

BASE OFFERING CIRCULAR



THE NATIONAL BANK OF RAS AL-KHAIMAH (P.S.C.)
(incorporated with limited liability in the United Arab Emirates as a public shareholding company)

U.S.\$2,000,000,000 Euro Medium Term Note Programme

Under the Euro Medium Term Programme (the "**Programme**") described in this base offering circular (the "**Base Offering Circular**"), The National Bank of Ras Al-Khaimah (P.S.C.) (the "**Issuer**" or the "**Bank**"), subject to compliance with all relevant laws, regulations and directives may from time to time issue notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement (as defined below)), subject to increase as described herein.

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

Application has been made for Notes to be admitted to trading on the International Securities Market of the London Stock Exchange plc (the "ISM"). Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). The London Stock Exchange plc has not approved nor has it verified the contents of this Base Offering Circular. The applicable Pricing Supplement (as defined below) which supplements the Conditions will state on which market(s) the relevant Notes will be admitted to trading, if any. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The ISM is a market designated for professional investors. The ISM is not a regulated market situated or operating within the United Kingdom (the "UK") for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA") (the "UK Prospectus Regulation").

Notice of the aggregate nominal amount of a tranche of Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and certain other information that is applicable to such Notes will be set out in a pricing supplement document (the "**Pricing Supplement**"). The Programme also permits Notes to be issued on an unlisted basis or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s).

Each Series of Notes will be issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**"). Bearer Notes will be represented on issue by a temporary global note (a "**Temporary Global Note**") or a permanent global note (a "**Permanent Global Note**") and each of the Temporary Global Note and Permanent Global Note, a "**Global Note**"). Registered Notes will be represented by registered certificates (each a "**Certificate**"), one certificate being issued in respect of each Noteholder's (as defined below) entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**").

Investing in the Notes involves risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 2 of this Base Offering Circular.

The rating of certain Tranches (as defined below) of Notes to be issued under the Programme and the credit rating agency issuing such rating may be specified in the relevant Pricing Supplement. The Issuer has been assigned long-term credit ratings of BBB+ by Fitch Ratings Limited ("**Fitch**"), Baa1 by Moody's Investors Service Cyprus Ltd. ("**Moody's**") and A by Capital Intelligence Ratings Ltd ("**Capital Intelligence**"). The Issuer has been assigned short-term credit ratings of F2, P-2 and A1 by Fitch, Moody's and Capital Intelligence, respectively. As at the date of this Base Offering Circular, the Programme is expected to be assigned ratings of BBB+ by Fitch and (P)Baa1 by Moody's. Each of Moody's and Capital Intelligence is established in the European Economic Area (the "EEA"), is registered under Regulation (EU) No. 1060/2009 on credit rating agencies (the "**EU CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies (as of the date of this Base Offering Circular) on the ESMA website <http://www.esma.europa.eu>. Moody's is not established in the UK or registered under Regulation (EU) No. 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). The ratings that Moody's has assigned to the Issuer and the Programme are endorsed by Moody's Investors Service Ltd., which is established in the UK and registered under the UK CRA Regulation. Fitch is established in the UK, is registered under the UK CRA Regulation and appears on the latest update of the list of registered credit rating agencies (as of the date of this Base Offering Circular) on the FCA's Financial Services Register. Fitch is not established in the EEA or registered under the EU CRA Regulation. The ratings that Fitch has assigned to the Issuer and the Programme is endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the EU CRA Regulation.

Arrangers and Dealers

Emirates NBD Capital

First Abu Dhabi Bank

Standard Chartered Bank

Citigroup

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RAKBANK

The date of this Base Offering Circular is 10 October 2023

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

This Base Offering Circular should be read and construed together with any supplements hereto and, in relation to any Tranche of Notes which is the subject of Pricing Supplement, should be read and construed together with the relevant Pricing Supplement.

Certain information contained in "*Risk Factors*", "*Description of the Group*" and "*The United Arab Emirates Banking Sector and Regulations*" (as indicated therein) has been extracted from independent, third-party sources. The Issuer confirms that all third-party information contained in this Base Offering Circular has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant, third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third-party information contained in this Base Offering Circular is stated where such information appears in this Base Offering Circular.

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

To the fullest extent permitted by law, neither the Arrangers, the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Offering Circular. The Arrangers and the Dealers accordingly disclaim all and any liability that each of them may have (whether in tort, contract or otherwise) in respect of the accuracy or completeness of any such information or statements. None of the Dealers, and no director, affiliate, adviser or agent of the Dealers, accepts any responsibility for any acts or omissions of the Issuer, or any other person in connection with the Base Offering Circular or the issue and offering of Notes. Neither the Dealers nor any director, affiliate, adviser or agent of the Dealers accepts any liability in relation to the information contained in this Base Offering Circular or any other information provided by the Issuer in connection with the Programme. Neither the delivery of this Base Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Offering Circular is true subsequent to the date hereof or the date upon which this Base Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Circular or any Pricing Supplement comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Base Offering Circular or any Pricing Supplement and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and 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 U.S. persons.

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

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

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

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

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

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

In connection with an issue of Social Notes (as defined in "*Risk Factors Relating to Social Notes*" below) under the Programme, the Issuer has requested Sustainable Fitch, a provider of second party opinions, to issue a Second Party Opinion (as defined in "*Use of Proceeds*" below) on the Social Finance Framework. The Issuer has established a social finance framework dated September 2023 (as updated from time to time,

the "**Social Finance Framework**") which describes the use of proceeds, the process for project evaluation and selection, the management of proceeds and reporting in respect of such Social Notes. The Social Finance Framework and the Second Party Opinion will be accessible through the Issuer's website (<https://rakbank.ae/wps/portal/retail-banking/about-us/csr-initiatives>). However, any information on, or accessible through, the Issuer's website (including the Social Finance Framework) and the information in such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Offering Circular and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme.

None of the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents accepts any responsibility for any assessment of any Social Notes or makes any representation or warranty or assurance: (i) as to whether such Social Notes will meet any investor expectations or requirements regarding the label "social" or similar labels; (ii) as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any Social Notes; or (iii) as to whether such Social Notes will fulfil any social or sustainability criteria or guidelines with which any prospective investors are required, or intend, 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 sustainability or social impact of any financing, the subject of or related to, the Social Finance Framework. None of the Arrangers, the Dealers and the Agents is responsible for the use or allocation of proceeds (or an amount equal thereto) for any Social Notes, nor the impact, monitoring or public reporting of such use of proceeds (or amount equal thereto) nor do any of the Arrangers, the Dealers and the Agents undertake to ensure that there are at any time sufficient Eligible Social Loans (as defined in "*Use of Proceeds*" below) to allow for allocation of a sum equal to the net proceeds of the issue of such Social Notes in full.

In addition, none of the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents is responsible for or has undertaken the assessment of the Social Finance Framework including, without limitation, the assessment or verification of the applicable eligibility criteria for Eligible Social Loans and in relation to Social Notes set out in therein. The Second Party Opinion provides an opinion on certain social, sustainability and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability or investor preference. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer, the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents as to the suitability or reliability of the Second Party Opinion or any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the Social Finance Framework or any issue of any Social Notes. As at the date of this Base Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Arrangers, the Dealers, the Agents, any of their respective directors, affiliates, advisers and agents or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

The Social Finance Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Offering Circular. The Social Finance Framework, the Second Party Opinion and any other such opinion, certification or public reporting does not form part of, nor is incorporated by reference in, this Base Offering Circular and the Arrangers, Dealers, the Agents or any of their respective directors, affiliates, advisers or agents: (i) make no representation as to the suitability or contents thereof; and (ii) to the extent permitted by applicable law, expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of such documents.

In the event any such Social Notes are, or are intended to be, listed, or admitted to trading on a dedicated "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents: (i) that such listing or admission will be obtained or maintained for the lifetime of the Social Notes; or (ii) as to the suitability of any Social Notes for the listing or admission

to trading thereof on any dedicated "sustainable", "social" or other equivalently-labelled segment of any stock exchange or securities market.

IMPORTANT – EEA RETAIL INVESTORS

If the relevant Pricing Supplement in respect of any Tranche of Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the relevant Pricing Supplement in respect of any Tranche of Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement 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 distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

**NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001
(2020 REVISED EDITION) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO
TIME (THE "SFA")**

Unless otherwise stated in the applicable Pricing Supplement, all Notes issued or to be issued under the Programme shall be "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

UK BENCHMARKS REGULATION

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Base Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Base Offering Circular 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 Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

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

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

NOTICES TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Offering Circular 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 "CMA").

The CMA does not make any representation as to the accuracy or completeness of this Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. 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 Offering Circular, he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Notes will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Offering Circular has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in the State of Qatar 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.

STABILISATION

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of comprehensive income and the consolidated statement of cash flows information included in this Base Offering Circular relating to the Group (as defined below) has been derived:

- in the case of the financial information as at and for the six months ended 30 June 2023 and 30 June 2022, from the Group's unaudited condensed consolidated interim financial information as at and for the six months ended 30 June 2023 (which include the unaudited comparative financial information as at and for the six months ended 30 June 2022) (the "**Interim Financial Statements**");
- in the case of the financial information as at and for the year ended 31 December 2022, from the Group's audited consolidated financial statements as at and for the year ended 31 December 2022 (which include the unaudited comparative financial information as at and for the year ended 31 December 2021) (the "**2022 Annual Financial Statements**") except for the restated 2022 financial information which has been derived from the unaudited comparative column of the Interim Financial Statements (refer to "*Restatement of certain 2022 financial information*" below); and
- in the case of the financial information as at and for the years ended 31 December 2021 and 31 December 2020, from the Group's audited consolidated financial statements as at and for the year ended 31 December 2021 (which include the unaudited comparative financial information as at and for the year ended 31 December 2020) (the "**2021 Annual Financial Statements**" and, together with the 2022 Annual Financial Statements, the "**Annual Financial Statements**") (the Annual Financial Statements, together with the Interim Financial Statements, the "**Financial Statements**") except for the restated 2021 financial information which has been derived from the unaudited comparative column of the 2022 Annual Financial Statements (refer to "*Restatement of certain 2021 financial information*" below).

The Annual Financial Statements, which are incorporated by reference herein, are prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**") and have been audited by PricewaterhouseCoopers ("**PwC**") in accordance with International Standards on Auditing ("**ISA**") as stated in their audit reports incorporated by reference in this Base Offering Circular.

The 2022 Annual Financial Statements were approved by the shareholders of the Issuer at a general assembly meeting of the Issuer held on 10 April 2023, and the 2021 Financial Statements were approved by the shareholders of the Bank at a general assembly meeting of the Bank held on 12 April 2022. The Annual Financial Statements have also been approved by the UAE Central Bank (as defined below).

The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*" issued by the IASB and have been reviewed by PwC in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as stated in their review report incorporated by reference in this Base Offering Circular.

The Group's financial year ends on 31 December and, unless the context otherwise requires, references in this Base Offering Circular to 2022, 2021 and 2020 are to the 12-month period ending on 31 December in each year.

Restatement of certain 2021 financial information

In 2022, the Group performed an exercise to determine if the presentation of the financial statements is in accordance with IAS 1 "*Presentation of financial statements*". As a result, comparative figures as at and for the year ended 31 December 2021 in the 2022 Annual Financial Statements have been reclassified in accordance with IAS 1 "*Presentation of financial statements*" in order to conform with the presentation as at and for the year ended 31 December 2022. Intangible assets (amounting to AED 232 million as at 31 December 2021) had been previously presented within property and equipment. As at 31 December 2022,

intangible assets have been presented as a separate line item in the consolidated statement of financial position as "Goodwill and intangible assets". As at 1 January 2021, intangible assets amounted to AED 278 million. This reclassification had no impact on the consolidated statement of comprehensive income or the consolidated statement of cash flows for the year ended 31 December 2021.

