 31 December 2022 has been extracted from the 2023 Financial Statements and (ii) the financial year ended and as at 31 December 2021 has been extracted from the 2022 Financial Statements (where, in each case, such information is presented for comparative purposes). The ratios included herein have been prepared based on management information and information in the Financial Statements. Certain metrics in “Selected Ratios” below constitute Alternative Performance Measures for the purposes of the ESMA guidelines on Alternative Performance Measures. See “Presentation of Alternative Performance Measures” elsewhere in this Base Prospectus.

### Consolidated Statement of Financial Position Data

	As at 31 December		
	2021	2022	2023
	(AED million)		
<b>ASSETS</b>			
Cash and balances with UAE Central Bank .....	14,668	15,760	15,010
Due from banks, net .....	3,155	3,767	3,773
Loans and advances and Islamic financing, net.....	76,441	74,720	83,313
Investment securities, net .....	8,991	8,810	15,099
Investment in an associate .....	95	93	102
Investment properties .....	191	186	246
Property and equipment.....	309	354	432
Bankers acceptances.....	7,341	8,570	7,932
Positive mark to market value of derivatives.....	667	1,024	698
Other assets, net .....	2,354	2,902	2,383
<b>TOTAL ASSETS</b> .....	<b>114,213</b>	<b>116,187</b>	<b>128,987</b>
<b>LIABILITIES AND EQUITY</b>			
Due to banks.....	6,120	7,839	7,833
Customer deposits and Islamic customer deposits.....	82,722	81,074	88,287
Notes and medium term borrowings .....	2,584	2,034	5,705
Due for trade acceptances.....	7,341	8,570	7,932
Negative mark to market value of derivatives .....	548	924	635
Other liabilities.....	1,330	1,863	2,814
<b>TOTAL LIABILITIES</b> .....	<b>100,645</b>	<b>102,304</b>	<b>113,206</b>
<b>EQUITY</b>			
Share capital .....	2,803	2,803	2,985
Tier 1 capital notes .....	2,204	2,204	2,204
Legal and statutory reserve.....	1,401	1,401	1,493
General reserve.....	1,328	1,328	1,328
Capital reserve.....	39	39	39
Fair value reserve .....	(61)	(694)	(552)
Retained earnings .....	5,854	6,801	8,285
<b>TOTAL EQUITY</b> .....	<b>13,567</b>	<b>13,882</b>	<b>15,781</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>114,213</b>	<b>116,187</b>	<b>128,987</b>

## Consolidated Statement of Profit or Loss

	For the year ended		
	2021	2022	2023
		(AED million)	
Net interest income and net income from Islamic financing.....	2,078	2,676	3,570
Net fees and commission income .....	742	756	935
Net gains from foreign exchange and derivatives.....	229	314	312
Net gains from investments at fair value through profit or loss .....	3	1	0.4
Net gains from sale of debt investments at fair value through other comprehensive income .....	53	0.4	0.7
Share of gain of an associate .....	12	9	17
Dividend income .....	3	6	10
Other income, net .....	63	50	94
Total operating income.....	<b>3,183</b>	<b>3,812</b>	<b>4,938</b>
Reversal / (charge) of impairment allowance on due from banks .....	(0.6)	0.9	(0.6)
Credit impairment allowances <sup>1</sup> .....	(901)	(1,076)	(1,093)
Recoveries of loans and advances and Islamic financing .....	75	141	182
(Charge) / reversal of impairment allowance on investment securities.....	0.1	(0.1)	(0.8)
Impairment allowance on other assets .....	(41)	(56)	(148)
Total net income.....	<b>2,316</b>	<b>2,822</b>	<b>3,877</b>
Staff and other expenses.....	(835)	(961)	(1,178)
Depreciation and amortisation.....	(30)	(36)	(49)
Total operating expenses .....	<b>(865)</b>	<b>(997)</b>	<b>(1,228)</b>
Net profit for the year.....	<b>1,451</b>	<b>1,825</b>	<b>2,650</b>
Basic and diluted earnings per share .....	<b>AED 0.47</b>	<b>AED 0.57</b>	<b>AED 0.84</b>

(1) Includes net impairment charge on loans and advances and Islamic financing and impairment allowance on financial guarantees and loans commitments.

## Selected ratios (%)

	As at/For the year ended 31 December		
	2021	2022	2023
Return on average assets <sup>1</sup> .....	1.4	1.6	2.16
Return on average equity <sup>2</sup> .....	13.2	16.0	21.2
Cost to income ratio <sup>3</sup> .....	27.2	26.1	24.9
Non-performing loans ratio <sup>4</sup> .....	7.0	6.7	6.5
Provision coverage ratio <sup>5</sup> .....	62.6	79.9	83.3
Loan to deposit ratio <sup>6</sup> .....	92.4	92.2	94.4
Capital adequacy ratio <sup>7</sup> .....	15.8	16.0	16.0
Tier 1 Capital ratio <sup>8</sup> .....	14.7	14.9	14.8

- Return on Average Assets is calculated as Net profit / (Opening assets + Closing assets)/2. The ratio shows how many AED of earnings CBD derives from each AED of assets it controls.
- Return on Average Equity Ratio is calculated as Net profit / (Opening equity + Closing equity)/2. Average equity is less Tier 1 capital notes, tier 1 transaction costs and Intangible Assets. RoAE is a measure of the profitability of CBD's business in relation to the book value of shareholder equity, also known as net assets or assets minus liabilities. RoAE is a measure of how well CBD uses shareholders' equity to generate earnings growth.
- Cost to income Ratio is calculated as Total operating expenses / Total operating income. A lower percentage means that expenses are low and earnings are high.
- Non-performing loans ratio is calculated as impaired loans less interest in suspense / gross loans less interest in suspense. The same basis has been used to compute impaired loans in this document. A non-performing loan, or NPL, is a loan that is in default or close to being in default. Personal Banking loans become non-performing after being in default for 90 days. Institutional and Corporate Banking loans are marked as non-performing, on a case-by-case basis and are subject to management discretion and analysis.
- Provision Coverage Ratio is calculated as Provision for Impairment less interest in suspense / Impaired Loans less interest in suspense. The same basis has been used to compute provision coverage ratio in this document. The ratio shows the total provisions CBD has built on its impaired loans.
- Loan to deposit ratio is calculated as loans and advances and Islamic financing, net / customer deposits and Islamic customer deposits. The loan to deposit ratio is used to calculate CBD's ability to make payments to customers withdrawing their deposits. A ratio of less than one implies that CBD has relied on funds deposited by customers to make loans, advances and Islamic financing. A ratio of more than one implies that CBD has extended loans, advances and Islamic financing from funds borrowed by it in addition to deposits.
- Capital Adequacy Ratio is calculated as Total Capital Base / Risk Weighted Assets.
- Tier 1 Capital ratio is calculated as Tier 1 Capital / Risk Weighted Assets Calculated in accordance with the requirements of the UAE Central Bank and the capital adequacy regulations issued by the UAE Central Bank as stipulated in Circular No. 52/2017 dated 23 February 2017 and Circular No. 60/2017 dated 2 March 2017, supported by the accompanying standards entitled "Standards for Capital Adequacy of Banks in the UAE" which were published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSN/2020/4980.

## Related party transactions

Certain related parties (principally the major shareholders, board members, key personnel of CBD and companies where they hold a significant interest and any other parties having significant influence on the financial or operational decisions of CBD) are customers of CBD in the ordinary course of business. The terms of transactions with related parties are comparable to third party transactions and do not involve more than normal amounts of risk.

	<b>As at / For the year ended</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(AED million)</i>		
<b>Directors and key management personnel</b>			
Loans and advances and Islamic financing, net.....	150	129	103
Undrawn commitments to extend credit.....	11	37	58
Customer deposits and Islamic customer deposits .....	114	63	112
Interest income and commission income.....	6	7	8
Interest expense.....	0.2	0.4	3
<b>Government related parties</b>			
Loans and advances and Islamic financing, net.....	1,482	1,473	1,074
Due from banks, net .....	100	73	73
Investment securities, net .....	565	441	551
Bankers acceptances.....	-	95	28
Letters of credit .....	-	-	5
Letters of guarantees .....	80	433	149
Undrawn commitments to extend credit.....	80	539	1,213
Due to banks .....	459	60	47
Customer deposits and Islamic customer deposits .....	6,000	4,117	3,928
Interest income and commission income.....	40	66	69
Interest expense.....	44	89	198
<b>Other related parties</b>			
Loans and advances and Islamic financing, net.....	2,427	2,112	2,174
Bankers acceptances.....	6	5	41
Letters of credit .....	4	149	211
Letters of guarantees .....	25	120	124
Undrawn commitments to extend credit.....	354	418	284
Customer deposits and Islamic customer deposits .....	491	250	1,063
Interest income and commission income.....	79	127	165
Interest expense.....	3	6	17
Dividend from an associate .....	4	8	7

## FINANCIAL REVIEW

*The following discussion contains an analysis of the consolidated results of operations of CBD as at and for the years ended 31 December 2023, 2022 and 2021 and should be read in conjunction with the Financial Statements. Unless otherwise specified, the financial data discussed below (i) as at and for the financial year ended 31 December 2023 has been extracted without material adjustment from the 2023 Financial Statements; (ii) as at and for the financial year ended 31 December 2022 and has been extracted without material adjustment from the 2023 Financial Statements (where such information is presented for comparative purposes); and (iii) as at and for the financial year ended 31 December 2021 has been extracted without material adjustment from the 2022 Financial Statements (where such information is presented for comparative purposes). References in this financial review to 2023, 2022 and 2021 are for the 12 months ended 31 December in each year. The percentage or percentage changes in this financial review are based on the amounts reported in CBD's Financial Statements. As a result, percentage or percentage changes stated in this financial review may not be an exact arithmetical change of the numbers stated in this financial review. As a result of rounding, the totals stated in the tables and text below may not be an exact arithmetical sum of the numbers in respect of which they are expressed to be a total.*

### Overview

CBD was incorporated in Dubai, UAE, on 4 July 1969 pursuant to an Emiri Decree. CBD is registered as a Public Joint Stock Company (PJSC) in accordance with Federal Law No. 32 of 2021. CBD's commercial registration number is 1010121, its registered office is Al Itihad Street, P.O. Box 2668, Dubai, United Arab Emirates and its telephone number is +971 4 2121000 and its website is [www.cbd.ae](http://www.cbd.ae).