In 2022, the Group also considered the application of the offsetting requirements of IAS 32 "*Financial Instruments: Presentation*" to its "Home in One" product. The "Home in One" product is a mortgage offset lending facility which combines or links deposit account balances to the mortgage facility in order to reduce the mortgage balance on which the interest is charged. As at 31 December 2021 and 1 January 2021, loans and advances, net amounted to AED 32.3 billion and AED 30.0 billion and deposits from customers amounted to AED 37.7 billion and AED 36.9 billion, respectively, which were set off with "Home in One"-related deposits amounting to AED 1.27 billion and AED 1.05 billion, respectively. Management of the Group identified that the "Home in One" product does not meet the set-off criteria under IAS 32 "*Financial Instruments Presentation*" and, as such, corrected the statement of financial position as at 31 December 2021 and presented loans and advances, net and deposits from customers by grossing each up to reflect "Home in One"-related deposits. This reclassification did not have any impact on the consolidated statement of profit or loss, consolidated statement of comprehensive income or consolidated statement for changes in equity as at and for the year ended 31 December 2021.

For further information regarding these restatements, see note 44 of the 2022 Annual Financial Statements.

Application of IFRS 17

The Group applied IFRS 17 "*Insurance Contracts*" on 1 January 2023 with retrospective effect resulting in the reclassification of certain assets and liabilities as at 31 December 2022. The following table sets out the impact of such reclassification on the Group's statement of financial position as at 31 December 2022.

	<u>As previously reported</u>	<u>Restatement increase / (decrease) (AED'000)</u>	<u>As restated</u>
Assets			
Insurance contract assets and receivables, net.....	280,928	(136,740)	144,188
Other assets.....	1,434,125	(16,906)	1,417,219
Total assets	1,715,053	(153,646)	1,561,407
Liabilities			
Insurance contract liabilities and payables.....	464,491	(129,849)	334,642
Other liabilities.....	1,702,471	(19,340)	1,683,131
Total	2,166,962	(149,189)	2,017,773
Equity			
<i>Equity attributable to owners of the Bank</i>			
Retained earnings.....	3,395,839	(3,532)	3,392,307
Non-controlling interests.....	27,267	(925)	26,342
Total equity	3,423,106	(4,457)	3,418,649
Total liabilities and equity	5,590,068	(153,646)	5,436,422

For further information regarding these restatements, see note 35 of the Interim Financial Statements.

Alternative Performance Measures

Certain financial measures presented by the Bank in this Base Offering Circular are not defined in accordance with IFRS accounting standards. The Bank believes that the alternative performance measures (as defined in the European Securities and Markets Authority guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APM's**")) included in this Base Offering Circular provide useful supplementary information to both investors and to the Bank's management, as they facilitate the evaluation of underlying business performance across financial reporting periods. However, investors are cautioned not to place undue reliance on this information and should note that, since not all companies calculate financial measurements such as the APMs presented by the Bank in this Base Offering Circular in the same manner, these are not always directly comparable to performance metrics used by other companies.

Additionally, the APMs presented by the Bank in this Base Offering Circular are unaudited and have not been prepared in accordance with IFRS or any other accounting standards. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. The Bank considers

that the following metrics (which are set out below along with their reconciliation, to the extent that such information is not defined according to IFRS and not included in the Financial Statements incorporated by reference in this Base Offering Circular) presented in this Base Offering Circular constitute APMs for the purposes of the ESMA Guidelines:

APM	Definition / method of calculation	Rationale for inclusion
Return on average assets ("ROA")	<p>Profit for the relevant period divided by average total assets. Average total assets are calculated as a weighted average for each month, in turn computed as an average of the daily closing balances for that month during the relevant period.</p> <p>Profit for the period is set out in the consolidated statement of profit or loss of the Financial Statements.</p> <p>Total assets are set out in the consolidated statement of financial position of the Financial Statements.</p>	Performance measure. ROA shows the AED earnings the Group derived per AED of average assets it controls, expressed in percentage terms.
Return on average equity ("ROE")	<p>Profit for the relevant period divided by average equity attributable to the shareholders of the Bank. Average equity attributable to owners of the Bank is calculated as a weighted average for each month, in turn computed as an average of the daily closing balances for that month during the relevant period.</p> <p>Profit for the period is set out in the consolidated statement of profit or loss of the Financial Statements.</p> <p>Equity attributable to owners of the Bank is set out in the consolidated statement of financial position of the Financial Statements.</p>	Performance measure. The ratio is a measure of how well the Group uses equity attributable to owners of the Bank to generate earnings growth, expressed in percentage terms.
Net interest margin	<p>Interest income and profit income from Islamic financing, net of interest expense and profits attributable to Islamic business, divided by average total assets. Average total assets are calculated as a weighted average for each month, in turn computed as an average of the daily closing balances for that month during the relevant period.</p>	Performance measure. A positive figure denotes returns generated through deployment of the Group's assets, net of all interest and profit expenses, expressed as a percentage of the average assets it controls.
Cost to income ratio	<p>General and administrative expenses for the relevant period divided by operating income.</p> <p>General and administrative expenses are set out in the consolidated statement of profit or loss of the Financial Statements.</p> <p>Operating income is set out in the consolidated statement of profit or loss of the Financial Statements.</p>	Performance measure. A lower percentage indicates that operating expenses are low relative to operating income.

APM	Definition / method of calculation	Rationale for inclusion
Current and savings accounts to customers' deposits (" CASA Ratio ")	<p>Current, savings and call deposits divided by the total deposits from customers.</p> <p>Current accounts, savings and call deposits are set out in note 13 of the Annual Financial Statements and note 10 of the Interim Financial Statements.</p> <p>Deposits from customers are set out in the consolidated statement of financial position of the Financial Statements.</p>	Performance measure. A higher percentage indicates that the Group has a larger portion of operational accounts as against term or fixed maturity deposits, in turn contributing to lower cost of funds.
Impaired loan ratio	<p>Non-performing loans and advances divided by total loans and advances.</p> <p>Total loans and advances are set out in note 6 of the Annual Financial Statements and note 7 of the Interim Financial Statements.</p> <p>In line with UAE Central Bank circular 28/2010, the Group classifies loans as non-performing based on qualitative and quantitative criteria: 90 days or more past due, adverse financial, economic, legal, political or managerial factors hindering repayment, full or partial recovery seeming doubtful owing to in-sufficient financial position of the customer or security, failure to recover dues after all courses of action are exhausted, etc.</p>	Asset quality measure.
Impaired loan coverage ratio	<p>Provision for credit loss divided by non-performing loans and advances.</p> <p>Provision for credit loss is set out in note 6 of the Annual Financial Statements and note 7 of the Interim Financial Statements.</p> <p>In line with UAE Central Bank circular 28/2010, the Group classifies loans as non-performing based on quantitative and qualitative criteria: 90 days or more past due, adverse financial, economic, legal, political or managerial factors hindering repayment, full or partial recovery seeming doubtful owing to in-sufficient financial position of the customer or security, failure to recover after all courses of action are exhausted, etc.</p>	Asset quality measure. The ratio shows total provisions which the Group has built in respect of its impaired loans and advances.
Eligible Liquid Assets Ratio (" ELAR ")	Total high quality liquid assets divided by total liabilities, calculated in accordance with UAE Central Bank regulations.	Liquidity measure. A higher percentage indicates a strong liquidity position.
Advances to Stable Resources Ratio (" ASRR ")	Total loans and advances divided by total stable resources, calculated in accordance with UAE Central Bank regulations.	Liquidity measure. A higher percentage indicates a weaker liquidity position.

Certain Defined Terms

Capitalised terms which are used but not defined in any section of this Base Offering Circular will have the meaning attributed thereto in the Conditions. In addition, the following terms as used in this Base Offering Circular have the meanings defined below:

"**2021 Annual Financial Statements**" has the meaning given to that term in "*Presentation of Financial Information*".

"**2022 Annual Financial Statements**" has the meaning given to that term in "*Presentation of Financial Information*".

"**ABC**" means anti-bribery and corruption.

"**ADGM**" means the Abu Dhabi Global Market.

"**ADX**" means the Abu Dhabi Securities Exchange.

"**AED**" and "**UAE dirham**" mean the UAE dirham, being the legal currency for the time being of the UAE.

"**AML**" means anti-money laundering.

"**Annual Financial Statements**" has the meaning given to that term in "*Presentation of Financial Information*".

"**APMs**" has the meaning given to that term in "*Alternative Performance Measures*".

"**ASRR**" means advances to stable resources ratio, calculated in accordance with UAE Central Bank regulations as described in "*Alternative Performance Measures*".

"**ATMs**" means automated teller machines and electronic deposit machines.

"**Bank**" means The National Bank of Ras Al Khaimah (P.S.C.).

"**Basel II**" and/or "**Basel III**" mean the reforms to the international regulatory capital framework issued by the Basel Committee.

"**Basel Committee**" means the Basel Committee on Banking Supervision.

"**Board**" means the board of directors of the Bank as described in "*Management and Employees*".

"**Business Banking**" means the business banking business segment of the Group as described in "*Description of the Group—Business Overview—Business Banking*".

"**CASA Ratio**" means the ratio of current, savings and call accounts to customers' deposits as defined in "*Alternative Performance Measures*".

"**CIT**" means the UAE corporate income tax regime enacted by Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses which became effective for accounting periods beginning on or after 1 June 2023 and will apply to the Bank from 1 January 2024.

"**COVID-19**" means the novel coronavirus which causes the disease known as "COVID-19", the spread of which was declared a global pandemic by the World Health Organization in March 2020.

"**CTF**" means counter-terrorism financing.

"**ECL**" means expected credit loss as per IFRS 9.

"**ELAR**" means eligible liquid assets ratio, calculated in accordance with UAE Central Bank regulations as described in "*Alternative Performance Measures*".

"**Emirate**" means an emirate in the UAE, as applicable.

"**ESMA Guidelines**" has the meaning given to that term in "*—Alternative Performance Measures*".

"**FCSC**" means the UAE Federal Competitiveness and Statistics Centre.

"**Federal Government**" means the federal government of the UAE.

"**Financial Statements**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**GCC**" means the Gulf Cooperation Council.

"**GDP**" means gross domestic product.

"**Group**" means the Bank and its consolidated subsidiaries.

"**HR**" means human resources.

"**IAS**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**IASB**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**IBORs**" means interbank offered rates.

"**IFRS**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**IFRS 9**" means International Financing Reporting Standard 9 relating to Financial Instruments.

"**Interim Financial Statements**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**ISA**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**IT**" means information technology.

"**LIBOR**" means the London interbank offered rate.

"**MENA region**" means the Middle East and North Africa region.

"**OPEC**" means the Organization of the Petroleum Exporting Countries.

"**OPEC+**" means a group of OPEC countries and 10 other non-OPEC countries, including Russia.

"**OPEC Basket Price**" means the weighted average of oil prices published by OPEC on its website (www.opec.org).

"**Personal Banking**" means the retail banking business segment of the Group (referred to as Retail Banking in the Financial Statements and in respect of financial information in this Base Offering Circular) as described in "*Description of the Group—Business Overview—Personal Banking*".

"**PwC**" has the meaning given to that term in "*—Presentation of Financial Information*".

"**RAK Government**" means the government of Ras Al-Khaimah.

"**RAKInsurance**" means the insurance business segment of the Group as described in "*Description of the Group—Business Overview—RAKInsurance*".

"**RAKislamic**" means the Islamic banking business division of the Group as described in "*Description of the Group—Business Overview—RAKislamic*".

"**Ras Al-Khaimah**" means the emirate of Ras Al-Khaimah in the UAE.

"**Retail Banking**" means the retail banking business segment of the Group (referred to operationally as Personal Banking) as described in "*Description of the Group—Business Overview—Personal Banking*". In

the Financial Statements and in respect of financial information herein, Personal Banking is referred to as Retail Banking.

"**ROA**" means return on average assets as defined in "*—Alternative Performance Measures*".

"**ROE**" means return on average equity as defined in "*—Alternative Performance Measures*".

"**SCA**" means the Securities and Commodities Authority of the UAE.

"**SME**" means small and medium-sized enterprise.

"**Treasury**" means the treasury business segment of the Group as described in "*Description of the Group—Business Overview—Treasury*".

"**UAE**" means the United Arab Emirates.

"**UAE Central Bank**" means the Central Bank of the UAE.

"**U.S.**" and "**United States**" means the United States of America.

"**U.S.\$**", "**\$**" and "**U.S. dollars**" mean United States dollars, being the legal currency for the time being of the United States.

"**U.S. Federal Reserve**" means the United States Federal Reserve Board.

"**VAT**" means value-added tax and similar tax regimes.

"**Wholesale Banking**" means the wholesale banking business segment of the Group as described in "*Description of the Group—Business Overview—Wholesale Banking*".

"**WTO**" means the World Trade Organization.

Certain Conventions

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

Certain figures included in this Base Offering Circular have been subject to rounding adjustments; accordingly, figures shown for 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. References to a billion are to a thousand million.

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

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RISK FACTORS

Any investment in the Notes is subject to a number of risks and uncertainties. Prospective investors should consider carefully the risks and uncertainties associated with the Bank's business and any investment in the Notes, together with all of the information that is included in this Base Offering Circular, and should form their own view before making an investment decision with respect to the Notes. In particular, prospective investors should evaluate the risks and uncertainties referred to or described below, which may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. Should one or more of the following events or circumstances occur at the same time or separately, the value of the Notes could decline and an investor might lose part or all of its investment.

The Bank believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Bank's inability to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Bank do not represent that the statements below regarding the risks of holding the Notes are exhaustive. Additional risks not presently known to the Bank or that the Bank currently deem immaterial may also impair the Bank's ability to pay interest, principal or other amounts on or in connection with the Notes.

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

Risks relating to the Bank and the Group

Risks relating to the global economic environment

In common with other financial institutions, difficult macroeconomic and financial market conditions have affected and could continue to materially adversely affect the Group's business, results of operations, financial condition and prospects. As at the date of this Base Offering Circular, the performance of global debt, equity and commodity markets has been volatile, reflecting the ongoing volatility in the macroeconomic climate which has had, and which continues to have, a material adverse effect on the world's economies.

Some of the risks relating to the global economic environment facing the Group are set out below. These risks are interlinked and have an impact on the Group's credit risks, liquidity risks, market risks and risks relating to the UAE and the Middle East (each as further described below). In particular (but without limitation), these global economic risks could impact: (i) the Group's customers, affecting the Group's assessment of its ECLs resulting in significantly increased impairment losses in future periods (see "*Credit risks*" below); and/or (ii) the Group's funding base as a result of deposits being withdrawn or increased costs of funding (see "*Liquidity risks*" and "*Market risks*" below). Consequently, this could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The global economy has been materially affected by the COVID-19 pandemic

Since 2020, the macroeconomic environment (both globally and within the UAE) has been materially affected by the COVID-19 pandemic. In common with other jurisdictions around the world, 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. Although these measures have been removed, future outbreaks of COVID-19 or a similarly virulent virus could lead to such measures being reimposed from time to time.

The imposition of these measures around the world negatively impacted the global economy, disrupted global supply chains, lowered market valuations, created significant volatility and disruption in financial markets and led to lower economic growth. The ultimate impact of the COVID-19 pandemic on global and local economies is unclear and the duration, impact or severity of the COVID-19 pandemic cannot be predicted.

Furthermore, various governments around the world (including the Federal Government) announced fiscal stimulus packages and numerous central banks (including the UAE Central Bank) cut interest rates. However, the U.S. Federal Reserve and UAE Central Bank reversed this course in 2022 and 2023 with a number of sharp interest rate increases in response to rising inflation (see "*Many of the world's economies are experiencing high levels of inflation leading to volatility in interest and exchange rates*").

The global economy has been materially affected by volatile oil prices

OPEC member countries produce approximately 40 per cent. of the world's crude oil (according to the World Economic Forum) and, as such, targets by OPEC to manage oil production in its member countries can affect oil prices. Historically, the announcement of production cuts by OPEC has led to oil price rises in the short to medium term. While efforts have been made by OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation to control oil price volatility by agreeing staged reductions in oil production since 2020, there can be no assurance that such collaboration will achieve its stated goals or influence oil prices beyond the short-term.

Although oil prices have since declined with the monthly OPEC Basket Price being U.S.\$75.19 in June 2023 (source: OPEC website), increases in oil prices due to the ongoing Russia-Ukraine conflict, or for any other reason, particularly when coupled with high inflation (see "*Many of the world's economies are experiencing high levels of inflation leading to volatility in interest and exchange rates*") may have a detrimental impact on the global economy.

Conversely, low oil prices and low demand for crude oil may have a material adverse effect on the UAE's economy and consequently, on the Group's customers and counterparties (see "*Risks relating to the UAE and the Middle East—The UAE's economy is highly dependent upon its oil revenue*"). Furthermore, the Federal Government has implemented significant fiscal reforms in the UAE in response to oil price volatility since 2015 which have had, and are expected to continue to have, a significant effect on the UAE economy and consequently, the Group (see "*Risks relating to the UAE and the Middle East—Significant fiscal and tax reforms have been implemented and/or proposed by the Federal Government*").

Many of the world's economies are experiencing high levels of inflation leading to volatility in interest and exchange rates

In 2022, inflation averaged 7.3 per cent. in advanced economies and 9.9 per cent. in emerging market and developing economies and for 2023, inflation is projected at 4.6 per cent. in advanced economies and at 8.1 per cent. in emerging market and developing economies (source: International Monetary Fund World Economic Outlook 2023). While the expectation is for inflation to decline generally, as with the growth outlook, considerable uncertainty surrounds inflation projections. Various factors have contributed to shaping inflation outlook, including the Russia-Ukraine conflict, which caused increases to energy and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers). 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 the COVID-19 pandemic. Although supply bottlenecks are generally anticipated to ease as production responds to higher prices, the Russia-Ukraine conflict and widespread sanctions on Russian persons, entities and institutions are likely to prolong disruptions in some sectors into 2023. 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 the Group's customers and counterparties (leading to lower recoverability), which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The above risks may be further exacerbated by increased benchmark interest/profit rates. From January 2022 to July 2023, the U.S. Federal Reserve has raised U.S. overnight interest rates by 4.25 per cent. The UAE Central Bank has broadly tracked these hikes in the same period.

Separately, on each of the dates set out above, commencing on 16 March 2022, the UAE Central Bank also announced a decision to maintain the interest rate applicable to borrowing short-term liquidity from the UAE Central Bank through all standing credit facilities at 50 basis points above its base rate. Future movements in such rates may adversely impact the Bank's net interest margins, borrowing costs and capital if the Group is unable to adjust to the volatile interest rate environment. Furthermore, higher interest rates may also impact the affordability of customer loans, potentially leading to increased customer defaults, each of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Furthermore, higher interest rates may also impact affordability for both individual and corporate clients.

Credit risks

Credit risk is the risk that the Group's counterparties will fail to discharge their obligations on maturity or in a timely manner, causing the Group to incur a financial loss. Credit risks could materially adversely affect the

Group's business, results of operations, financial condition and prospects. Some of the credit risks facing the Group are set out below. For further information regarding the Group's credit risks, see "*Risk Management—Credit Risk*".

If the Group is unable to effectively control the level of, or, where required, successfully restructure, its impaired loans or its provisions for credit losses are insufficient to cover its credit losses, the Group's financial condition and results of operations would be adversely affected.

In common with other banks in the UAE, as a result of adverse global economic developments in recent years, adverse changes in consumer confidence levels, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, among other factors, have impacted the Group's credit portfolio (see "*Risks relating to the global economic environment*"). This volatile economic environment and the possible impact on the level of economic activity in Ras Al-Khaimah and the UAE (see "*Risks relating to the UAE and the Middle East*") may have an adverse effect on the Group's credit risk profile as approximately 65.95 per cent. of the Group's gross credit exposures were located in the UAE as at 31 December 2022.

Although the Group regularly reviews its credit exposures and has re-priced a portion of its credit portfolio and restructured some of its impaired loans, customer defaults may continue to occur. The occurrence of these events has affected, and could continue to materially adversely affect, the Group's business, results of operations, financial condition and prospects.

As at 30 June 2023, the Group had stage 3 loans of AED 1.0 billion with an impaired loans ratio of 2.5 per cent. and carried provisions for credit losses of AED 752.7 million with a provision coverage ratio of 231.5 per cent. As at 31 December 2022, the Group had stage 3 loans of AED 1.2 billion with an impaired loans ratio of 3.0 per cent. and, for the year ended 31 December 2022, carried provisions for credit losses of AED 893.8 million with an impaired loans coverage ratio of 181.7 per cent. In accordance with IFRS, the Group is required to reflect the impairment calculated (which is established based on its best estimates of recoveries and judgements leading to calculation of probable losses) as an upfront charge to the income statement. This is written back to the income statement as and when interest or principal (as appropriate) on the debt is received.

The Group's overall level of impairment allowances is based upon its assessment of prior loss experience and the ECL model for the measurement of the impairment of financial assets contained in IFRS 9, taking into account the volume and type of financing being conducted, collateral held, industry standards, past due financing, economic conditions and other factors related to the recoverability of various financial assets. Therefore, the calculation of potential credit losses is fallible, particularly in the UAE where there is a lack of publicly available information and financial data regarding debtors' credit histories (see "*Operational risks—The Group's risk management policies and internal controls may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks, which could result in material losses*"). Furthermore, any material change in the economic environment or any mandatory change in the Group's impairment calculation models imposed as a result of a change in accounting standards or regulation may adversely affect the provisions for credit losses established by the Group which would have an adverse effect on its business, results of operations, financial condition and prospects.

The Group holds collateral or other credit enhancements as security against potential credit losses. Collateral held against impaired loans primarily relates to residential property, commercial property, vehicle, other movable assets, cash and investment securities. However, whether as a result of an increase in the actual credit loss or a decrease in the value of the collateral held, there is no guarantee that such collateral will be sufficient to offset the Group's actual credit losses.

The Group's management believes that the levels of impairment allowances for impaired loans as at 30 June 2023 were sufficient to cover the Group's potential credit losses as at that date. However, there is no guarantee that the impairment charge recognised by the Group and/or collateral held as security will be sufficient to cover its actual credit losses and any failure to manage such potential credit losses could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Liquidity risks

Liquidity risk is the risk that the Group will be unable to meet the payment obligations associated with its financial liabilities when they fall due and/or replace funds when they are withdrawn. Liquidity risks could materially adversely affect the Group's business, results of operations, financial condition and prospects. Some of the

liquidity risks facing the Group are set out below. For further information regarding the Group's liquidity risks, see "*Risk Management—Liquidity Risk*".

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

If the Group's cash flow from its operations is not sufficient to meet its contractual and contingent payment obligations coming due, it could experience liquidity issues. This could occur if the Group'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 the Group 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 accounts and other deposits, if there is a material decline in the value of the Group's liquid securities portfolio or if the Group is unable to secure short-term funding at commercially acceptable rates to bridge this funding gap. If the Group does not effectively monitor its liquidity and it fails to meet its contractual or contingent payment obligations, the Group's business, results of operations, financial condition and prospects may be materially adversely affected.

The Group maintains short-term demand and time deposits as sources of funding for medium- and long-term assets, which results in a contractual asset-liability maturity gap

In common with other banks in the UAE, the Group's liabilities include short-term demand and time deposits, which partially fund assets that are medium to long-term (such as loans and mortgages). Mismatches between the maturities of the Group's assets and liabilities could lead to liquidity risk if the Group is incapable of rolling over existing deposits, raising new deposits or obtaining alternative sources of funding for the existing or future credit portfolio or if the cost of obtaining these deposits or funding differs from market prices.