CBD offers a range of banking products and services in the UAE primarily to institutional and corporate customers, including loans, working capital financing, trade finance products and deposit accounts. CBD also offers personal banking products to retail customers, including deposit accounts, personal loans and mortgage products. Since 2008, CBD has provided Sharia compliant financial services to corporate and retail customers through its "CBD Al Islami" finance division. As at the date of this Base Prospectus, CBD has the following principal wholly owned subsidiaries (collectively, CBD and all of its subsidiaries are referred to as the "**Group**") and the Group has an interest in an associate company (which is an entity over which the Group has significant influence):

1. CBD Financial Services LLC ("**CBD Financial Services**"), which provides brokerage facilities for local shares and bonds;
2. CBD Employment Services One Person Company LLC ("**CBD Employment Services**"), which provides human resource services;
3. Attijari Properties LLC ("**Attijari Properties**"), which provides self-owned property management services as well as engaging in the buying and selling of real estate
4. Noor Almethaq Real Estate Development LLC ("**Almethaq Real Estate**"), which is involved in the development of real estate;
5. CBD (Cayman) Limited (the "**Cayman Issuer**"), a special purpose vehicle incorporated in May 2015, which may, amongst other things, issue notes under the Programme;
6. CBD (Cayman) II Limited a special purpose entity established and registered in the Cayman Islands in 2016 in order to transact and negotiate derivative agreements; and
7. VS 1897 (Cayman) Limited, a special purpose entity established and registered in the Cayman Islands on 20 December 2018 to manage investments acquired in the settlement of debt.

CBD also has one associate company, National General Insurance Co. PJSC ("**NGI**") in which CBD holds a 17.8 per cent. shareholding. NGI underwrites all classes of life and general insurance business as well as certain reinsurance business.

As at 31 December 2023, 44.3 per cent. of CBD's customer deposits and Islamic customer deposits were sourced from the corporate sector (compared to 43.2 per cent. as at 31 December 2022 and 45.3 per cent. as at 31 December 2021); 37.8 per cent. were sourced from the personal sector (compared to 38.8 per cent. as

at 31 December 2022 and 33.5 per cent. as at 31 December 2021); and 17.9 per cent. were sourced from the government sector (compared to 18.0 per cent. as at 31 December 2022 and 21.3 per cent. as at 31 December 2021).

As at and for the year ended 31 December 2023, CBD's net profit was AED 2.7 billion (an increase of 45.2 per cent. compared to the year ended 31 December 2022). CBD's total assets amounted to AED 129.0 billion as at 31 December 2023 (an increase of 11.0 per cent. compared to its total assets of AED 116.2 billion as at 31 December 2022) and its total equity as at 31 December 2023 amounted to AED 15.8 billion which is a 13.7 per cent. increase compared to total equity of AED 13.9 billion as at 31 December 2022). CBD's net profit was AED 1.83 billion for the year ended 31 December 2022 and AED 1.45 billion for the year ended 31 December 2021.

CBD's ordinary shares are listed on the DFM. As at the date of the Base Prospectus, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,985,191,949 ordinary shares of AED 1 each (compared to 2,985,191,949 ordinary shares of AED 1 as at 31 December 2023 and 2,802,733,968 ordinary shares of AED 1 as at 31 December 2022). See "*Description of CBD - Share Capital and Shareholders*".

### **Significant Factors Affecting Results of Operations**

*CBD's revenues and results of operations during the periods under review have been affected by the following factors:*

#### *UAE's response to oil prices and other macro-economic factors*

CBD, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. Over the period under review, the performance of global debt, equity and commodity markets has been volatile, reflecting the ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the world's economies, including the economies of the UAE and other GCC states and, accordingly, on CBD's revenues and results of operations.

The OPEC Reference Basket price has been volatile since the outbreak of the COVID-19 virus, with prices averaging U.S.\$41.47 for the year ended 31 December 2020. Oil prices rose over 2021 as the success of COVID-19 vaccination programmes globally led to increased economic activity and a broad increase in economic growth expectations. As at 31 December 2021, the OPEC Reference Basket price had risen to U.S.\$ 77.97. However, rising tensions between Russia and NATO in connection with Ukraine during 2022, which culminated in the Russia-Ukraine crisis in February 2022 (and the imposition of sanctions on Russian companies and institutions in the energy and banking industry, coupled with a ban on imports of Russian oil and gas by some NATO and European countries), caused oil prices to surge above U.S.\$100.00 a barrel for the first time since 2013. In March 2024, the OPEC Reference Basket monthly price was U.S.\$89.64 (source: OPEC website accessed 18 April 2024).

In the UAE, significant fiscal reforms implemented by the federal government (including scaling back capital transfers to government-related entities, reduction of government investment, raising electricity and water tariffs and removing fuel subsidies) have become an integral part of a broader federal government strategy aimed at rationalising fiscal expenditure generally and reducing fiscal dependency on hydrocarbon related revenues. When taken in totality with the ongoing oil price volatility, the diversion of significant fiscal revenues to the Saudi Arabian-led military intervention in Yemen and domestic job losses in both the private and public sectors across the UAE along with the impact of the COVID-19 pandemic, the impact on the UAE economy over the periods under review has been significant.

Furthermore, many of the world's economies (including the UAE, where the majority of CBD's operations are located) are experiencing high levels of inflation. Various factors have contributed to shaping prevailing inflationary pressures, including the Russia-Ukraine conflict which has caused an increase in the oil price (as discussed above) and to food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilizers) and the escalating tensions in the Middle East, particularly the ongoing conflict between Israel and Hamas and recent hostilities between Iran and Israel. In addition, while demand grew rapidly in 2021, various bottlenecks held back supply, including outbreak-induced factory closures, restrictions at ports, congested shipping lanes, container shortfalls and worker shortages because of quarantines.



As a result of market conditions prevailing during the periods under review, companies to which CBD has directly extended or continues to extend credit have experienced decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due. These extremely volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates.

The interest rate environment in which CBD has been operating during the periods under review has also experienced significant volatility. The U.S. Federal Reserve raised U.S. overnight interest rates by 25 basis points in March 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022, 25 basis points in February 2023, 25 basis points in March 2023, 25 basis points in May 2023 and 25 basis points in July 2023. In line with such increases, the UAE Central Bank raised the base rate on the overnight deposit facility by 25 basis points in March 2022, 50 basis points in May 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022 and 25 basis points in each of February 2023, March 2023, May 2023 and July 2023.

Since 2020, the UAE Central Bank has increased the UAE base rate in multiple increments by 5 basis points (to 0.15 per cent.) in June 2021, 25 basis points (to 0.4 per cent.) in March 2022, 50 basis points (to 0.90 per cent.) in May 22, 75 basis points (to 1.65 per cent.) in June 2022, 75 basis points (to 2.4 per cent.) in July 2022, 75 basis points (to 3.15 per cent.) in September 2022, 75 basis points (to 3.9 per cent.) in November 2022, 50 basis points to 4.4 per cent. in December 2022 and on 1 February 2023, the UAE Central Bank announced an additional 25 basis points increase to the UAE Base Rate, raising it to 4.65 per cent. effective from 2 February 2023 following the U.S. Federal Reserve’s announcement on 1 February 2023 to increase the IORB by 25 basis points, reflecting announcements by the U.S. Federal Reserve Board of corresponding increases in the interest rate on reserve balances. Such volatility in the prevailing interest rate environment has impacted CBD’s borrowing costs over the periods under review.

See “*Risk Factors –Risks relating to CBD’s business – Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD’s business, results of operations, financial condition and prospects.*”.

The table below sets out the loans and advances, provisions and customers’ deposits for the banking sector in the UAE as at 31 December for each of 2021, 2022 and 2023:

	As at 31 December		
	2021	2022	2023
		<i>(AED billion)</i>	
Loans and advances (gross).....	1,794	1,879	1,992
Government & GRE .....	481	465	477
Private sector, Individuals & Foreign Credit.....	1,313	1,414	1,515
Customer deposits .....	1,997	2,222	2,522
Government & GRE .....	536	614	627
Private sector, Individuals & Non-resident Deposits .....	1,461	1,609	1,895
Provisions.....	156	157	141

Source: Monthly Banking Indicators issued by UAE Central Bank

### ***Stable growth in customer advances***

CBD recorded an increase in gross loans and advances and Islamic financing of 11.6 per cent. as at 31 December 2023, as compared to the year ended 31 December 2022 (primarily due to growth in the manufacturing, mortgage and financial and insurance services sectors). For the year ended 31 December 2022, CBD recorded a slowdown in growth of 1.1 per cent. compared to the year ended 31 December 2021. This was due, in particular, to a reduction in activity in the transportation, financial and insurance activities, and real estate sectors, following a reduction in new development and construction projects related to Dubai’s hosting

of Expo 2020. The table below sets out CBD’s customer loans and advances and Islamic financing as at 31 December for each year indicated:

	As at 31 December		
	2021	2022	2023
		<i>(AED million)</i>	
Loans and advances and Islamic financing (gross).....	80,465	79,620	88,874

### ***The UAE Central Bank response to the COVID-19 pandemic***

On 11 March 2020, the World Health Organisation officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. The COVID-19 pandemic negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations and created significant volatility and disruption in financial markets during the periods under review.

In response to the COVID-19 outbreak, effective from 15 March 2020, the UAE Central Bank implemented the Targeted Economic Support Scheme (“TESS”), which included a range of measures aimed at mitigating the economic effects of COVID-19 on the UAE economy. The measures introduced by the TESS allowed UAE banks (including CBD) to grant temporary relief to certain customers by deferring payments, and allowed UAE banks (including CBD) to apply for zero-cost funding from the UAE Central Bank. The measures introduced by the TESS expired on 30 June 2022.

The TESS was accompanied by other stimulus measures, including the reduction of interest rates and the following measures:

- decreasing the UAE Central Bank’s minimum reserve requirement for all current, call and savings deposits from 14 per cent. to 7 per cent (this measure remains in effect until 7 May 2024, as at the date of this Base Prospectus with a revised reserve requirement of 11 per cent. pursuant to the UAE Central Bank circular effective 15 March 2023);
- extending capital buffer relief by retaining the existing capital conservation buffer and D-SIB buffer (as applicable) and allowing UAE banks to utilise 60 per cent. of their capital conservation buffer and 100 per cent. of their D-SIB buffer (as applicable) until 31 December 2021, subject to such banks having fully utilised the limit available to them under the zero cost funding of the TESS programme;
- postponing the planned implementation of certain Basel III capital requirements in a phased manner from 30 June 2021 to 30 June 2022; and
- allowing UAE banks (including CBD) to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter permits any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

Out of the UAE Central Bank’s zero cost funding programme of AED 50 billion, made available as part of the TESS measures, an amount of AED 2.35 billion was earmarked for and was fully utilised by CBD in the six month period ended 30 June 2020, to allow CBD to grant payment relief to customers who had been impacted by COVID-19. On 5 November 2020, CBD fully paid back the facility.

### **Critical Accounting Policies**

Certain of CBD’s accounting policies require significant managerial judgment on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by CBD’s management.

CBD has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the presentation of its Financial Statements for the relevant period. For more information on CBD’s significant accounting policies, including the impact

of IFRS 9, see Note 3 to the Financial Statements as at and for the years ended 31 December 2023 and 31 December 2022.

CBD's management believes that the following significant accounting policies require more critical judgments or estimates or involve a greater degree of complexity in the application of accounting standards that affect CBD's financial condition and results of operation.

### ***Classification of Financial Instruments***

CBD classifies its financial instruments into the following categories:

#### ***Financial assets at amortised cost***

A debt instrument, including loans and advances and Islamic financing is classified as being measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model where the objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (as defined under IFRS 9) on the principal amount outstanding.

#### ***Financial assets at fair value through other comprehensive income ("FVOCI")***

A debt instrument is classified as being measured at FVOCI if it meets the following two conditions and the debt instrument is not designated as FVPL (as defined below):

- the asset is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (as defined under IFRS 9) on the principal amount outstanding.

CBD measures all equity investments at fair value through profit or loss, except where CBD's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. CBD's policy is to designate equity investments as FVOCI when those investments are not held for trading. This election is made on an investment-by-investment basis.

#### ***Financial assets at fair value through profit or loss ("FVPL")***

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

In addition, on initial recognition, CBD may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### ***Impairment of financial assets***

In accordance with IFRS 9 and the expected credit loss ("ECL") approach for accounting for loan loss impairments, CBD recognises, where applicable, loss allowances for ECLs on the following financial instruments that are not measured at FVPL:

- balances with central banks;
- due from banks;
- debt investment securities;
- loans and advances, Islamic financing and other financial assets;
- loan commitments; and
- financial guarantee contracts.

No impairment loss is recognised on equity investments.

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1:** When financial instruments are first recognised, CBD recognises an allowance based on 12 months ECLs. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
- Stage 2:** When a financial instrument loan has shown a significant increase in credit risk since origination, CBD records an allowance for the life time expected credit losses (“**LTECL**”). LTECL are the ECL that result from all possible default events over the expected life of the financial instrument.
- Stage 3:** Financial instruments considered credit-impaired. CBD records an allowance for the LTECLs.

The key inputs into the measurement of ECL are the term structures of the following variables:

- *Probability of Default (“PD”)* – PD is an estimate of the likelihood of default over a given time horizon, which is calculated based on statistical rating models currently used by CBD, and assessed using rating tools tailored to the various categories of counterparties and exposures.
- *Exposure at Default (“EAD”)* – EAD represents an estimate of the expected exposure in the event of a default. CBD derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.
- *Loss Given Default (“LGD”)* – 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 any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, history of recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original effective interest rate of the loan.

### ***Investment properties***

CBD holds certain investment properties to earn rental income, for capital appreciation or both. The leased out or intended to lease out components have been classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Effective from 1 January 2023, CBD changed the accounting policy for investment properties from the cost model to the fair value model as CBD's management believed that this would make the financial results more reliable and relevant in relation to the value of the investment properties. The impact of this change was not considered material, with the net change being reflected prospectively in the profits within other operating income for the year ended 31 December 2023. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement under ‘Other operating income’ in the year in which they arise.

As at 31 December 2023, the fair value of CBD’s investment property amounted to AED 246.1 million, compared to AED 256.2 million as at 31 December 2022. The fair value of investment properties is based on the valuations performed by professional third party valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuations were prepared in accordance with Royal Institution of Chartered Surveyors (RICS) Global Standards 2020, which comply with the international valuation standards.

## Results of Operations for the years ended 31 December 2021, 2022 and 2023

### Net interest income and net income from Islamic financing

The following table sets out CBD's net interest income and net income from Islamic financing for each year indicated.

	Year ended 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
	<i>(AED million)</i>				
Interest income and income from Islamic financing .....	2,689	3,783	6,664	40.7	76.1
Interest expense and distributions to Islamic depositors .....	(611)	(1,107)	(3,094)	81.2	179.5
<b>Net interest income and net income from Islamic financing .....</b>	<b>2,078</b>	<b>2,676</b>	<b>3,570</b>	<b>28.8</b>	<b>33.4</b>

CBD's interest income and income from Islamic financing increased by 76.1 per cent. to AED 6,664 million for the year ended 31 December 2023, from AED 3,783 million for the year ended 31 December 2022. This was primarily a result of higher benchmark interest rates and well managed funding costs.

Interest expense and distributions to Islamic depositors increased by 179.5 per cent. to AED 3,094 million for the year ended 31 December 2023, from AED 1,107 million for the year ended 31 December 2022. This increase in interest expenses was primarily due to higher prevailing interest rates.

CBD's interest income and income from Islamic financing increased by 40.7 per cent. to AED 3,783 million for the year ended 31 December 2022, from AED 2,689 million for the year ended 31 December 2021. This was primarily a result of higher benchmark interest rates and well managed funding costs. Interest expense and distributions to Islamic depositors increased by 81.2 per cent. to AED 1,107 million for the year ended 31 December 2022, from AED 611 million for the year ended 31 December 2021. This increase in interest expenses was primarily due to higher prevailing interest rates.

### Total non-interest income

The following table sets out CBD's total non-interest income for each year indicated.

	Year ended 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
	<i>(AED million)</i>				
Net fees and commission income .....	742	756	935	1.9	23.7
Net gains from foreign exchange and derivatives	229	314	312	37.1	(0.6)
Income from investments <sup>1</sup> .....	71	16	28	(77.5)	75.0
Other income .....	63	50	94	(20.6)	88.0
<b>Total Non-interest income .....</b>	<b>1,105</b>	<b>1,136</b>	<b>1,369</b>	<b>2.8</b>	<b>20.5</b>

<sup>1</sup> As at 31 December 2023, 31 December 2022 and 31 December 2021 income from investments includes net gains from investments at fair value through profit or loss, net gains from sale of investments at fair value through other comprehensive income, share of profit/loss of an associate and dividend income.

Total non-interest income constituted 27.7 per cent. of CBD's total operating income for the year ended 31 December 2023 and 29.8 per cent. for the year ended 31 December 2022. Total non-interest income increased in the year ended 31 December 2023 by 20.5 per cent. to AED 1,369 million, mainly due to uplift in business activity associated with higher volumes in wholesale banking and higher demand for CBD's products and services such as cash management, trade services and the gain on sale of investments.

Total non-interest income constituted 29.8 per cent. of CBD's total operating income for the year ended 31 December 2022 and 34.7 per cent. for the year ended 31 December 2021. Total non-interest income increased in the year ended 31 December 2022 by 2.8 per cent. to AED 1,136 million, mainly due to uplift in business activity associated with higher volumes in wholesale banking and higher demand for CBD's products and services such as foreign exchange and rates derivatives sales, cash management and trade services.

Net fees and commission income increased by 23.7 per cent. from AED 756 million for the year ended 31 December 2022 to AED 935 million for the year ended 31 December 2023. Net fees and commission income increased by 1.8 per cent. from AED 742 million for the year ended 31 December 2021 to AED 756 million for the year ended 31 December 2022.

Net gains from foreign exchange and derivatives decreased by 0.6 per cent. for the year ended 31 December 2023 compared to the year ended 31 December 2022. Net gains from foreign exchange and derivatives increased by 37.1 per cent. for the year ended 31 December 2022 compared to the year ended 31 December 2021.

Income from investments increased by 75.0 per cent. for the year ended 31 December 2023 compared to the year ended 31 December 2022, mainly due to higher dividend income and share of profit of an associate. Income from investments decreased by 77.5 per cent. for the year ended 31 December 2022 compared to the year ended 31 December 2021, mainly due to lower net gains from the sale of debt investments at fair value through other comprehensive income.

Other income increased by 88.0 per cent. for the year ended 31 December 2023 compared to the year ended 31 December 2022, which was as a result of sale of properties and rental income. Other income decreased by 20.6 per cent. for the year ended 31 December 2022 compared to the year ended 31 December 2021, which was primarily as a result of a one-off gain recorded in the year ended 31 December 2021 arising from CBD's acquisition of a credit card portfolio from a UAE finance company in February 2021.

### ***Impairment allowances***

The following table sets out CBD's net impairment allowances for each year indicated.

	Year ended 31 December			Percentage change (%)	
	2021	2022	2023	2021 / 2022	2022 / 2023
	<i>(AED million)</i>				
(Reversal) / impairment / allowance on due from banks .....	1	(1)	1	(200)	(200)
Impairment allowances on loans and advances and Islamic financing .....	901	1,076	1,093	19.4	1.6
Recoveries of loans and advances and Islamic financing .....	(75)	(141)	(182)	88.0	29.1
(Reversal) / impairment allowance on investment securities .....	-	-	-	-	-
Impairment allowance on other assets .....	41	56	148	36.6	164.3
<b>Net Impairment allowances</b>	<b>868</b>	<b>990</b>	<b>1,060</b>	<b>14.1</b>	<b>7.1</b>

For the year ended 31 December 2023, CBD's net impairment allowance was AED 1,060 million, compared to AED 990 million for year ended 31 December 2022, an increase of 7.1 per cent., primarily reflecting additional impairment allowances from acquired properties and other assets. CBD increased its credit impairment allowance by 14.1 per cent. for the year ended 31 December 2022 (compared to the year ended 31 December 2021) as CBD continued its prudent approach to provisioning in response to the COVID-19 pandemic.

Impairment allowances on loans and advances and Islamic financing increased by 1.6 per cent. from AED 1.1 billion for the year ended 31 December 2022 to AED 1.1 billion for the year ended 31 December 2023, as CBD continued its prudent approach to provisioning, in particular for the contraction in business conditions, which resulted in increased specific and forecast credit losses. CBD recorded a provision coverage ratio of 83.3 per cent. for the year ended 31 December 2023, 79.9 per cent. for the year ended 31 December 2022 and 62.6 per cent. for the year ended 31 December 2021. The total carrying amount of impaired loans (excluding restructured performing loans and loans under restructuring) was AED 5.6 billion as at 31 December 2021, AED 5.3 billion as at 31 December 2022 and AED 5.7 billion as at 31 December 2023. CBD is continuing to seek recoveries in respect of the loans, including through litigation.

CBD's recoveries increased to AED 182 million for the year ended 31 December 2023 from AED 141.1 million for the year ended 31 December 2022, and AED 74.9 million for the year ended 31 December 2021. These recoveries reflect CBD's focus on monitoring its non-performing loan ratio and collection procedures.

CBD strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of ECL. CBD's Model Oversight Committee, which reports to the Executive Management, has primary responsibility for overseeing CBD's ECL models. To ensure the ongoing integrity of ECL calculations during times of extreme uncertainty and volatility, CBD's Model Oversight Committee exercises oversight by conducting regular reviews of the portfolio. CBD's IFRS 9 Committee has been closely monitoring the macro-economic inputs applied to CBD's IFRS 9 model and recommended changes during the year ended 31 December 2023. CBD's IFRS 9 Committee continually assess the performance of CBD's portfolio, ensuring that credit risk behaviours align with the significant increase in credit risk policy and that the staging criteria remain relevant.

### ***Total operating expenses***

The following table sets out the components of CBD's total operating expenses for each year indicated.