Although the Group has accessed wholesale funding markets (through bilateral or syndicated borrowings and international bond markets) in order to diversify and increase the maturity of its funding sources, such borrowings have not eliminated contractual asset-liability maturity gaps.

If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or the Group fails to refinance some of its large short- to medium-term borrowings, the Group may need to access more expensive sources to meet its funding requirements. No assurance can be given that the Group will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Group's inability to roll over or replace such deposits with alternative funding could materially adversely affect the Group's liquidity, business, results of operations, financial condition and prospects.

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

The Bank has a long-term issuer default rating of BBB+ (stable outlook) from Fitch, a long-term deposit rating of Baa1 (stable outlook) from Moody's and a long-term foreign currency rating of A (positive outlook) from Capital Intelligence. These ratings, which are intended to measure the Bank's ability to meet its debt obligations as they mature, are an important factor in determining the Group's cost of borrowing funds.

There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of the Bank's credit ratings, or a negative change in their outlook, may limit the Group's ability to raise funding, increase the Group's cost of borrowing, and limit the Group's ability to raise capital, each of which could adversely affect its business, financial condition, results of operations and prospects. Moreover, actual or anticipated changes in the Bank's credit rating may affect the market value of any Notes issued under the Programme.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of any Notes issued under the Programme.

Market risks

The Group's business exposes it to market risk, which is the risk that changes in market prices, such as interest rates, equity prices, commodity prices, foreign exchange rates and credit spreads will affect the Group's income or the fair value of its holdings of financial instruments. Market risks could adversely affect the Group's business,

results of operations, financial condition and prospects. Some of the market risks facing the Group are set out below. For further information regarding the Group's market risks, see "*Risk Management—Market Risk*".

Changes in interest rate levels may affect the Group's net interest margins and borrowing costs, and the value of assets sensitive to interest rates and spread changes may be adversely affected

The Group's operations are affected by, among other factors, fluctuations in interest rates. In particular, the Group's activities depend on the Group's interest rate risk management, as well as the connections between market rates and interest margins. The Group's net interest income largely depends on the level of the Group's interest-bearing assets and liabilities, as well as the average interest rate on interest-bearing assets and liabilities. Any shortage of liquidity in markets that are sources of funding for the Group could contribute to an increase in the Group's marginal borrowing costs.

Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the UAE Central Bank and the U.S. Federal Reserve, political factors and domestic and international economic conditions. For example, high levels of inflation have led both the UAE Central Bank and the U.S. Federal Reserve to increase interest rates in 2022 and 2023 (see "*—Risks relating to the global economic environment— Many of the world's economies are experiencing high levels of inflation leading to volatility in interest and exchange rates*"). In a rising interest rate environment, the Group's interest expense can increase significantly as a result of the higher interest rates payable on the Group's existing time deposits.

Correspondingly, any increase or changes in benchmark reference rates could also affect the value of certain assets that are sensitive to changes in applicable interest rates. If benchmark reference rates rise, the interest payable on the Group's floating rate borrowings increases. If benchmark reference rates lower, the Group's ability to price its current and saving account deposits and time deposits at a rate lower than the benchmark reference rate may be adversely impacted. As a result, the Group's marginal cost of funding compared to benchmark reference rates may increase. If the Group fails to pass on such changes in funding cost to its customers in a timely manner or at all due to market, competitive or other conditions, such changes in funding cost could have a material adverse effect on its business, results of operations, financial condition and prospects.

Investors should note that a fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some IBORs with alternative risk-free benchmark reference rates. The Group has exposure to U.S. dollar LIBOR on its financial instruments that are being reformed as part of these market-wide initiatives. In line with the regulatory guidance, the Group will actively continue to transition IBOR products to suitable alternatives where possible. However, if this is not achieved, those products will use synthetic IBORs, where applicable, and until they are transitioned.

Risks relating to the UAE and the Middle East

As at 31 December 2022, approximately 65.95 per cent. of the Group's gross credit exposures were located in the UAE and accordingly, its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

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

The UAE's economy is highly dependent upon oil revenue. As at 31 December 2021, the UAE had approximately 7.2 per cent. of the world's proven crude oil reserves (giving it the fifth largest oil reserves in the world) (source: OPEC Annual Statistical Bulletin 2022) while the hydrocarbon sector (mining and quarrying, including crude oil and natural gas) accounted for 17.2 per cent. of the UAE's nominal GDP in 2020 and crude oil revenues accounted for 41.4 per cent. of total public revenues in 2020 (source: preliminary data of the FCSC). As discussed above, global oil prices have fluctuated significantly in recent years (see "*—Risks relating to the global economic environment—The global economy has been materially affected by volatile oil prices*").

A significant reduction in oil prices, particularly if they were to remain low for an extended period, could impact the Group 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 the Group's customers and counterparties. All of these factors have the potential to impact the Group's assessment of its ECLs (see "*—Credit risks*") and/or reduce its liquidity (see "*—Liquidity risks*") which could, in turn, have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks associated with political and economic conditions in Ras Al-Khaimah, the UAE and the Middle East

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Group's business and financial performance may be affected by the political and general economic conditions prevailing from time to time in the UAE and MENA region. For example, the economic fallout from the COVID-19 pandemic and the Russia-Ukraine conflict (and the related sanctions imposed on Russian persons, entities and institutions) has had and may continue to have an impact on the global economy. While not directly impacting the UAE's territory, the Russia-Ukraine conflict which broke out in February 2022 and is resulting in tragic loss of life, a flux of refugees to neighbouring countries, as well as causing significant damage to Ukraine's physical infrastructure, could negatively affect the Group's customers and exacerbate the Group's credit and market risks, in particular.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the MENA region are not, and there is a risk that regional geopolitical instability could impact the UAE. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest or terrorism. For example, there has been an escalation of tension between Iran and a number of western governments since 2019 following the United States' withdrawal from the 'Joint Comprehensive Plan of Action'. This escalation has included an attack on oil tankers in the Strait of Hormuz, the seizure of foreign-flagged oil tankers, missile strikes by Iran on United States military bases in Iraq, Iraq's resumption of uranium enrichment activities, a military strike by the United States which killed a senior Iranian military commander and retaliatory missile launches on United States bases in Iraq by Iran. Furthermore, in January 2022, the Houthis, a militant Yemeni movement, claimed responsibility for what the UAE described as a drone and missile attack on Abu Dhabi National Oil Corporation (a state-owned oil company) facilities in Abu Dhabi. In the following weeks, UAE forces intercepted three more hostile drones that entered UAE airspace, one of which was claimed by an Iraqi militia group.

The Group's business may be affected by such political and general economic conditions prevailing from time to time in the UAE and MENA region. In recent years, the UAE has made significant efforts to attract high volumes of foreign businesses and tourists. These steps make it potentially more vulnerable should regional instability and the withdrawal of foreign investment or a reduction of tourists in the UAE as a result of regional instability have a material adverse impact on the Group's customers and the wider UAE economy. It is not possible to predict the occurrence of such events or circumstances, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its business and/or meet its strategic goals if adverse political or economic events or circumstances were to occur. Any such occurrences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Significant fiscal and tax reforms have been implemented and/or proposed by the Federal Government

The volatile oil price environment (see "*Risks relating to the global economic environment—The global economy has been materially affected by volatile oil prices*") stimulated a Federal Government policy of rationalising fiscal spending and reducing discal dependency on hydrocarbon-related revenues. As a result, the Federal Government has scaled back capital transfers to government-related entities, reduced government investment, raised electricity and water tariffs and removed fuel subsidies. Further, the Federal Government introduced a VAT regime in the UAE at a rate of 5 per cent. as part of a broader GCC-wide agreement in 2018. While the Federal Government announced in 2020 that it had no immediate plans to increase the rate of VAT in the UAE, other countries within the GCC (including Saudi Arabia and Bahrain) have increased their VAT rates since 2018. Should the UAE increase its VAT rate, the resulting stress on the UAE retail market, in particular, may impact the Group's customers and counterparties which would, in turn, have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The newly introduced CIT will apply to the Bank from 1 January 2024. Under the CIT, a rate of 9 per cent. will apply to taxable income exceeding AED 375,000, a rate of 0 per cent. will apply to taxable income not exceeding AED 375,000 and a rate of 0 per cent. will apply on qualifying income of free zone entities. The introduction of CIT could have an adverse effect on the Group's business, financial condition, results of operations and prospects and the Group is in the process of assessing the possible impact on its financial statements, both from a current and a deferred tax perspective, in preparation for full compliance with the CIT.

The implementation of additional fiscal and tax reforms and/or the amendment of existing fiscal and tax laws may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The increasingly competitive environment in the UAE banking industry may adversely affect the Group's business and results of operations

The Group faces competition within the UAE for all of its products and services. The Group competes primarily with a large number of other domestic banks in the UAE, some of which are also owned, directly or indirectly, by the governments of the relevant Emirates, government-related entities or members of the ruling families of the relevant Emirates. In addition to the local commercial banks in the UAE, the Group competes with a number of international banks in investment advisory, wholesale banking, corporate advisory, finance and other services.

The UAE could be viewed as an over-banked market, even by regional standards, with 50 different commercial banks licensed to operate inside the UAE as at 30 June 2023 and there has traditionally been little impetus for consolidation. However, in recent years there has been a move towards greater consolidation which, if continued, would increase the level of concentration in the domestic banking sector and 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. See further "*The United Arab Emirates Banking Sector and Regulations—Characteristics of the Banking System—Historic lack of consolidation*". If the Group is unable to compete successfully, it could adversely impact the Group's business, results of operations, financial condition and prospects.

Furthermore, 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 WTO, the GCC or any other similar entities, it is likely to lead to a more competitive environment for the Group and other domestic financial institutions.

In addition, the Group's future success will depend in part on its ability to respond to and/or anticipate technological advances implemented by its competitors and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such new technology entails significant technical and business risks. There can be no assurance that the Group will successfully implement new technologies effectively or adapt its transaction processing systems to meet customer expectations or emerging industry standards.

In the event of increased competition, limited new business opportunities and/or the Group's technology falls behind its competitors, the Group may face difficulties due to shrinking interest margins which could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

Any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham at a fixed exchange rate to the U.S. dollar will expose the Group to U.S. dollar foreign exchange movements against the UAE dirham

The Group 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 Offering Circular. Additionally, the following oil producing GCC countries have their currencies pegged to the U.S. dollar as at the date of this Base Offering Circular: Saudi Arabia; Oman; Bahrain; and Qatar. In response to the volatility of oil prices internationally throughout 2015, oil producing countries with currencies that had been traditionally pegged to the U.S. dollar, faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is possible that any such de-pegged currency would face a devaluation against the U.S. dollar immediately post-removal of the peg. Given the levels of exposure among regional financial institutions to other pegged currencies, it is also likely that such currency devaluation(s) would pose a systemic risk to the regional banking systems in the UAE and across the wider GCC, thereby impacting the open cross-currency positions held by regional banks, including the Group.

While the UAE Central Bank has reiterated its intention to retain the UAE dirham peg against the U.S. dollar, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Group's business, results of operations and, financial condition and prospects. Any such de-pegging either in the UAE or across the wider region, particularly if such de-pegging

is accompanied by the anticipated currency de-valuations against the U.S. dollar (as described above), could have an adverse effect on the Group's business, results of operations and financial condition and prospects.

Operational risks

The Group defines operational risk as the risk of loss from inadequate or failed internal processes, people, systems or external events. Operational risks and losses may arise from various causes such as fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems and the occurrence of natural disasters. Although the Group has implemented comprehensive risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate any of the operational risks entirely, which could have a material adverse effect on its business, financial condition, results of operations and prospects. Some of the operational risks facing the Group are set out below. For further information regarding the Group's operational risks, see "*Risk Management—Operational Risk*".