	Year ended 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
			(AED million)		
Staff and other expenses.....	835	961	1,178	15.1	22.6
Depreciation and amortisation.....	30	36	49	20.0	36.1
<b>Total operating expenses.....</b>	<b>865</b>	<b>997</b>	<b>1,228</b>	<b>15.3</b>	<b>23.2</b>

CBD's staff and other expenses for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 were AED 1,178 million, AED 961 million and AED 835 million, respectively. CBD continued to focus on cost controls, resulting in its cost to income ratio improving from 26.1 per cent. for the year ended 31 December 2022 to 24.9 per cent. for the year ended 31 December 2023.

CBD's staff and other expenses of AED 1,178 million for the year ended 31 December 2023 increased by 22.6 per cent. compared to AED 961 million for the year ended 31 December 2022. The control in CBD's operating expenses is mainly due to CBD's ongoing cost optimisation efforts with a strong focus on enhancing operating efficiency and adopting digital solutions, while continuing to invest in key strategic initiatives. With the increasing digitisation of key customer services, CBD has optimised its distribution network over the last two years.

### ***Net profit***

CBD's net profit of AED 2.7 billion for the year ended 31 December 2023 increased by 45.2 per cent. from AED 1.83 billion for the year ended 31 December 2022. The increase is as a result of higher market interest rates, strong non-funded income and loan growth, partially offset by higher expenses and cost of risk. CBD's net profit of AED 1.83 billion for the year ended 31 December 2022 increased by 25.8 per cent. from AED 1.45 billion for the year ended 31 December 2021. The increase is as a result of higher market interest rates (and, consequently, net interest income) and non-funded income, which was partially offset by increased other operating and staff expenses, an increase in impairments and cost of risk.

## Financial condition as at 31 December 2023, 2022 and 2021

### Total assets

The following table sets out the components of total assets as at 31 December 2023, 2022 and 2021.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
	<i>(AED million)</i>				
<b>Total Assets</b> .....	<b>114,213</b>	<b>116,187</b>	<b>128,987</b>	<b>1.6</b>	<b>11.0</b>
Due from banks, net .....	3,155	3,767	3,773	19.4	0.2
Loans and advances and Islamic financing, net..	76,441	74,720	83,313	2.3	11.5
Bankers acceptances.....	7,341	8,570	7,932	16.7	(7.5)
Other assets, net .....	2,354	2,902	2,383	23.3	(17.9)
Positive mark to market value of derivatives.....	667	1,024	698	53.5	(31.8)
Cash and balances with Central Bank	14,668	15,760	15,010	7.5	(4.8)
Investment securities, net	8,991	8,810	15,099	(2.0)	71.4
Investment in an associate	95	93	102	(2.2)	10.2
Investment properties	191	186	246	(2.9)	32.5
Property and equipment	309	354	432	14.5	21.9

As at 31 December 2021, CBD had total assets of AED 114.2 billion compared to AED 116.1 billion as at 31 December 2022 and AED 129.0 billion as at 31 December 2023. The 11.0 per cent. increase in total assets as at 31 December 2023 compared to 31 December 2022 was mostly due to increases in net loans and advances and Islamic financing by AED 8.6 billion and investment in securities by AED 6.3 billion.

### Loans and advances and Islamic financing, net

CBD's loan portfolio comprises loans and advances and Islamic financing to commercial, retail and government-related entities across a range of economic sectors made on both conventional and Islamic basis.

As at 31 December 2023, 73.1 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED, as at 31 December 2022, 78.9 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED and as at 31 December 2021, 77.4 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED. The majority of CBD's remaining loan portfolio was denominated in U.S. dollars.



The following table sets out CBD's net loans and advances and Islamic financing by economic sector as at 31 December 2023, 2022 and 2021.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022/ 2021	2023/ 2022
	(AED million)				
<b>Commercial and Business</b>					
Manufacturing.....	4,388	5,556	6,767	26.6	21.8
Construction.....	5,458	5,267	5,861	(3.5)	11.3
Real estate.....	24,815	19,134	18,394	(22.9)	(3.9)
Trade.....	7,600	9,231	9,574	21.5	3.7
Transportation and storage.....	3,880	2,391	2,771	(38.4)	15.9
Services.....	5,051	5,988	6,291	18.6	5.1
Hospitality.....	2,337	3,183	2,783	36.2	(12.6)
<b>Total Commercial and Business.....</b>	<b>53,529</b>	<b>50,750</b>	<b>52,440</b>	<b>(5.2)</b>	<b>3.3</b>
Financial and insurance activities.....	7,224	5,949	8,689	(17.6)	46.1
Government entities.....	2,059	1,656	2,652	(19.6)	60.1
Personal – mortgage.....	7,455	10,284	12,357	37.9	20.2
Personal – schematic.....	5,462	4,513	4,951	(17.4)	9.7
Individual loans for business.....	976	1,484	1,495	52.0	0.8
Others.....	3,759	4,984	6,291	32.6	26.2
<b>Gross loans and advances and Islamic financing.....</b>	<b>80,465</b>	<b>79,620</b>	<b>88,874</b>	<b>(1.0)</b>	<b>11.6</b>
Allowances for impairment losses.....	(4,024)	(4,900)	(5,561)	21.8	13.5
<b>Net loans and advances and Islamic financing.....</b>	<b>76,440</b>	<b>74,720</b>	<b>83,313</b>	<b>(2.3)</b>	<b>11.5</b>

As at 31 December 2023, 59 per cent. of CBD's gross loans and advances and Islamic financing were made to the commercial and business sectors, compared to 63.7 per cent. as at 31 December 2022. As at 31 December 2021, CBD's gross loans and advances and Islamic financing to the commercial and business sectors were at 66.5 per cent. As at 31 December 2023, 19.5 per cent. of CBD's gross loans and advances and Islamic financing were made to the personal sector (as compared to 18.6 per cent. as at 31 December 2022 and 16.1 per cent. as at 31 December 2021); and 9.8 per cent. were made to the financial and insurance sector (as compared to 7.5 per cent. as at 31 December 2022 and 9.0 per cent. as at 31 December 2021).

As at 31 December 2023, gross loans and advances and Islamic financing to the manufacturing sector saw a 21.8 per cent. increase compared to 31 December 2022. Gross loans and advances and Islamic financing to the hospitality decreased by 12.6 per cent., trade and services sectors increased by 3.7 per cent. and 5.1 per cent. respectively for the same period. In response to the COVID-19 outbreak, to appropriately manage credit risk over the period under review, CBD took several measures, including identifying and conducting frequent reviews of vulnerable sectors, such as the tourism and hospitality, aviation and airlines, retail, logistics, real estate and education sectors. CBD continues to apply robust underwriting standards to companies in these sectors, especially for any new-to-bank customers. Extra measures, such as requiring additional approvals for disbursements of facilities have been implemented to ensure a high level of scrutiny over the credit management process. In spite of these additional measures, CBD has not noticed any reduced demand for its loans and advances portfolio as at 31 December 2023.

CBD decreased its gross loans and advances and Islamic financing in the real estate sector by 3.9 per cent. between 31 December 2023 and 31 December 2022. These movements are primarily due to loan repayments in real estate sectors given prevailing high liquidity and high interest rate environment.

The construction, transportation and storage, manufacturing and government entities sectors witnessed growth of 11.3 per cent., 15.9 per cent., and 21.8 per cent., and 60.1 per cent. respectively as at 31 December 2023 compared to 31 December 2022. This growth arose from a strategic decision to diversify from the real estate sector and to increase focus on the construction, transportation and storage, manufacturing and government entities sectors.

The distribution of the loan portfolio across economic sectors is oriented towards real estate, financial and insurance activities, trade, services, and the personal loans sector, which is in line with the domestic economy.

### Investment securities

The following table sets out the composition of CBD's investment securities as at 31 December 2021, 2022 and 2023.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022/ 2021	2023/ 2022
			(AED million)		
Held at fair value through profit or loss .....	257	247	162	(3.9)	(34.4)
Held at fair value through other comprehensive income.....	5,973	6,445	6,751	7.9	4.8
Held at amortised cost.....	2,761	2,118	8,186	(23.3)	286.5
<b>Investment securities, gross.....</b>	<b>8,991</b>	<b>8,810</b>	<b>15,099</b>	<b>(2.0)</b>	<b>71.4</b>

As at 31 December 2021, CBD had investment securities of AED 9.0 billion, AED 8.8 billion as at 31 December 2022, and AED 15.1 billion as at 31 December 2023. This increase was due to an increase in investments in UAE Central Bank monetary bills. CBD increased its portfolio of investment securities by 71.4 per cent. as at 31 December 2023 (as compared to the size of its investment portfolio as at 31 December 2022), whereas it decreased the portfolio by 2.0 per cent. as at 31 December 2022 as compared to the size of the portfolio as at 31 December 2021. The level of CBD's investment securities which are categorised as held at fair value through other comprehensive income contribute to CBD's compliance with enhanced liquidity ratio requirements as required under Basel III liquidity ratios.

Government securities constituted AED 10.7 billion, or 70.5 per cent. of CBD's AED 15.1 billion investment securities portfolio as at 31 December 2023, AED 5.1 billion, or 58.3 per cent. of CBD's AED 8.8 billion investment securities portfolio as at 31 December 2022, and AED 6.0 billion, or 66.2 per cent. of CBD's AED 9.0 billion investment securities portfolio as at 31 December 2021. CBD's investment securities portfolio experienced a decrease in valuation in June 2020, as a result of the market sell-off after the WHO declared the COVID—19 outbreak to be a pandemic and the drop in oil prices. See "Risk Factors – Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD's business, results of operations, financial condition and prospects" for more information. In the financial year up to 31 December 2023, the significant rise in interest rates has led to a decrease in the valuation of the portfolio.

### Other assets

The following table sets out the composition of CBD's other assets as at 31 December 2021, 2022 and 2023.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
			(AED million)		
Interest receivable .....	349	516	751	47.9	45.5
Accounts receivable and prepayments .....	476	231	278	(51.5)	20.3
Property acquired in settlement of debt.....	1,529	2,155	1,355	40.9	(37.1)
<b>Other assets.....</b>	<b>2,354</b>	<b>2,902</b>	<b>2,383</b>	<b>23.3</b>	<b>(17.9)</b>

As at 31 December 2023, CBD's other assets decreased by 17.9 per cent. as compared to 31 December 2022 and increased by 23.3 per cent. as at 31 December 2022 as compared to 31 December 2021.

## Funding – Total liabilities and equity

The table below sets out the principal sources of CBD’s funding as at 31 December 2023, 2022 and 2021.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022/ 2021	2023/ 2022
			(AED million)		
Due to banks .....	6,120	7,839	7,833	28.1	(0.1)
Customer deposits and Islamic customer deposits .....	82,722	81,074	88,287	(2.0)	8.9
Notes and medium term borrowing .....	2,584	2,034	5,705	(21.3)	180.5
Due for trade acceptances .....	7,341	8,570	7,932	16.7	(7.4)
Other liabilities .....	1,330	1,863	2,814	40.1	51.0
Negative mark to market value of derivatives ....	548	924	635	68.6	(31.3)
<b>Total liabilities</b> .....	<b>100,645</b>	<b>102,304</b>	<b>113,206</b>	<b>1.6</b>	<b>10.7</b>
<b>Total equity</b> .....	<b>13,567</b>	<b>13,882</b>	<b>15,781</b>	<b>2.3</b>	<b>13.7</b>
<b>Total liabilities and equity</b> .....	<b>114,213</b>	<b>116,074</b>	<b>128,987</b>	<b>1.6</b>	<b>11.1</b>

### Due to banks

The following table sets out CBD’s due to banks funding as at 31 December 2021, 2022 and 2023.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2021 / 2022	2023/ 2022
			(AED million)		
Current and demand deposits .....	208	289	980	38.9	239.1
Term borrowings .....	5,912	7,550	6,853	27.7	(9.2)
<b>Due to banks</b> .....	<b>6,120</b>	<b>7,839</b>	<b>7,833</b>	<b>28.1</b>	<b>(0.1)</b>

Amounts due to banks comprise current and demand deposits and arise from short-term liquidity management related borrowings. The variances in balances arise mainly from transactions over the end of the accounting period.

### Customer deposits and Islamic customer deposits

CBD’s funding base principally consists of customer deposits and Islamic customer deposits, which constituted 72.4 per cent. as at 31 December 2021, 69.8 per cent. as at 31 December 2022 and 68.4 per cent. as at 31 December 2023 of CBD’s total liabilities and equity. CBD’s customer deposits and Islamic customer deposits are sourced mainly from corporate customers.

As at 31 December 2023, of CBD’s customer deposits and Islamic customer deposits, 44.3 per cent. were sourced from the corporate sector (compared to 43.2 per cent. as at 31 December 2022), 37.8 per cent. were sourced from the personal sector (compared to 38.8 per cent. as at 31 December 2022) and 17.9 per cent. were sourced from the government sector (compared to 18.0 per cent. as at 31 December 2022).

The following table sets out the breakdown of funding from customer deposits and Islamic customer deposits by type of deposit as at 31 December 2021, 2022 and 2023.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022/ 2021	2023/ 2022
			(AED million)		
<b>Customer deposits</b>					
Current and demand accounts .....	27,692	30,329	36,357	9.5	19.9
Savings accounts .....	4,188	4,020	3,476	(4.0)	(13.5)
Time deposits .....	33,689	35,044	34,096	4.0	(2.7)
	<b>65,570</b>	<b>69,393</b>	<b>73,929</b>	<b>5.8</b>	<b>6.5</b>
<b>Islamic customer deposits</b>					
Current and demand accounts .....	4,881	3,495	3,359	(28.4)	(3.9)
Mudaraba savings accounts .....	588	551	590	(6.3)	7.1
Investment and Wakala deposits .....	11,682	7,635	10,409	(34.6)	36.3
	<b>17,152</b>	<b>11,681</b>	<b>14,358</b>	<b>(31.9)</b>	<b>22.9</b>
<b>Total customer deposits and Islamic customer deposits</b> .....	<b>82,722</b>	<b>81,074</b>	<b>88,287</b>	<b>(2.0)</b>	<b>8.9</b>

Customer deposits and Islamic customer deposits increased by 8.9 per cent. to AED 88.3 billion as at 31 December 2023 when compared with 31 December 2022, arising from the AED 6.0 billion, or 19.9 per cent. increase in current and demand deposits and AED 1.8 billion, or 4.3 per cent. increase in time deposits.

Customer deposits and Islamic customer deposits decreased by 2.0 per cent. to AED 81.1 billion as at 31 December 2022 when compared with 31 December 2021, mostly from the AED 4.0 billion, or 34.6 per cent. decrease in Investment and Wakala deposits and AED 1.4 billion, or 28.4 per cent. decrease in Islamic current and demand deposits over the same period.

#### *Medium term notes*

CBD established its Programme in 2013, which provides for the issuance of notes by way of private or public placements and in each case on a syndicated or non-syndicated basis. Notes issued under the Programme can be issued at a fixed rate, floating rate or can be index linked. The maximum issuance under the Programme was initially U.S.\$2 billion but was increased to U.S.\$3 billion in 2016.

In October 2020, CBD issued U.S.\$600 million (AED 2,203.8 million) of Tier 1 Capital securities. These securities were priced at a fixed rate of 6 per cent. per annum.

In July 2021, CBD issued USD 50 million (AED 183.7 million) of conventional notes under the Programme. These notes were priced at 3-month LIBOR plus 130 bps. floating rate and will mature on 8 July 2026.

In September 2021, CBD issued U.S.\$25 million (AED 91.8 million) of conventional notes under the Programme. These notes were priced at 3-month LIBOR plus 130 bps. floating rate and will mature on 15 September 2026.

In June 2023, CBD utilised its Sustainable Financing Framework and issued its inaugural USD 500,000,000 green bonds. The green bonds were priced at a fixed rate of 5.319 per cent. per annum and will mature on 14 June 2028.

#### *Syndicated loans*

In August 2019, the Group entered into a club deal of U.S.\$170 million (AED 624.4 million) priced at 6-month LIBOR plus 135 bps. for a term of 5 years with an option to roll over on a semi-annual basis maturing in August 2024.

#### *Repurchase agreements*

In July 2012, CBD entered into repo transactions to obtain financing against the sale of certain debt securities, amounting to U.S.\$150.1 million (AED 551.4 million) with arrangements to repurchase them at a fixed future date in July 2017. In June 2016, the repurchase date was extended by an additional five years to July 2022 and was exercised in July 2022.

In June 2016, the Group entered into repo transactions to obtain financing against the sale of certain debt securities, amounting to U.S.\$161.1 million (AED 591.8 million) with arrangements to repurchase them at a fixed future date in July 2021 and was exercised in July 2021.

In June 2021, the Group entered into additional repo transactions to obtain financing against the sale of certain debt securities, amounting to U.S.\$309.2 million (AED 1,135.7 million) with arrangements to repurchase them at a fixed future date in June 2026.

In April 2023, the Group entered into two additional repo transactions to obtain financing against the sale of certain debt securities, amounting to U.S.\$249.8 million (AED 917.5 million) and U.S.\$249.5 million (AED 916.5 million) with arrangements to repurchase them at a fixed future date in April 2026 and April 2028 respectively.

### Other liabilities

The following table sets out the breakdown of CBD's other liabilities as at 31 December 2021, 2022 and 2023.

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
			(AED million)		
Interest payable .....	223	499	1,015	123.8	103.4
Employees' terminal benefits .....	54	54	49	0.0	(9.3)
Accounts payable .....	425	437	693	2.8	58.6
Accrued expenses .....	137	182	245	32.8	34.6
Manager cheques .....	441	530	565	20.2	6.6
Unearned fee income and deferred credits .....	49	49	42	0.0	(14.3)
Impairment allowance on financial guarantees and loans commitments	-	112	205	-	83.0
<b>Other liabilities</b> .....	<b>1,330</b>	<b>1,863</b>	<b>2,814</b>	<b>40.1</b>	<b>51.0</b>

CBD's other liabilities increased by 51.0 per cent. to AED 2.8 billion as at 31 December 2023 from AED 1.9 billion as at 31 December 2022. CBD's other liabilities increased by 40.1 per cent. to AED 1.9 billion as at 31 December 2022 from AED 1.3 billion as at 31 December 2021.

### Total equity

CBD's total equity amounted to AED 13.6 billion as at 31 December 2021, AED 13.9 billion as at 31 December 2022 and AED 15.8 billion as at 31 December 2023. The main components of CBD's total equity as at 31 December 2021, 2022 and 2023 were:

	As at 31 December			Percentage change (%)	
	2021	2022	2023	2022 / 2021	2023 / 2022
			(AED million)		
Share capital .....	2,803	2,803	2,985	-	6.5
Legal and statutory reserve .....	1,401	1,401	1,493	-	6.6
General reserve .....	1,328	1,328	1,328	-	-
Capital reserve .....	39	39	39	-	-
Fair value reserve .....	(61)	(694)	(552)	(1,037.7)	(20.5)
Retained earnings .....	5,854	6,801	8,285	16.2	21.8
Tier 1 Capital Notes .....	2,204	2,204	2,204	-	-
<b>Total equity</b> .....	<b>13,568</b>	<b>13,882</b>	<b>15,781</b>	<b>2.3</b>	<b>13.7</b>

As at 31 December 2023, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,985,191,949 ordinary shares of AED 1 each (31 December 2022: 2,802,733,968 ordinary shares of AED 1 each). At CBD's annual general meeting held on 11 March 2020, CBD's shareholders approved the acquisition of up to 40 per cent. of CBD's share capital by non-UAE nationals, subject to obtaining the necessary approval of the regulatory authorities. On 14 June 2020, all such regulatory formalities were completed and since then, non-UAE nationals are able to acquire CBD's shares.

At the Annual General Meeting of the shareholders of CBD held on 1 March 2023, the shareholders resolved the issuance of 182,457,981 shares as bonus shares, resulting in CBD's share capital increasing to 2,985,191,949 ordinary shares of AED 1 each.

For further information, see "Description of CBD – Share Capital and Shareholders".

## THE UNITED ARAB EMIRATES BANKING SYSTEM AND PRUDENTIALS REGULATIONS

### Summary

According to data published by the UAE Central Bank, as at 31 December 2023, there were a total of 50 commercial banks registered in the UAE (22 locally incorporated commercial banks and 28 foreign commercial banks) (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2023). As a result, the UAE could be, and has historically been, viewed as an over-banked market, even by regional standards and there has traditionally been little impetus for consolidation. However, the consummation of the merger of the National Bank of Abu Dhabi and First Gulf Bank on 30 March 2017, which created First Abu Dhabi Bank (the “**Merger**”), one of the largest banks in the MENA region by assets, was a precursor for further movement towards greater consolidation amongst UAE incorporated banks (see “*Characteristics of the Banking System – Historic lack of consolidation*” below). This has been observed in the merger between Abu Dhabi Commercial Bank PJSC and Union National Bank P.J.S.C. and the subsequent acquisition by the combined entity of Al Hilal Bank P.J.S.C., which completed in 2019 and the acquisition of Noor Bank P.J.S.C by Dubai Islamic Bank P.J.S.C in 2020.

The UAE’s membership of the World Trade Organisation (“**WTO**”) will likely require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

According to preliminary estimates published by the Dubai Statistics Centre, the financial and insurance sectors in Dubai contributed approximately AED 12.7 billion (or 12.4 per cent.) to Dubai’s GDP (at constant prices) in the first quarter of 2022. According to preliminary estimates published by the FCSC, financial and insurance activities contributed approximately AED 30.2 billion (or 7.2 per cent.) to the UAE’s GDP (at constant prices) in the second quarter of 2022.

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by the banks to the UAE Central Bank.