The Group's risk management policies and internal controls may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks, which could result in material losses

In the course of its business activities, the Group is exposed to a variety of risks, the most significant of which are set out herein. Investors should note that any failure to control these risks adequately could result in material adverse effects on the Group's business, results of operations, financial condition and prospects, as well as its general reputation in the market.

The Group's risk management techniques may not be fully effective or consistently implemented in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Group's methods of managing risk are based upon its use of historical market behaviour which, as evidenced by events caused by the global financial crisis and global macroeconomic volatility in more recent times, may not always accurately predict future risk exposures and could be significantly greater than such historical measures indicate. Other risk management practices, including KYC practices, depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to the Group.

There is a lack of publicly available information and financial data regarding debtors' credit and payment histories in the GCC, primarily due to borrowers' limited credit histories and inability (and, in certain cases, unwillingness) to provide the quality and quantity of information sought by lenders and the fact that credit bureaus in the UAE are in their infancy. Although the establishment of the Al Etihad Credit Bureau has improved the quality of credit information available to UAE banks, the credit bureau remains in a developing stage (see "*The United Arab Emirates Banking Sector and Regulations—Recent Trends in Banking—Establishing a credit bureau in the UAE*"). Accordingly, the Group, in common with other UAE banks, is frequently required to make risk management assessments in the absence of the quality and quantity of information available to lenders in other, more developed markets.

There can be no assurance that the Group's risk management and internal control policies and procedures will fully control, or protect the Group against, all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate. The Group also cannot give assurance that all of its staff have adhered, or will adhere, to its risk policies and procedures. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may, in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If the Group is unable to retain key members of its senior management and/or remove underperforming staff and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the business of the Group

The Group's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit, retain and ensure the performance and contribution of qualified and experienced financial services and leadership personnel. In common with other banks in the UAE, the Group can experience a shortage of qualified employees residing in the UAE, which may require it to recruit from outside the UAE. In addition, even after hiring its employees, the Group may face challenges in retaining such employees due to the continued recruitment efforts of its competitors.

The Group is guided in its HR decisions by the Federal Government's recommended policy that companies operating in the UAE recruit UAE nationals in accordance with the target set by the UAE Central Bank's nationalisation directive. This policy does not set any upper limit at which the policy would no longer be applicable. If the Group is not able to meet or exceed the minimum threshold for Emirati employees set out in the Emiratisation Circular (as defined and further described in "*The United Arab Emirates Banking Sector and Regulations—Characteristics of the Banking System—Expatriate workforce*"), it may be subject to legal penalties.

While the Group believes that it has effective staff recruitment, retention, development and rewards programmes in place, its failure to recruit, train and/or retain necessary personnel or the shortage of qualified UAE nationals or other nationals prepared to relocate to the UAE, could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group's business is dependent on its IT systems

The Group operates in businesses that are highly dependent on information systems and technologies and relies heavily on its financial, accounting and other data processing systems. In addition, the Group is increasingly offering its products and services to customers through remote access banking, including online banking and ATMs. If any of these systems do not operate properly or are disabled, or become the target of fraudulent activity, the Group could suffer financial loss, a disruption of its business, liability to clients, regulatory intervention and reputational damage which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Further, the Group relies on third-party service providers for certain aspects of its business including but not limited to Infosys, Oracle, Reuters, Bloomberg, SWIFT and Microsoft. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of the Group's operations and could impact its reputation. If this were to occur, it could materially adversely affect the Group's business, results of operations, financial condition and prospects.

In common with other financial institutions based in the GCC and elsewhere in the world, cybersecurity has become an increasingly important consideration for financial institutions. The quantity of sensitive financial and personal identifiable information stored by financial institutions globally makes them potential targets of cyber-attacks. Risks to technology and cybersecurity change rapidly and require continued focus and investment to manage. Failure by the Group to manage cyber-security risk adequately and continually review and update current processes in response to new threats could disrupt the Group's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage the Group's reputation and/or brands, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Regulatory risks

Regulatory risk is the risk of loss or reputational damage resulting from an inability to maintain compliance with the prudential and regulatory controls established in the jurisdictions in which the Group operates. Regulatory risks could adversely affect the Group's business, results of operations, financial condition and prospects. Some of the regulatory risks currently facing the Group are set out below. For further information regarding the Group's regulatory risks, see "*Risk Management—Compliance Risk*".

The Group is highly regulated and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Group's business

The Group is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk (see further "*The United Arab Emirates Banking Sector and Regulations*"). These regulations include UAE federal laws and regulations (particularly those of the Federal Government and the UAE Central Bank). In particular (but without limitation), the Group is subject to restrictions on credit limits in respect of real estate and construction financing, major shareholders or to a single customer (based on the Group's customer deposits and/or capital and reserves as prescribed by the UAE Central Bank).

Such regulations may limit the Group's ability to increase its credit portfolio or raise capital or may increase the Group's cost of doing business. Any further changes in laws or in UAE Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Group's reserves, revenues and performance and may have a material adverse effect on the Group's business, results of operations, financial condition and

prospects. Such changes cannot be predicted and are beyond the control of the Group. In addition, non-compliance with regulatory guidelines could expose the Group to potential liabilities and fines, the imposition of which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Furthermore, in order to carry out and expand its businesses, it is necessary for the Group to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If the Group is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired, which may, in turn, have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If the Group fails to comply with applicable anti-money laundering, counter-terrorism financing, sanctions and other related regulations, it could face enforcement actions, fines and/or damage to its reputation

The Group is required to comply with applicable AML and CTF laws, economic and trade sanctions, ABC laws, and other local regulations in the UAE, including sanctions administered, enacted or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury, the United Nations Security Council, the European Union and the United Kingdom and applicable local sanctions. These laws and regulations require the Group, among other things, to adopt and enforce KYC policies and procedures, to report suspicious activities and transactions to the applicable regulatory authorities and to freeze assets of persons designated by sanctions authorities and/or local regulators, where applicable. To the extent that the Group fails or is perceived to fail to comply fully with applicable laws and regulations, the sanctions authorities have the power and authority to commence enforcement actions against the Group and/or impose fines and other penalties on the Group.

Furthermore, the UAE has committed to address strategic deficiencies in its AML and CTF regimes and is working with the Financial Action Task Force, an inter-governmental body which sets international standards for AML and CTF compliance, to identify and resolve such issues swiftly. Although the Group continually monitors compliance with regulatory and market standards regarding AML and CTF, the Group's business and reputation could suffer if the UAE's AML and CTF regulations and policies are seen to fall short of international standards.

In addition, the Group's business and reputation could suffer if customers use the Group's products and services for money laundering, sanctions evasion activities or other illegal purposes. As a result, any such failure to adhere to applicable AML, CTF, ABC, sanctions and other related laws and regulations may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks relating to the ownership structure and/or shareholders of the Bank

As at the date of this Base Offering Circular, the RAK Government, directly and indirectly, held 52.8 per cent. of the Bank's share capital.

The RAK Government's interests may conflict with the commercial interests of the Bank, which may also conflict with the interests of the Noteholders

By virtue of the RAK Government's ownership interest in the Bank's share capital, the RAK Government has the ability to block actions or resolutions proposed at the Bank's annual or extraordinary general meetings. Accordingly, the RAK Government could prevent the Bank from pursuing transactions, making dividend payments or other distributions or payments to shareholders or undertaking other actions, which may be contrary to the commercial interests of the Bank. Such actions could have a material adverse effect on the Group's business, results or operations, financial condition and prospects.

Neither the RAK Government nor the Federal Government is under any obligation to continue to invest in or otherwise engage in business with the Group and either or both may alter their respective relationships with the Group at any time and for any reason

As at 31 December 2022, 6.25 per cent. of the Group's deposits from customers and 2.48 per cent. of the Group's net loans and advances were from related parties. Despite the RAK Government's and the Federal Government's investments in and deposits with the Group and past funding support, neither the RAK Government nor the Federal Government is under any obligation to continue to invest in, make deposits with, do business with or otherwise support the Group. The RAK Government and the Federal Government may, whether directly or through government-owned entities, at any time and for any reason, dispose of their investments in, withdraw their deposits from, cease to do business with or otherwise cease to support the Group. The reduction or elimination of

government support could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Notes will not be guaranteed by the RAK Government

Like any other shareholder, the RAK Government has no legal obligation to provide additional funding for any of the Group's future operations. The RAK Government is not providing a guarantee of any of the Bank's legal obligations in respect of any Notes issued under the Programme, nor is the RAK Government under any obligation to purchase any of the Bank's liabilities or guarantee any of the Bank's obligations, and the Noteholders therefore do not benefit from any legally enforceable claim against the RAK Government.

Risks relating 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 that contain particular risks for potential investors. Set out below is a description of some of such features:

If the Issuer has the right to redeem a Series of Notes at its option, then this may limit the market value of such Notes and an investor might not be able to reinvest the redemption proceeds in a manner that achieves a similar effective return

The Bank may issue Notes which entitle the Bank to redeem such Notes prior to their maturity date at its option and at a price which may be less than the current market price of those Notes. An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem a Series of Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may similarly be true prior to any redemption period.

The Issuer may be expected to redeem a Series of Notes when its cost of borrowing is lower than the interest rate on such Notes. At those times, an investor might not be able to reinvest the redemption proceeds at an effective interest rate equivalent to the interest rate on the Notes being redeemed and might only be able to do so at a significantly lower rate (or through taking on a greater credit risk). Reinvestment risk should be an important element of an investor's consideration in investing in Notes with a redemption feature.

The Bank may elect to redeem the Notes prior to their maturity date in the event that the Bank would be obliged by the Conditions to pay additional amounts in respect of the Notes to cover any withholding or deduction required by applicable law. No assurance can be given that the Federal Government will not implement new regulations or new legal interpretations of existing regulations relating to or affecting taxation which could result in the imposition of such a withholding or deduction.

If the Issuer has the right to convert the interest rate on a Series of Notes from a fixed rate to a floating rate, or vice versa, then this may affect the secondary market and the market value of such Notes

Fixed/Floating Rate Notes are Notes that 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 with respect to a Series of Notes, this may affect the secondary market and the market value of such Notes since the Issuer would 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, then the spread on the Fixed/Floating Rate Notes might 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 might be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, then the fixed rate might be lower than then prevailing market rates.

Notes that are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to 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.

Certain benchmark rates may be discontinued or reformed in the future

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

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

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

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

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead 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 or referencing the relevant "benchmark".

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

The elimination of a "benchmark", or changes in the manner of administration of any "benchmark", could require or result in an adjustment to the Rate of Interest provisions of the Conditions (as further described in Condition 5(j) (*Interest – Interest on Floating Rate Notes – Benchmark Replacement*) and Condition 5(k) (*Interest – Interest on Floating Rate Notes – Benchmark Replacement – SOFR*)), or result in adverse consequences to holders of any Notes linked to such "benchmark". Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of Alternative Reference Rates and as to potential changes to such "benchmark" may adversely affect such "benchmark" during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same "benchmark".

The Conditions provide for certain fallback arrangements if a Benchmark Event (as defined in the Conditions) occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the interest rate could be set by reference to a Successor Rate or an Alternative Reference Rate (without a requirement for the consent or approval of Noteholders) and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than

if the original "benchmark" continued to apply. In certain circumstances the ultimate fallback for a particular Interest Period may result in the interest rate for the last preceding Interest Period being used. The consent or approval of the Noteholders shall not be required in connection with effecting a Successor Rate or an Alternative Reference Rate (as applicable) and/or (in either case) an Adjustment Spread or any of the other changes set out in Condition 5(j) (*Interest – Interest on Floating Rate Notes – Benchmark Replacement*).