Historically, the UAE Central Bank does not act as a “lender of last resort”. Instead this role tends to fall on the individual Emirs of each Emirate. However, the introduction of the marginal lending facility (“**Marginal Lending Facility**”) allows non-Islamic UAE banks to use certain tradeable assets and/or foreign exchange as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see “*Recent Trends in Banking – Liquidity*” below).

### COVID-19

In response to the COVID-19 outbreak, (see “*Risk Factors – Factors that may affect CBD’s ability to fulfil its obligations under Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee – Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect CBD’s business, results of operations, financial condition and prospects – COVID-19*”), effective from 15 March 2020, the UAE Central Bank implemented the TESS, which included a range of measures aimed at mitigating the economic effects of COVID-19 on the UAE economy. The measures introduced by the TESS expired on 30 June 2022. The TESS was accompanied by other stimulus measures, including the reduction of interest rates. Further measures to support the UAE economy in response to COVID-19:

- decreasing the UAE Central Bank’s minimum reserve requirement for all current, call and savings deposits from 14 per cent. to 7 per cent.;
- postponing the planned implementation of certain Basel III capital requirements in a phased manner from 30 June 2021 to 30 June 2022; and
- allowing banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS9 provisioning compared to 31 December 2019 to be partially added back to

regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five-year period until 31 December 2024.

## **Characteristics of the Banking System**

### ***Historic lack of consolidation***

The UAE may be, and has historically been, seen as being over-banked with 50 commercial banks registered in the UAE (22 locally incorporated commercial banks and 28 foreign commercial banks) and 11 wholesale banks licensed to operate in the UAE (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2023), serving a population estimated to be in the region of approximately 9.44 million people as of mid-2022 (*source*: Statistical Yearbook 2023 edition, United Nations Department of Economic and Social Affairs, Statistics Division).

Traditionally there has been little impetus for consolidation, with the federal structure of the UAE encouraging, to some extent, the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also historically hampered the process of consolidation. As a result, during the period between the October 2007 merger of Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C. which created Emirates NBD and 2017 there was very limited merger activity domestically in the sector. However, following the Merger and the acquisition of Noor Bank P.J.S.C by Dubai Islamic Bank P.J.S.C in January 2020, commentators have suggested that the UAE may see more consolidation of the banking sector in order to improve profitability and reduce inefficiencies.

While the anticipated attempts at consolidation would further reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as IT system development.

Going forward, the advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

### ***Domestic focus***

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector.

With a large number of banks, competing for a limited number of wholesale lending opportunities, most banks historically turned to retail banking, a previously untapped market. However, increasing competition in this area has gradually eroded margins and encouraged a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly automated teller machine (ATM) networks, kiosks and telephone and internet banking services. As a consequence, IT costs have been a prominent feature of many UAE banks' expenses in addition to employee costs.

### ***Limited foreign ownership***

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

During 2002, the government of Dubai issued a decree establishing the Dubai International Financial Centre (the "DIFC"). The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance,

securities trading and back-office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

In 2013, the federal government sought to replicate the success of the DIFC by announcing its intention to establish the Abu Dhabi Global Market (the “**ADGM**”) in Abu Dhabi, as an international financial free zone with its own legal framework (closely based on English common law). The ADGM became operational in mid-2015 and, as at the date of this Base Prospectus, it remains unclear to what extent this will impact the competitive and regulatory landscape in the domestic banking sector.

Federal Law No. 14 of 2018 (which entered into force with effect from 23 September 2018) (the “**2018 Federal Law**”) amended the minimum permissible shareholding by UAE nationals in UAE banks to 60 per cent. As at 31 December 2023, 99.49 per cent. of CBD’s shares are owned by UAE nationals.

### ***Exposure to the oil sector***

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see “*Risk Factors – Factors that may affect CBD’s ability to fulfil its obligations under the Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee — Risks related to the UAE and the Middle East – The UAE’s economy is highly dependent upon its oil revenue*”). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. The mining and quarrying sector, which includes crude oil and natural gas, accounted for approximately 28.7 per cent. of the UAE’s constant GDP in the second quarter of 2022 (source: FCSC).

### ***Islamic banking***

*Shari’a* (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include Dubai Islamic Bank PJSC, Abu Dhabi Islamic Bank PJSC, Emirates Islamic Bank PJSC, Ajman Bank, Sharjah Islamic Bank PJSC, Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co. (PSC) (Salama), Al Hilal Bank P.J.S.C., Tamweel and Amlak Finance. In addition, conventional financial institutions often offer *Shari’a*-compliant products. In addition, the majority of local and international conventional financial institutions that operate in the UAE also offer *Shari’a*-compliant products through their Islamic windows. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks.

### ***Legal environment***

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) *Shari’a* (Islamic) law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

### ***Supervision of banks***

The main piece of legislation applicable to the banking system is the 2018 Federal Law which repeals Federal Law No. 10 of 1980 concerning the status of the UAE Central Bank. The UAE Central Bank’s primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the “bank for banks” within the UAE, although it is not the “lender of last resort”. In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking



crisis, it is likely that the UAE federal government would ultimately stand as de facto defender of the currency and the “lender of last resort”.

The 2018 Federal Law grants the UAE Central Bank powers to, among other things:

- draw up and implement monetary policy;
- exercise currency issuance;
- organise licensed financial activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of the 2018 Federal Law and international standards;
- set up appropriate regulations and standards for protection of customers of licensed financial institutions;
- monitor the credit condition in the UAE, in order to contribute to the achievement of balanced growth in the national economy;
- manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base as per the provisions of the 2018 Federal Law; and
- regulate, develop, oversee and maintain soundness of the financial infrastructure systems in the UAE, including electronic payment systems, digital currency and stored value facilities.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue UAE federal government debt. However, the UAE Central Bank does issue Monetary Bills (“**M-Bills**”) to UAE banks via auction, denominated in UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. The M-Bills programme was launched in January 2021 to replace UAE Central Bank Certificates of Deposit. The secondary market in M-Bills is currently developing but they can be used as collateral for UAE dirham funding from the UAE Central Bank at any time.

The UAE dirham is linked to the International Monetary Fund’s Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices. However, see “*Risk Factors – Factors that may affect CBD’s ability to fulfil its obligations under the Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee – Risks relating to CBD’s business – CBD faces risks associated with changes in market prices*”.

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 20 of 2018 regarding the procedures for anti-money laundering and combating the financing of terrorism and illicit organisations. Pursuant to this, the UAE has established the National Committee to Counter Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organisations which is responsible for co-ordinating policy and systems on anti-money laundering and the combating of terrorism financing and assessing the effectiveness of such policies and systems and the representation of the UAE in international forums on these matters. Federal Law No. 20 of 2018 also recommends the establishment of an independent “Financial Information Unit” within the UAE Central Bank to receive and investigate reports submitted by financial institutions and corporate entities regarding suspected illicit financial activity.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC, while the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector in the ADGM. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

## ***Capital markets***

The capital markets in the UAE are regulated by a number of entities, including the UAE Securities and Commodities Authority (the “SCA”), which licenses intermediaries to trade on the Dubai Financial Market (the “DFM”) and the Abu Dhabi Securities Exchange (the “ADX”). The SCA is a federal government organisation but has financial, legal and administrative independence. The other significant stock exchange in the UAE is Nasdaq Dubai which commenced operations in September 2005 and, as an entity based in the DIFC, is separately regulated.

### *Dubai Financial Market*

The DFM was established by the government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements. The DFM, along with Nasdaq Dubai, is owned by Borse Dubai Limited.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which has led to an increase in interest and investment from international institutional investors in Dubai.

### *Nasdaq Dubai*

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, Dubai Financial Market announced that it had made an offer to Borse Dubai Limited and the Nasdaq OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million Dubai Financial Market shares. The merger was approved by Borse Dubai Limited and the Nasdaq OMX Group and was completed on 11 July 2010.

Nasdaq Dubai’s standards are comparable to those of leading international exchanges in New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuer’s access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a mix of regional and international brokers.

### *Abu Dhabi Securities Exchange (ADX)*

The ADX was established in November 2000 as an independent entity and operates as a market for trading securities, including shares issued by public joint stock companies, bonds or sukuk issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the SCA.

ADX is classified as an ‘Emerging Market’ by each of MSCI index (Morgan Stanley Capital International), S&P Dow Jones, FTSE, S&P and Russell Investments. ADX has the authority to establish centres and branches outside the Emirate of Abu Dhabi. To date it has done so in the emirates of Fujairah, Ras al Khaimah and Sharjah.

## ***Government involvement***

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector’s largest customers, in terms of both deposits and project financing.

### ***Expatriate workforce***

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 83.3 per cent. of the workforce (*source*: FCSC Labour Force Survey 2019). The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and as part of a policy of “Emiratisation”, banks were instructed, in 1999, to increase the percentage of UAE nationals on their payroll by at least 4 per cent. per annum. This policy has now been replaced by the UAE Cabinet Decree number 3/10/267 of 2015 dated 25 October 2015 (the “**Emiratisation Circular**”), which has introduced a scoring system which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold

for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

### ***Accounting standards***

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards (IAS)). Although this has led to a substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector.

### ***Structure of the banking system***

Banking institutions in the UAE fall into a number of categories. Domestic banks, also known as “national” banks, of which there were 22 as at 31 December 2023 (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2023), are required to be public shareholding companies with a minimum share capital of AED 40 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there were 39 as at 31 December 2023 (comprising 28 commercial banks and 11 wholesale banks) (*source*: UAE Central Bank Monetary Banking & Financial Markets Development Report Q4 2023), need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. “Financial institutions” (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers) may also be licensed to operate within the UAE.

### **Recent Trends in Banking**

#### ***Profitability***

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008 allowed UAE banks to expand significantly.

However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE from 2008 to 2011 in response to the global 2008 financial crisis but rebounded between 2012 and 2019, with the ADX’s General Index increasing from 2,630.9 at 31 December 2012 to 9,333.9 at 31 December 2023 (*source*: ADX website), and the Dubai Financial Market index increasing from 1,662.5 at 31 December 2012 to 4,059.8 at 31 December 2023 (*source*: Dubai Financial Market website).

#### ***Liquidity***

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans, advances and Islamic financing to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand- or time-based customer deposits made by private individuals or private sector companies. As at 30 November 2023, according to data made available by the UAE Central Bank:

- demand and time deposits constituted approximately 86.4 per cent. of total resident and non-resident deposits of all banks (excluding government deposits, commercial prepayments and borrowings under repurchase agreements);

- resident corporate and individual deposits constituted approximately 64 per cent. of total deposits of all banks with approximately 37.8 per cent. of such deposits being from corporate residents (in each case, excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements) (source: UAE Central Bank Statistical Bulletin November 2023); and
- non-resident sources constituted approximately 7.6 per cent. of total deposits of all banks with approximately 59.2 per cent. of such deposits being from corporate non-residents (in each case, excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements) (source: UAE Central Bank Statistical Bulletin November 2023).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks could draw upon subject to posting eligible debt securities as collateral. The liquidity facility was available only for the purpose of funding existing commitments. New lending was required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit repo facility under which banks can use certificates of deposits as collateral for UAE dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, the UAE federal government also provided AED 50 billion in deposits to UAE banks (as part of a larger AED 70 billion package) which, at the option of the banks, can be converted into Tier 2 capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier 2 capital.