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

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

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

The market continues to develop in relation to risk-free rates (including overnight rates such as SOFR, SONIA (as defined below) and €STR) as reference rates for Floating Rate Notes

The use of risk-free rates - including those such as the Sterling Overnight Index Average ("SONIA"), SOFR and €STR, as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of debt securities referencing such rates, but also how widely such rates and methodologies might be adopted.

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 risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the debt security, 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 particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the Conditions, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring Alternative Reference Rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in debt 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 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 may differ from LIBOR and other inter-bank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from LIBOR and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to

interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, 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 as a result of an Event of Default under Condition 10 (*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 administrator of SONIA, SOFR or €STR or any related indices may make changes that could change the value of SONIA, SOFR or €STR or any related indices, or discontinue SONIA, SOFR or €STR or any related indices

The Bank of England, the Federal Reserve Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index), SOFR (and the SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate and/or index 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 or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR or any related index (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 any such risk-free rate and/or index.

Risks relating to the Notes Generally

The Notes may be subject to early redemption for tax reasons

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes, in such case as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates 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 (*Taxation*).

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.

Because the Global Notes and Global Certificates are held by or on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes and Global Certificates will be deposited with a common depository (a "**Common Depository**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other recognised clearing system. Except in the circumstances described in the relevant Global Note, Global Certificate and/or any other recognised clearing system, investors will not be entitled to receive Definitive Notes

(as defined below). Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system will maintain records of the beneficial interests in the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system.

The Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary for Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and/or any other recognised clearing system to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right under the Global Notes and Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

The Conditions contain provisions that may permit their modification without the consent of all Noteholders in the applicable series

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or by way of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions of the Notes are based on English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Offering Circular.

The Issuer's waiver of immunity may not be effective under UAE law

The Issuer has waived its rights in relation to sovereign immunity; however, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Agency Agreement, the Dealer Agreement and the Deed of Covenant are valid and binding under the laws of the UAE and applicable in Abu Dhabi.

Bearer Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more integral multiples of a smaller amount there above, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

Risks relating to the Market Generally

A secondary market may not develop for any Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. The liquidity of any market for the Notes that may develop depends on a number of factors, including the method of calculating the principal and interest in respect of the Notes, the time remaining to the

maturity of the Notes, the outstanding amount of the Notes, the redemption features of the Notes, and the level, direction and volatility of the market more generally.

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. Illiquidity may have a severely adverse effect on the market value of Notes.

If an investor holds Notes that are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding; in addition, the imposition of exchange controls in relation to the Specified Currency of any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

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

Credit ratings may not reflect all risks

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

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

Risks Related to Enforcement

Investors may experience difficulty in enforcing arbitration awards and foreign judgments in the UAE

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

Under current UAE law, the UAE courts are unlikely to enforce an English court judgement without re-examining the merits of the claim, to which they may simply apply UAE law; thus ignoring the choice by the parties of English law as the governing law of the transaction. In the unlikely event that the parties' choice was respected, it is important to note that in the UAE, foreign law is required to be established as a question of fact. Therefore, the interpretation of English law by a court in the UAE may not accord with that 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 which is contrary to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty.

The Notes, the Deed of Covenant, the Agency Agreement and the Dealer Agreement are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"), with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England are stated to have jurisdiction to settle any disputes).

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE 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, and whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused. Federal Decree-Law No. 42 of 2022 (the "**Federal Decree-Law No. 42 of 2022**") also governs the enforcement of foreign arbitral awards in the UAE. The Federal Decree-Law No. 42 of 2022 confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that the conditions for enforcement of foreign arbitral awards set out in the New York Convention shall not be prejudiced by the Federal Decree-Law No. 42 of 2022. However, there is not established track record as to how the overlapping provisions of the New York Convention and the Federal Decree-Law No. 42 of 2022 will be interpreted and applied by the UAE courts in practice. There is also a risk that, notwithstanding the New York Convention, the Federal Decree-Law No. 42 of 2022 or the terms of any other applicable multilateral or bilateral enforcement convention, the UAE courts may in practice consider and apply the grounds for enforcement of domestic UAE arbitral awards set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the Federal Decree-Law No. 42 of 2022 are both new and 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.

Risk Factors Relating to Social Notes

There can be no assurance that the amount equal to the use of proceeds of Notes identified as Social Notes in the relevant Pricing Supplement and allocated to Eligible Social Loans will be suitable for the investment criteria of an investor

The Pricing Supplement relating to any specific Tranche of Notes may provide that such Notes will constitute "Social Notes" ("**Social Notes**") in accordance with the Social Financing Principles (defined in "*Use of Proceeds*" below).

It will be the Issuer's intention to allocate an amount at least equal to the net proceeds of such Notes to finance and/or refinance Eligible Social Loans (as defined in "Use of Proceeds") and provide the reports described in "Use of Proceeds" below. The Issuer will exercise its judgment and sole discretion in determining the social loans, credits and investments that are eligible to be financed by the proceeds from Social Notes. Prospective investors should have regard to the information set out in "Use of Proceeds" below and/or the applicable Pricing Supplement relating to such Social Notes and must determine for themselves the relevance of such information for the purpose of any investment in the Social Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer, the Arrangers, the Dealers or the Agents or any of their respective directors, affiliates, advisers and agents or any other person that the any Eligible Social Loans 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, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates.

An Eligible Social Loan may, during the life of the project, due to changes of the Social Finance Framework and/or circumstances of the project or any other reasons, no longer satisfy the eligibility requirements set out in the Social Finance Framework. The reallocation of such proceeds to within the Eligible Social Loan portfolio may not be possible or may be delayed. No representation or assurance is given or made by the Issuer, the Arrangers, the Dealers or the Agents or any of their respective directors, affiliates, advisers and agents or any other person that the equivalent amount used for financing and/or refinancing Eligible Social Loans will always satisfy the eligibility criteria.

No assurance (whether by the Issuer, the Arranger, the Dealers, the Agents or any other person) can be given that Eligible Social Loans will meet investor expectations or requirements regarding such "sustainable", "social" or similar labels (including: (i) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment; (ii) Regulation (EU) 2020/852 as it forms part of domestic law in the UK by virtue of the EUWA; (iii) the ICMA Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021 published by ICMA from time to time; or (iv) any regulations published by the UAE Securities & Commodities Authority). Furthermore, it should be noted that there is no clear definition (legal, regulatory or otherwise) of, nor any market consensus as to what constitutes, "sustainable", "social" or similarly labelled financing or as to what attributes are required for a particular loan to be so considered, nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. The EU's regulation on the establishment of a framework to facilitate sustainable investment, which is subject to a phased implementation, may provide some definition for such topics within the EU.

As such, no assurance is or can be given by the Issuer, the Arrangers, the Dealers or the Agents or any of their respective directors, affiliates, advisers and agents or any other person to investors that: (a) the portfolio of Eligible Social Loans will satisfy, whether in whole or in part any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates; (b) any Social Notes will comply with any future standards or requirements regarding any "sustainable", "social" or other equivalently-labelled performance objectives and, accordingly, the status of any Social Notes as being "sustainable", "social" (or equivalent) could be withdrawn at any time; or (c) any event with an adverse sustainability or other connotation (such as, for example, the funding by the Issuer of a company that is not aligned with generally accepted environmental, social and governance values) will not occur during the life of any Social Note, which event may affect the value of such Social Notes, and/or have adverse consequences for certain investors in such Social Note.

While it is the intention of the Issuer to allocate an amount at least equal to the net proceeds and obtain and publish the relevant reports and opinions of any Social Notes in, or substantially in, the manner described in the Social Finance Framework and the applicable Pricing Supplement, there can be no assurance that the allocation of such proceeds in the Eligible Social Loan portfolio will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or that such proceeds will be totally or partially disbursed as planned. Nor can there be any assurance that such Social Notes or the activities or projects they finance, refinance or invest in will have the results or outcome (whether or not related to sustainability or other objectives) originally expected or anticipated by the Issuer. Any such event or failure by the Issuer to allocate the proceeds to the relevant Eligible Social Loans, or to obtain and publish any such reports and opinions, will not give rise to any claim in contract of a holder of any Social Notes against the Issuer, the Arrangers, the Dealers or the Agents or any of their respective directors, affiliates, advisers and agents or any other person. Any such event or failure by the Issuer will not constitute an Event of Default with respect to any Social Notes. Similarly, while the Issuer intends to

provide regular information on the amount equal to the use of proceeds of any Social Notes, any failure to do so will not constitute an Event of Default in respect of any Social Notes. In addition, prospective investors should note that the Issuer have no contractual obligation to use the proceeds as stated in, or to provide the reports described in the Social Finance Framework and as such, may change the Social Finance Framework and/or the selection criteria it uses to select Eligible Social Loans at any time.

Any such event or failure to allocate an amount at least equal to the net proceeds of any issue of Social Notes as intended, any withdrawal of any applicable report, opinion, assessment or certification to the effect that either the Issuer is not complying in whole or in part with criteria or requirements covered by such report, opinion, assessment or certification or any change to the Social Finance Framework and/or selection criteria may have an adverse effect on the value of Social Notes, and may result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

None of the Arrangers, the Dealers or the Agents or any of their respective directors, affiliates, advisers and agents makes any representation as to: (i) the suitability of any Social Notes to fulfil sustainability or social criteria required by prospective investors; (ii) whether an amount at least equal to the net proceeds of the issuance of any Social Notes will be used to finance and/or refinance Eligible Social Loans; or (iii) the characteristics of the Eligible Social Loans, or businesses financed by such Eligible Social Loans, including their environmental, social and governance values. No Dealer involved in the issue of a specific tranche of Social Notes has undertaken, nor is responsible for, any assessment of the eligibility criteria, any verification of whether the Eligible Social Loans meet the eligibility criteria, or the monitoring of the amount equal to the use of proceeds. Investors should refer to the Issuer's website and the Second Party Opinion for information and should determine for themselves the relevance of the information contained in this Base Offering Circular regarding the amount equal to the use of proceeds and its investment in any Social Notes should be based upon such investigation as it deems necessary.

The Issuer cannot provide any assurances regarding the suitability or reliability of any second party opinion (including the Second Party Opinion) or admission to any index obtained with respect to Social Notes

No assurance or representation can be given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion. No such Second Party Opinion or other certification schemes provided by any third party should be deemed or understood, or relied upon as, a recommendation by the Issuer, any Arranger, Dealer, Agent or any of their respective directors, affiliates, advisers and agents or any other person to buy, sell or hold any such Social Notes. Any such Second Party Opinion is only current as of the date that such Second Party Opinion was initially issued, and is based upon the judgment of the opinion provider. Prospective investors must determine for themselves the relevance of any such Second Party Opinion and/or the information contained therein, or the reliability of the provider of such Second Party Opinion for the purpose of any investment in Social Notes. Currently, the providers of such Second Party Opinion are not subject to any specific regulatory or other regime or oversight. Furthermore, a Second Party Opinion may not reflect the potential impact of all the risks related to the structure or market, or the additional risk factors discussed above or the other factors that may affect the value of the Social Notes or the Eligible Social Loans. A withdrawal of the Second Party Opinion may affect the value of such Social Notes, and/or may have consequences for certain investors with portfolio mandates to invest in social or sustainable assets.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. As at the date of this Base Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference, in this Base Offering Circular and none of the Arranger, any of the Dealers, the Agents or their respective directors, affiliates, advisers or agents makes any representation as to the suitability or contents thereof.