In line with Basel III requirements, the UAE Central Bank has issued the UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015) (the “**Liquidity Notice**”) and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank’s board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee’s recommendations and international best practices. These requirements include the following:

*Responsibilities of the board of directors:*

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to enable the clear articulation of liquidity risk tolerance in line with the relevant UAE bank’s objectives, strategy and risk appetite.

*Responsibilities of senior management:*

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank’s strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

*Liquidity risk framework:*

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;

- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress-testing of the portfolio for a variety of scenarios (both institution-specific and market-wide), with the results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with CBD’s liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two ratios which are intended to apply until the Basel III Liquidity Coverage Ratio and Net Stable Funding Ratio come into effect. These include the following:

	<b>Ratio</b>	<b>Applicability Period</b>
Interim ratios:	Eligible Liquid Assets Ratio (ELAR $\geq$ 10%)	1 July 2015 – until LCR implementation for approved banks
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	30 September 1986 until NSFR implementation for approved banks
Basel III ratios:	Liquidity Coverage Ratio (LCR $>$ 100%)	Effective from 1 January 2016 for approved banks
	Net Stable Funding Ratio (NSFR $<$ 100%)	Effective January 2018 onwards for approved banks

The Central Bank of Ireland’s eligible liquid assets ratio (“**ELAR**”) is an interim ratio which was designed to apply pending the liquidity coverage ratio (“**LCR**”) becoming effective (as described below). Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR (and away from assessment against the interim ELAR), with effect from 1 January 2016. Any UAE banks taking up this option were required to comply with the ELAR until 1 January 2016, after which date they are required to move to compliance with the LCR (subject to receipt of UAE Central Bank approval).

The LCR represents a 30-day stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR

determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose. As discussed below, as part of the TESS, banks that are subject to the LCR are able to fall below the regulatory LCR requirement of 100 per cent. *provided that* their LCR is higher than or equal to 70 per cent.

As part of the UAE Central Bank's gradual implementation of the Basel III reforms in the UAE, the UAE Central Bank has introduced LCR in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. by 2019. This graduated approach was designed to ensure that the LCR could be introduced without disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity in the UAE.

The ASRR is an interim ratio which applies to UAE banks until they become subject to the NSFR (as described below). The ASRR recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The Net Stable Funding Ratio ("**NSFR**") is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It came into effect in January 2018, but only applies to UAE banks which have moved to assessment under the LCR. The NSFR also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR in the UAE mirrors the Basel III standards. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding ("**RSF**") (usage) factors to asset classes and off-balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned RSF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III standards.

### ***Marginal Lending Facility***

On 15 April 2014, the UAE Central Bank introduced an Interim Marginal Lending Facility which allowed non-Islamic UAE banks to use certain assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

On 1 March 2022, this was replaced with the Marginal Lending Facility and Contingent Liquidity Insurance Facility (together referred to as the "**Standing Credit & Liquidity Insurance Facilities**"). The Marginal Lending Facility performs the same function as the former Interim Marginal Lending Facility, whereas the Contingent Liquidity Insurance Facility allows access to UAE Central Bank term liquidity at the discretion of the UAE Central Bank.

The UAE Central Bank accepts a range of tradeable securities and foreign exchange as eligible collateral for the purposes of accessing the Standing Credit & Liquidity Insurance Facilities, including securities issued by sovereigns (originating in the UAE and outside the UAE) and securities issued by corporates and financials or supranational, municipal, or public sector issuers. In order to be eligible, collateral must meet minimum credit rating requirements specified in the terms and conditions of the Standing Credit & Liquidity Insurance Facilities. Banks accessing the Standing Credit & Liquidity Insurance Facilities must borrow a minimum of AED 10 million.

### ***Position of depositors***

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

### ***Prudential regulations***

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of

inspection depends on the perceived risk of CBD, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

### *Capital adequacy*

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

As at the date of this Base Prospectus, the UAE Central Bank has adopted a policy of a gradual, phased introduction of Basel III. As part of this gradual introduction of Basel III in the UAE, and pursuant to the February 2017 Regulations and the Capital Standards, CBD is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 13 per cent. effective from 1 January 2019.

The calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines. Under the 2018 Federal Law, the UAE Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III Reform, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") that requires contractual or legislative terms providing for, at the option of the relevant authority, the writing-off of the principal amount of Tier 1 and Tier 2 capital instruments or the conversion of such Tier 1 and Tier 2 capital instruments into ordinary shares upon the occurrence of the earlier of: (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the relevant bank would become non-viable, in each case as determined by the relevant authority.

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The Basel III Regulations and the Accompanying Standards (as defined below) confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve Regulatory Capital (as defined below) classification from the UAE Central Bank. The Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus.

In May 2016, the UAE Central Bank published a draft consultation document entitled “Capital Adequacy Regulation” (the “**Consultation Document**”), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (together, “**Regulatory Capital**”). It also outlines, among other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the “Regulations re Capital Adequacy” (the “**Basel III Regulations**”) in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The Basel III Regulations are supported by the accompanying standards entitled “Standards for Capital Adequacy of Banks in the UAE” which were first published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSN/2020/4980 and most recently updated on 30 December 2022 by virtue of Notice No. CBUAE/BSN/2022/5280 (the “**Accompanying Standards**”). The Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a supervisory review and evaluation process of the UAE Central Bank (see “*Risk Factors – Factors that may affect CBD’s ability to fulfil its obligations under the Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee – Risks relating to CBD’s business – CBD’s cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*”).

### **Reserve requirements**

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances. As noted under “- COVID-19” above, as part of the UAE Central Bank’s stimulus package in response to COVID-19, the minimum reserve requirement for all current, call and savings deposits has been decreased from 14 per cent. to 7 per cent. This requirement was then raised to 11 per cent. by the UAE Central Bank in 2023.

### **Credit controls**

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank circular dated 23 February 2011 on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013), as amended by Notice No. CBUAE/BSN/2020/1799 dated 8 April 2020 and Resolution No. 31/2/2020 Amending Circular No. 31/2013 (the “**Mortgage Regulations**”) introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan-to-value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. Additionally, the Mortgage Regulations specify that the amount of mortgage loans for non-UAE nationals should not exceed 80 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 70 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 85 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 75 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).



## Large exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits.

On 11 November 2013, the UAE Central Bank published Central Bank Notice No. 32/2013 on large exposures (the “**Large Exposure Notice**”) amending certain of the large exposure limits. The Large Exposure Notice was then replaced by the Large Exposures Regulation introduced by the UAE Central Bank on 22 May 2023. Exposures above limits imposed by the Large Exposures Regulation are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the limits under the Large Exposures Regulation (defined as a percentage of the bank’s capital base calculated under Basel II).

	Cap as percentage of Tier 1 Capital	
	Individual	Aggregate
UAE federal government.....	Not applicable	Not applicable
Foreign sovereigns rated at least AA- .....	Not applicable	Not applicable
UAE local governments .....	Not applicable	150%
Non-commercial entities of UAE local governments .....	25%	150%
Commercial entities of UAE federal government and UAE local government.....	25%	100%
Self-sustainable commercial entities of UAE federal and local governments .....	25%	Not applicable
A single borrower or a group of related borrowers .....	25%	Not applicable
Shareholders who own 5 per cent. or more of the bank's capital and their related entities .....	20%	50%
Globally systemic bank exposures to another globally system bank .....	15%	Not applicable
UAE incorporated bank’s exposure to its foreign branches .....	Not applicable	30%
Exposure to bank’s non-bank subsidiaries and affiliates .....	10%	25%
Board members .....	5%	25%

## Provisions for loan losses

For UAE banks, IFRS 9 was introduced for financial reporting periods commencing on 1 January 2018, replacing IAS 39 and introducing an expected credit loss (“**ECL**”) model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. IFRS 9 provision uses a three-stage approach in recognising increased credit risk at each stage of risk (i.e., Stage 1 for current facilities, Stage 2 for significant increase in credit risk and Stage 3 for impaired loans).

On 27 March 2020, the IASB issued a guidance note, advising that both the assessment of a significant increase in credit risk and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. In assessing forecast conditions, consideration should be given both to the effects of COVID-19 and the significant government support measures being undertaken.

As noted above in “ – COVID-19” and as part of the UAE Central Bank’s stimulus package in response to COVID-19, banks are able to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five-year period until 31 December 2024.

### ***UAE Model Standards and Guidelines***

On 23 December 2022, the UAE Central Bank published the Model Standards and Guidelines which contain mandatory modelling practices to be implemented by banks operating in the UAE. The Model Standards and Guidelines aim to improve the quality of models used, increase model homogeneity across the UAE and mitigate model risk. All UAE banks were required to submit a gap assessment of their current model management practices against the standard and the guidance in the Model Standards and Guidelines, together with a remediation plan, to the UAE Central Bank by 21 June 2023. The introduction of the Model Standards and Guidelines demonstrates a notable increase in the emphasis placed by the UAE Central Bank on ensuring the accuracy and reliability of models used by banks.

### ***Al Etihad Credit Bureau***

Al Etihad Credit Bureau (“**AECB**”) is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. As at the date of this Base Prospectus, CBD has entered into a data and credit information supply agreement with AECB.

The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE’s first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

### ***Shari’a compliance***

UAE law requires financial institutions licensed by the UAE Central Bank to operate their Islamic banking business activities in compliance with the rules, standards and general principles established by the Higher *Shari’a* Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher *Shari’a* Authority before undertaking certain licensed financial activities.

### ***Corporate governance***

Banks in the UAE are subject to the Corporate Governance Regulations and the Corporate Governance Standards which were issued by the UAE Central Bank in 2019 with a view to ensuring banks have a comprehensive approach to corporate governance.

## TAXATION

### General

The following is a general description of certain tax considerations relating to Notes issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of acquiring, holding and disposing of Notes and receiving payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on Notes to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Cayman Issuer has received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Cayman Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Notes) of the Cayman Issuer or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (As Revised). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Notes. However, an instrument transferring title to any Notes, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Cayman Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### United Arab Emirates

*The following is a general summary of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("Dubai Law") and does not constitute legal or tax advice. Prospective investors in the Notes are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase ownership or disposition of the Notes or any interest therein.*

Under existing Dubai Law, although an income tax decree has been enacted in each of Abu Dhabi and in Dubai (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)), which provides for tax to be imposed on the taxable income of all bodies corporate which carry on a trade or business, the regime is not currently enforced. In practice, only companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE have been required to pay tax.