If a Tranche of Notes is at any time listed on, admitted to or included in any dedicated "social", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Arrangers, the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents or any other person that such listing on, admission to or inclusion in such index satisfies any present or future investor expectations or requirements as regards to 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 constitutive documents or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any Eligible Social Loans allocated to the proceeds from any Social 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 the Issuer, the Arrangers, the Dealers, the Agents or any of their respective directors, affiliates, advisers and agents or any other person that any such listing or admission to trading will be obtained in respect of any such Social Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Social Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank shall be incorporated in, and form part of, this Base Offering Circular:

1. the 2022 Annual Financial Statements (an electronic copy of which is available at
2. the 2021 Annual Financial Statements (an electronic copy of which is available at [and](https://rakbank.ae/wps/wcm/connect/3097d8bb-4937-4be1-a88d-c762d1f1f870/RAKBANK+2021+Annual+Integrated+Report+English.pdf?MOD=AJPERES&CVID=0thzXi)
3. the 2023 Interim Financial Statements (an electronic copy of which is available at [\(together, the "**Documents Incorporated by Reference**"\).](https://rakbank.ae/wps/wcm/connect/0359c076-9714-491c-a75f-c6be9d201fd8/RAKBANK++FS+30+June+2023+Signed.pdf?MOD=AJPERES&CVID=oChTVdz),</div><div data-bbox=)

The Documents Incorporated by Reference shall be incorporated in, and form part of, this Base Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular. Those parts of the Documents Incorporated by Reference in this Base Offering Circular which are not specifically incorporated by reference in this Base Offering Circular are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Offering Circular. Any documents themselves incorporated by reference in the Documents Incorporated by Reference in this Base Offering Circular shall not form part of this Base Offering Circular.

Copies of the Documents Incorporated by Reference in this Base Offering Circular may be obtained from the registered office of the Issuer and from the specified office of the Fiscal Agent during usual business hours.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, is completed by the applicable Pricing Supplement. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event a new Base Offering Circular or a supplement to the Base Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Capitalised words and expressions used in this overview but not otherwise defined shall have the meanings given to them in the Conditions.

Issuer:	The National Bank of Ras Al-Khaimah (P.S.C.)
Issuer Legal Entity Identifier (LEI) code:	254900CDNPJRAT391Y16
Description:	Euro Medium Term Note Programme
Size:	Up to U.S.\$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arrangers:	Citigroup Global Markets Limited, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, ING Bank N.V., Standard Chartered Bank and The National Bank of Ras Al-Khaimah (P.S.C.).
Dealers:	<p>Citigroup Global Markets Limited, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, ING Bank N.V., Standard Chartered Bank and The National Bank of Ras Al-Khaimah (P.S.C.).</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Offering Circular to "Dealers" are to the persons listed above as Dealers, to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and all persons appointed as a dealer in respect of one or more Tranches.</p>
Fiscal Agent, Paying Agent, Transfer Agent and Calculation Agent:	The Bank of New York Mellon, London Branch
Registrar, Transfer Agent and Paying Agent:	The Bank of New York Mellon SA/NV, Dublin Branch
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Form of Notes:	Each Series of Notes will be issued in bearer form or registered form. Bearer Notes will be represented on issue by a Temporary Global Note if: (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined below), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as Global Certificates.
Clearing Systems:	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or way be delivered outside any clearing system <i>provided that</i> the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years.
Specified Denomination:	<p>The Notes will be in such denominations as may be specified in the applicable Pricing Supplement, subject to compliance with current laws and regulations and the provisions of the following sentence. Notes will have a minimum denomination of €100,000 (or its equivalent in other currencies).</p> <p><i>Notes which have a maturity of less than one year</i></p> <p>In case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations.</p>
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <p>(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 (as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), or the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the relevant Pricing Supplement, each as published by ISDA (or any successor) on its</p>

website (<http://www.isda.org>), on the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Interest Periods and Interest Rates: The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption: The relevant Pricing Supplement will specify the redemption amounts payable to holders. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Optional Redemption: The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Redemption following a Change of Control: Noteholders will have the option to redeem their Notes following a Change of Control Event as described in Condition 6(f) (*Redemption at the Option of Noteholders following a Change of Control*).

Status of Notes: The Notes and the Coupons relating to them constitute (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer respectively, present and future.

Negative Pledge: The Notes will have the benefit of negative pledge as described in Condition 4 (*Negative Pledge*).

Cross Default: The Notes will contain a cross-default provision as described in Condition 10 (*Events of Default*).

Ratings: The rating of certain Series of the Notes to be issued under the Programme may be specified in the applicable Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not: issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the EEA but which is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA but which is certified under the EU CRA Regulation.

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

The rating of certain Series of the Notes to be issued under the Programme may be specified in the applicable Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not: issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the EEA but which is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA but which is certified under the EU CRA Regulation.

Early Redemption: Except as provided in "Optional Redemption" and "Redemption following a Change of Control" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 6 (*Redemption, Purchase and Options*).

Withholding Tax: All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Arab Emirates, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in Condition 8 (*Taxation*).

Governing Law: The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

Listing and Admission to Trading: Application has been made for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market for the purposes of the UK Prospectus Regulation. The ISM is a market designated for professional investors.

Notes which are designated in the relevant Pricing Supplement as being admitted to trading on the ISM are not admitted to listing on the Official List of the FCA.

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

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Hong Kong, Japan, Malaysia, Singapore, the United Arab Emirates (excluding the Dubai International Finance Centre), the Dubai International Finance Centre, the Kingdom of Bahrain, the State of Kuwait and the Kingdom of Saudi Arabia. See "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless: (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"); or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Use of Proceeds:

Please see "*Use of Proceeds*".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either: (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement; or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated agency agreement (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") dated 10 October 2023 between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and the other agents named in it and with the benefit of an amended and restated deed of covenant (as amended, restated and/or supplemented from time to time, the "**Deed of Covenant**") dated 10 October 2023 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below) and the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. **FORM, DENOMINATION AND TITLE**

- (a) The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.
- (b) This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.
- (c) Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.
- (d) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.
- (e) Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.
- (f) In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given

to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) (*Transfer of Registered Notes*) or (c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined below) or Change of Control Put Exercise Notice (as defined below) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice, Change of Control Put Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice, Change of Control Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) (*Delivery of New Certificates*), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**

Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered:

- (i) during the period of 15 days ending on the due date for redemption of that Note;
- (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d) (*Redemption at the Option of the Issuer*);
- (iii) after any such Note has been called for redemption; or
- (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

3. **STATUS OF THE NOTES**

The Notes and the Coupons relating to them constitute (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4. **NEGATIVE PLEDGE**

- (a) So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) the Issuer will, and will ensure that no Subsidiary will create, or have outstanding any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any indemnity in respect of any Relevant Indebtedness, other than a Permitted Security Interest, without: (a) at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith; or (b) providing such other security for the Notes and the Coupons as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.
- (b) Nothing in this Condition 4 (*Negative Pledge*) shall prevent the Issuer or any Subsidiary from creating or permitting to subsist a Security Interest upon a defined or definable pool of its assets including, but not limited to, receivables (not representing all of the assets of the Issuer or any Subsidiary, as the case may be) (the "**Secured Assets**") which is or was created pursuant to any securitisation or like arrangement in accordance with established market practice (whether or not involving itself as the issuer of any issue of asset backed securities) and whereby all payment obligations in respect of the Indebtedness of any Person or indemnity in respect of the Indebtedness of any other Person, as the case may be, secured on, or on an interest in, the Secured Assets are to be discharged solely from the Secured Assets (or solely from: (a) the Secured Assets; and (b) assets of a Person other than the Issuer or any Subsidiary).
- (c) **In these Conditions:**

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:
 - (i) amounts raised by acceptance under any acceptance credit facility;
 - (ii) amounts raised under any note purchase facility;

- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Permitted Security Interest" means

- (i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution;
- (ii) any Security Interest arising by operation of law, **provided that** such Security Interest is discharged within 30 days of arising;
- (iii) any Security Interest arising in the ordinary course of banking transactions (such as sale and repurchase transactions and share, loan and bond lending transactions) **provided that** the Security Interest is limited to the assets which are the subject of the relevant transaction;
- (iv) any Security Interest securing Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with the Issuer or the relevant Subsidiary, as the case may be, **provided that** such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer or the relevant Subsidiary, as the case may be; and
- (v) any other Security Interest **provided that** the aggregate outstanding amount secured by that Security Interest and any other Security Interest permitted to be created and in effect under Condition 4 (*Negative Pledge*) does not, at any time, exceed 10 per cent. of the aggregate share capital and reserves of the Issuer, as shown in its most recent audited consolidated (if then prepared by Issuer) or non-consolidated (if consolidated financial statements are not then prepared by the Issuer) financial statements prepared in accordance with International Financial Reporting Standards;

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

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

"Subsidiary" means any entity whose: (i) financial statements at any time are required by law or in accordance with generally accepted accounting principles to be consolidated with the Issuer; or (ii) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such entity or otherwise.

5. INTEREST AND OTHER CALCULATIONS

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate

of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f) (*Calculations*).

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

(i) **Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f) (*Calculations*). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

- (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event:
 - (1) such date shall be brought forward to the immediately preceding Business Day; and
 - (2) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
- (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Notes**

Subject to Condition 5(j) (*Benchmark replacement*), the Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes:*

Where ISDA Determination is specified in the applicable Pricing Supplement 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 Pricing Supplement) the Margin (if any). For the purposes of this subparagraph, "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation

Agent under an interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) if the Pricing Supplement specifies either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
 - (a) the Floating Rate Option is as specified in the relevant Pricing Supplement;
 - (b) the Designated Maturity, if applicable, is a period specified in the relevant Pricing Supplement;
 - (c) the relevant Reset Date, unless otherwise specified in the relevant Pricing Supplement, has the meaning given to it in the ISDA Definitions;
 - (d) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Pricing Supplement and:
 - (i) if Compounding with Lookback is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;
 - (ii) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or
 - (iii) if Compounding with Lockout is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;
 - (e) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Pricing Supplement and:
 - (i) if Averaging with Lookback is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;
 - (ii) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift

Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

- (iii) if Averaging with Lockout is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement; and
 - (f) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement;
- (2) references in the ISDA Definitions to:
- (1) "Calculation Period" shall be references to the relevant Interest Period;
 - (2) "Confirmation" shall be references to the relevant Pricing Supplement;
 - (3) "Effective Date" shall be references to the Interest Commencement Date; and
 - (4) "Termination Date" shall be references to the Maturity Date;
- (3) if the applicable Pricing Supplement specifies "2021 ISDA Definitions" as being applicable:
- (1) "Administrator/Benchmark Event" shall be disapplied; and
 - (2) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate"; and
- (4) unless otherwise defined capitalised terms used in this Condition 5(b)(iii) shall have the meaning ascribed to them in the ISDA Definitions.

In this Condition, the following expressions shall have the following meanings:

- (A) "**2006 ISDA Definitions**" means in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

- (B) "**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);
- (C) "**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor); and
- (D) "**ISDA Definitions**" means the 2006 ISDA Definitions or the 2021 ISDA Definitions, as specified in the applicable Pricing Supplement.

For the purposes of this Condition, "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date", "Overnight Floating Rate Option", "Overnight Rate Compounding Method", "Compounding with Lookback", "Compounding with Observation Period Shift", "Compounding with Lockout", "Averaging with Lookback", "Averaging with Observation Period Shift", "Averaging with Lockout", "Compounded Index Floating Rate Option", "Index Method" and "Compounded Index Method with Observation Period Shift" shall have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

In these Conditions:

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement; and

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 and the Bridge/Telerate Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

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

- (1) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or

- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal 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 Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (2) If the Relevant Screen Page is not available or if: (i) no offered quotation appears; or (ii) fewer than three offered quotations appear, in each case as at the Relevant Time, the Issuer shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer with offered quotations, the Rate of Interest for the Interest 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 Margin (if any), all as determined by the Fiscal Agent.
- (3) For the purposes of this Condition, "**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer.