There are currently no withholding taxes required to be levied under UAE, Abu Dhabi or Dubai law in respect of payments on debt securities (including in relation to the Notes). However, further to the recent issuance of the Corporate Tax Law, corporate tax will apply to taxable persons for financial years beginning on or after 1 June 2023. The UAE Ministry of Finance has announced that no withholding will apply in relation to this tax. In the event of the imposition of any withholding in the future, the relevant Obligor has undertaken to gross-up any payments subject to certain limitations, as described in Condition 9 (*Taxation*).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries.

### **The proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a directive for a common FTT to be adopted in certain participating EU Member States (including 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 Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission’s 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 FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. Each relevant Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE and Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements (“**IGAs**”) with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the 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 characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal term purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “*Terms and Conditions – Further Issues*”) that 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.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) dated 23 May 2024, agreed with the Obligors the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Obligors have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

Neither the Notes nor the Guarantee have been or will be registered under the Securities Act nor any state securities laws and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to the Securities Act and in accordance with any applicable securities laws. Terms used in this section have the meanings given to them by Regulation S under the Securities Act of any state of the United States.

Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period 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. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to any Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Each purchaser of any Notes and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes will be deemed to have represented, warranted, agreed and acknowledged that:

1. it is, or at the time the Notes are purchased will be, the beneficial holder of such Notes and it has acquired the Notes in an offshore transaction (within the meaning of Regulation S); and
2. it understands that the Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

### Prohibition of Sale to EEA Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the “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:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Obligor for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

*provided that* no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended).

### **United Kingdom**

Unless the applicable 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 applicable Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of the UK Prospectus Regulation; or
  - (ii) 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 European Union (Withdrawal) Act 2018 (“**EUWA**”); or

- (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Final Terms in respect of any Notes specifies “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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

*provided that* no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA.

#### ***Other regulatory restrictions***

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 FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; 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.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and 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.

## Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per la Società e la Borsa (“**CONSOB**”) pursuant to Italian securities legislation. 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 offer, sell or deliver, directly or indirectly, any Notes or distribute copies of the Base Prospectus or of any other document relating to the Notes in the Republic of Italy except:

- (a) pursuant to the Prospectus Regulation, to qualified investors (*investitori qualificati*), as defined under Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”) and/or Italian CONSOB regulations; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, and in accordance with any applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes, or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy, under paragraphs (a) and (b) above must:

- (i) be made by an investment firm, a bank or a financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”);
- (ii) comply with any other applicable laws and regulations or requirements imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, transfer, delivery or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

## Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**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 “**Companies Ordinance**”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; 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.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further



Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold any Notes or caused 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 Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA; (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets 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 relevant Final Terms will constitute notice to “relevant persons” for purposes of Section 309B(1)(c) of the SFA.

### **The PRC (excluding Hong Kong, Macau and Taiwan)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly by it within the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (the “PRC”), except as permitted by the securities laws of the PRC. This Base Prospectus, the Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission (“CSRC”) or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Base Prospectus nor any material or information contained or incorporated by reference herein relating to the Notes constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the People’s Bank of China, the State Administration of Foreign Exchange, CSRC, the National Administration of Financial Regulation and other relevant regulatory bodies, or successors of the aforementioned regulatory bodies and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

### **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 (excluding the Dubai International Financial Centre) other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the “DFSA”) rulebook; and
- (b) made only to persons who meet the “Professional Client” criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook and who are not a natural person.

## Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “institutional clients” and “qualified clients” under Article 8 of the “Rules on the Offer of Securities and Continuing Obligations” issued by the Board of the Capital Market Authority (the “CMA”) pursuant to its resolution number 3-123-2017 dated 9/4/1439H, corresponding to 27/12/2017G (as amended by the Board of the CMA pursuant to resolution number 3-6-2024 dated 5/7/1445H, corresponding to 17/1/2024G (as amended from time to time, the “KSA Regulations”)) or by way of a limited offer under Article 9 of 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 the Notes made by it to an investor in Saudi Arabia or who is a Saudi person (a “Saudi Investor”) will be made in compliance with either Article 8 and Article 10 or Article 9 of the KSA Regulations.

Each 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 and that, consequently, any Saudi Investor who has acquired Notes pursuant to a private placement under the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA to carry out securities business and: (a) the price to be paid for the Notes in any one transaction does not exceed SR 200 thousand or an equivalent amount; (b) the Notes are offered or sold to an investor under the categories of “institutional clients” and “qualified clients”; or (c) the securities are being offered or sold in such other circumstances as the Authority may prescribe for these purposes.

## Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Notes has been or will be made by it to the public in the Cayman Islands to subscribe for or purchase any Notes and this Base Prospectus shall not be construed as an invitation by it to the public of the Cayman Islands to subscribe for or purchase any Notes. This Base Prospectus has not been filed with or reviewed by the Cayman Islands Monetary Authority or any other regulatory authority in the Cayman Islands, and no such authority in the Cayman Islands accepts any liability for the content hereof. This Base Prospectus may not be circulated in or into the Cayman Islands or made available to the general public in the Cayman Islands. The Notes may not be transferred or sold to or purchased by any member of the general public in the Cayman Islands.

## 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 as marketing to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “accredited investor” means:

- (a) an individual who has a minimum net worth (or joint net worth with their 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 organization, central bank or other national monetary authority and state organisation whose main activity is to invest in financial instruments (such as state pension fund).

## State of Qatar (including the 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, sold or delivered, and will not offer, sell or deliver 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 licensed 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 (i) has not been, and will not be, reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

## **Malaysia**

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia 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, by it and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed by it 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)), read together with Schedule 8 and 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 Securities Commission of Malaysia 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.

## **General**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Obligors nor any of the other Dealers shall have any responsibility therefor.

None of the Obligors or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of any Notes.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions as the relevant Obligors and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement or dealer accession letter, as applicable.

## GENERAL INFORMATION

### Authorisations

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of CBD dated 9 July 2008. The update of the Programme and the issuance of Notes thereunder has been duly authorised by a resolution of the Board of Directors of CBD dated 8 May 2024.

Pursuant to a resolution of CBD's shareholders dated 1 March 2023, CBD is, as at the date of this Base Prospectus, authorised by its shareholders to issue Notes under the Programme in an aggregate nominal amount of U.S.\$3,000,000,000 (or its equivalent in any other currency (as determined in accordance with the Programme Agreement)).

The update of the Programme and the issuance of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Cayman Issuer held on 9 May 2024.

### Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. Application has been made to Euronext Dublin for 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 and trading on its Regulated Market. Such approval relates only to the Notes which are to be admitted to trading on a MiFID Regulated Market and/or which are to be offered to the public in any Member State.

### Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuers in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection from the registered office of CBD and from the specified office of the Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Cayman Issuer and the Memorandum and Articles of Association (with an English translation thereof) of CBD;
- (b) the unaudited reviewed condensed consolidated interim financial statements of CBD in respect of the three-month period ended 31 March 2024;
- (c) the audited consolidated financial statements of CBD in respect of the financial years ended 31 December 2023 and 31 December 2022. CBD currently prepares audited consolidated financial statements only on an annual basis;
- (d) when available, the most recently published audited consolidated annual financial statements of CBD and the most recently published unaudited condensed consolidated interim financial statements (if any) of CBD in each case together with any audit or review reports prepared in connection therewith. CBD currently prepares unaudited reviewed condensed consolidated interim financial statements on a quarterly basis;
- (e) the Agency Agreement, the Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Base Prospectus; and

- (g) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated therein by reference.

The documents referred to in subparagraph (a) above can be found at <https://www.cbd.ae/wholesale/about-cbd/corporate-governance/cbd-corporate-document> and <https://www.cbd.ae/wholesale/about-cbd/corporate-governance/cbd-cayman-corporate-document>.

The documents referred to in subparagraphs (b) to (d) above can be found at <https://www.cbd.ae/wholesale/about-cbd/investor-relations/financial-results>.

The documents referred to in subparagraphs (e) to (g) above can be found at <https://www.cbd.ae/wholesale/about-cbd/investor-relations/Fixed-Income-Investors>.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, International Securities Identification Number (“ISIN”), Financial Instruments Short Name (“FISN”) and/or Classification of Financial Instrument (“CFI”) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information 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, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Obligor and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial position or financial performance of the Cayman Issuer, and there has been no material adverse change in the prospects of the Cayman Issuer, since the date of its incorporation.

There has been no significant change in the financial position or financial performance of either CBD, or CBD and its subsidiaries taken as a whole, since 31 March 2024. There has been no material adverse change in the prospects of either CBD, or CBD and its subsidiaries taken as a whole, since 31 December 2023.

### **Litigation**

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

### **Auditors**

The current independent auditors of CBD are Deloitte & Touche (M.E.), who have reviewed the unaudited condensed interim financial information of CBD as at and for three-months ended 31 March 2024. Deloitte & Touche (M.E.) were first appointed as auditors of CBD in the annual general meeting held on 6 March 2024 for the financial periods commencing 1 January 2024.

The consolidated financial statements as at and for the financial years ended 31 December 2023 and 31 December 2022 have been audited by KPMG Lower Gulf Limited (Dubai Branch), in their capacity as the independent auditors of CBD for the financial periods prior to 1 January 2024. KPMG Lower Gulf Limited (Dubai Branch) were first appointed as auditors of CBD in the annual general meeting held on 20 March 2018 and thereafter, appointed as auditors of CBD in the annual general meeting held on 1 March 2023 for the financial year to end 31 December 2023.

There is no professional institute of auditors in the UAE and, accordingly, KPMG Lower Gulf Limited (Dubai Branch) and Deloitte & Touche (M.E.) are not members of a professional body in the UAE. All KPMG Lower Gulf Limited (Dubai Branch) audit partners are members of the institutes from where they received their professional qualification.

Since the date of its incorporation, no financial statements of the Cayman Issuer have been prepared. The Cayman Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements, or appoint an auditor.

### **Dealers transacting with the Cayman Issuer and CBD**

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 for the Cayman Issuer, CBD and their respective affiliates in the ordinary course of business for which they may 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 Cayman Issuer or CBD, or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with CBD routinely hedge their credit exposure to the CBD 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. For the purposes of this paragraph the term affiliates shall also include parent companies.

**The Cayman Issuer**

**CBD (Cayman) Limited**  
**c/o Walkers Corporate Limited**  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

**CBD**

**Commercial Bank of Dubai P.S.C.**  
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United Arab Emirates

**ISSUING AND PRINCIPAL PAYING AGENT AND OTHER PAYING AGENT**

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**REGISTRAR**

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*To the Dealers as to English and UAE law*

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*To CBD (Cayman) Limited and CBD as to  
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**AUDITORS**

*For the financial periods  
prior to 1 January 2024*

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*For the financial periods  
commencing 1 January 2024*

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## DEALERS

### **Australia and New Zealand Banking Group Limited**

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### **Barclays Bank PLC**

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### **Crédit Agricole Corporate and Investment Bank**

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### **Citigroup Global Markets Limited**

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### **First Abu Dhabi Bank PJSC**

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### **Natixis**

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### **Standard Chartered Bank**

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## IRISH LISTING AGENT

### **Arthur Cox Listing Services Limited**

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