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

- (1) Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, Index Determination is specified in the relevant Pricing Supplement as not applicable and the Reference Rate specified in the relevant Pricing Supplement is SOFR, SONIA or €STR, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be:
 - (i) Where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Pricing Supplement as being "Compounded Daily", the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place.
 - (ii) Where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Pricing Supplement as being "Weighted Average", the Rate of Interest for each Interest Period will, subject as provided below, be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin, as calculated by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place.
- (2) Where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, subject to Condition 5(j) (*Benchmark replacement*), if, in respect of any Business Day, the Reference Rate is not available on the Relevant Screen Page and has not otherwise been

published by the relevant authorised distributors, such SONIA rate shall be:

- (i) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on the relevant Business Day; and (b) 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
- (ii) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (London time) (or, if earlier, close of business) on the relevant Business Day, (a) 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) or (b) if this is more recent, the latest determined rate under (A),

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

- (3) Where "SOFR" is specified as the Reference Rate in the relevant Pricing Supplement, subject to Condition 5(k) (*Benchmark Replacement – SOFR*), if, in respect of any Business Day, the Reference Rate is not available on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page (and "r" shall be interpreted accordingly).
- (4) Where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, subject to Condition 5(j) (*Benchmark replacement*), if, in respect of any Business Day, the Reference 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).

For the purposes of this Condition 5(b):

"Applicable Period" means in relation to any Interest Period:

- (A) where "Lag" or "Lock-out" is specified as the Observation Method in the relevant Pricing Supplement, such Interest Period;
- (B) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the Observation Period relating to such Interest Period;

"Business Day" means, (i) where "SONIA" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where "SOFR" is specified as the Reference Rate, 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 (iii) where "€STR" is specified as the Reference Rate, a TARGET Settlement Day;

"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 relevant Pricing Supplement and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place:

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

"D" is the number specified in the relevant Pricing Supplement;

"d" is, in relation to any Applicable Period, the number of calendar days in such Applicable Period;

"d₀" is, in relation to any Applicable Period, the number of Business Days in such Applicable Period;

"ESTR" 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 source officially designated by the European Central Bank (or successor administrator) (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" is, in relation to any Applicable Period, a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

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

"n_i", for any Business Day "i" in the relevant 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 (or a successor administrator of SOFR) or any successor source;

"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" or "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the number of Business Days included in the Observation Look-back Period specified in the relevant Pricing Supplement (or, if no such number is specified five Business Days); and

- (B) where "Lock-out" is specified as the Observation Method in the relevant Pricing Supplement, zero;

"r" means:

- (A) where in the relevant Pricing Supplement "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 relevant Pricing Supplement "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 relevant Pricing Supplement "€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 relevant Pricing Supplement "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
- (1) 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
 - (2) 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 relevant Interest Determination Date);
- (E) where in the relevant Pricing Supplement "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
- (1) 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
 - (2) 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 relevant Interest Determination Date);
- (F) where in the relevant Pricing Supplement "€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
- (1) 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
 - (2) 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);

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

"Relevant Decimal Place" shall be the number of decimal places specified in the applicable Pricing Supplement and will be rounded up or down, if necessary (with half of the highest decimal place being rounded upwards);

" r_{i-pBD} " means, in relation to any Applicable Period, the applicable Reference Rate as set out in the definition of "r" above for, (i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, 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 (or any successor source), in each case on or about the SOFR Determination Time on the Business Day immediately following such Business Day;

"SOFR Determination Time" means 3:00 p.m. (New York 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:

- (i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, 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
- (ii) where "Lock-out" is specified as the Observation Method in the relevant Pricing Supplement, 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.

(D) *Index Determination:*

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and Index Determination is specified in the relevant Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"Compounded Index" means either the SONIA Compounded Index or the SOFR Compounded Index, as specified in the relevant Pricing Supplement;

"Compounded Index End" means the relevant Compounded Index value on the End date;

"Compounded Index Start" means the relevant Compounded Index value on the Start date;

"d" is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

"End" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"Index Days" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Numerator" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360;

"Relevant Decimal Place" shall, unless otherwise specified in the applicable Pricing Supplement, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards); and

"Relevant Number" is as specified in the applicable Pricing Supplement, but, unless otherwise specified, shall be five;

"SONIA Compounded Index" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source;

"SOFR Compounded Index" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a

successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period in accordance with Condition 5(b)(iii)(B) (*Screen Rate Determination for Floating Rate Notes not referencing SOFR, SONIA or €STR*) as if Index Determination was not specified in the relevant Pricing Supplement. For these purposes, (i) the Reference Rate shall be deemed to be SONIA in the case of SONIA Compounded Index and SOFR in the case of Compounded SOFR Index, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number and (v) D shall be deemed to be the Numerator. If (i) (in the case of SONIA Compounded Index) a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 5(j) (*Benchmark replacement*) shall apply, and (ii) (in the case of SOFR Compounded Index) a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provisions of Condition 5(j) (*Benchmark replacement*) shall apply.

(iv) **Linear Interpolation**

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

(c) **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)) (*Zero Coupon Notes*).

(d) **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8 (*Taxation*)).

(e) **Margin, Maximum/Minimum Rates of Interest, and Redemption Amounts and Rounding:**

- (i) If any Margin is specified hereon (either:
 - (A) generally; or

(B) in relation to one or more Interest Accrual Periods),

an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) (*Interest on Floating Rate Notes*) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

(A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up);

(B) all figures shall be rounded to seven significant figures (**provided that** if the eighth significant figure is a five or greater, the seventh significant shall be rounded up); and

(C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up),

save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(f) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**

(i) The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than:

- (A) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or
 - (B) in all other cases, the fourth Business Day after such determination.
- (ii) Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) (*Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

- (i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of:
 - (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation 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 hereon, the actual number of days in the Calculation Period divided by 360

- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and **D₁**, is greater than 29, in which case **D₂** will be 30;²¹

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case **D₂** will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"**Interest Amount**" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon;

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or
- (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or
- (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon;

"ISDA Definitions" means the 2006 ISDA Definitions or the 2021 ISDA Definitions, in each case as published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of EIBOR, the principal Abu Dhabi or Dubai office of four major banks in the United Arab Emirates inter-bank market, in each case selected by the Calculation Agent;

"Reference Rate" means the rate specified as such hereon;

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"TARGET System" means the real time gross settlement system operated by the Eurosystem or any successor system.

(i) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption

Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid

(j) **Benchmark replacement**

Other than in the case of a U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Pricing Supplement as being "SOFR" and notwithstanding any other provisions of Condition 5(b) (*Interest on Floating Rate Notes*), if the Issuer determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any rate applicable to the Notes for any Rate of Interest remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the 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, if applicable, an Adjustment Spread together with any Benchmark Amendments for the purposes of determining the Rate of Interest (or component part thereof) applicable to the Notes;
- (ii) if (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5(j)(ii) prior to the relevant IA Determination Cut-Off Date, then the Issuer (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5(j)(ii) applying *mutatis mutandis*) to allow such determinations to be made by the Issuer without consultation with the Independent Adviser;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(j));
- (iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), if any, shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) **provided however, that** if the Independent Adviser (following consultation with the Issuer), or the Issuer (acting in good faith and in a commercially reasonable manner), fails to determine the Adjustment Spread in accordance with this Condition 5(j) prior to the relevant Interest Determination Date, then the Successor Rate or Alternative Reference Rate, as determined in accordance with this Condition 5(j), will apply without an Adjustment Spread;
- (v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5(j) and the Independent Adviser (following consultation with the Issuer) determines: (1) that amendments to these Conditions, the Agency Agreement or the Calculation Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to

ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (2) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 14 (*Notices*): (x) the Issuer, the Calculation Agent and the Agents shall, without a requirement for the consent or approval of Noteholders, vary these Conditions, the Calculation Agency Agreement and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, **provided that** neither the Calculation Agent nor any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Prior to any such Benchmark Amendments taking effect, the Issuer shall provide a certificate signed by a director or a duly authorised signatory of the Issuer to the Fiscal Agent and the Calculation Agent (if any) certifying that such Benchmark Amendments are: (x) in the Issuer's reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 5(b); and (y) in each case, have been drafted solely to such effect, and the Calculation Agent (if any) and the Agents (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be prejudicial to the interests of any such Noteholders or person;

- (vi) the 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 any Calculation Agent and the Agents and, in accordance with Condition 14 (*Notices*), the Noteholders confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or Alternative Reference Rate (as applicable); (3) any applicable Adjustment Spread; and (4) the specific terms of the Benchmark Amendments (if any);
- (vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Reference Rate on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to the above provisions, then the Reference Rate shall be determined as at the last preceding Interest Determination Date or, if there has not been a first Interest Payment Date, the Reference Rate shall be determined as for the first Interest Period. For the avoidance of doubt, this Condition 5(j)(vii) 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 5(j); and
- (viii) the Independent Adviser appointed pursuant to this Condition 5(j) shall act and make all determinations pursuant to this Condition 5(j) in good faith and in a commercially reasonable manner and the Independent Adviser, shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer shall have any liability whatsoever to the Noteholders in connection with any determination made by it pursuant to this Condition 5(j).

In this Condition 5(j), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Adjustment Spread" means either: (i) a spread (which may be positive, negative or zero); or (ii) 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:

- (1) 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;

- (2) (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;
- (3) (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
- (4) (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 5(j), is customarily applied in international debt capital markets transactions for the purposes of determining interest rates in the same Specified Currency as the Notes and of a comparable duration to the relevant Interest Period 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 on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date (a **"Specified Future Date"**), cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that the relevant Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will, by a Specified Future Date, be prohibited from being used either generally, or in respect of the Notes;
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has, or will by a specified date within the following six months, become unlawful for the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate,

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

"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 its expense;

"Relevant Nominating Body" means, in respect of a Reference Rate: (i) 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 (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) 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.

(k) **Benchmark Replacement – SOFR**

(i) If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this Condition 5(k), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (1) will be conclusive and binding absent manifest error;
- (2) will be made in the sole discretion of the Issuer; and
- (3) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

Where:

"Benchmark" means, initially, SOFR, as such term is defined in Condition 5(b)(iii)(C) (*Screen Rate Determination for Floating Rate Notes referencing SOFR, SONIA or €STR*); **provided that** if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current

Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of paragraph (i) or (ii) of the definition of **"Benchmark Transition Event"**, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of paragraph (iii) of the definition of **"Benchmark Transition Event"**, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (ii) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 5(k)(i) above will be notified promptly by the Issuer to the Calculation Agent and the Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

The Issuer shall deliver to the Calculation Agent and the Agents a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5(k); and

- (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

Following such certificate, the Issuer, the Calculation Agent and the Agents shall, without a requirement for the consent or approval of Noteholders, vary these Conditions, the Calculation Agency Agreement and the Agency Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice, provided that neither the Calculation Agent or any Agent shall be required to effect any such Benchmark Replacement Conforming Changes if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

In connection with the foregoing, the Calculation Agent and the Agents will be entitled to conclusively rely on any determinations made by the Issuer and will have no liability for such actions taken at the direction of the Issuer. Neither of the Calculation Agent nor any Agent shall have any liability for any determination made by or on behalf of the Issuer in connection with a Benchmark Transition Event or a Benchmark Replacement.

- (l) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of Conditions 5(j) and 5(k), the Rate of Interest shall be: (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period); or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 applicable to the first Interest Period).
- (m) With respect to Conditions 5(j) and 5(k), none of the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents or the Calculation Agent shall be under any obligation: (i) to monitor, determine or verify the unavailability or cessation of any benchmark, or whether or when there has occurred, or to give notice to any other transaction party of the occurrence, of any Benchmark Event, Benchmark Transition Event or related Benchmark Replacement Date (as the case may be); (ii) to select, determine or designate any Successor Rate, Alternative Reference Rate and Benchmark Replacement, or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate or index have been satisfied; (iii) to select, determine or designate any Adjustment Spread or Benchmark Replacement Adjustment, or other modifier to any replacement or successor index; or (iv) to determine whether or what Benchmark Replacement Conforming Changes are necessary or advisable, if any, in connection with any of the foregoing, including, but not limited to, adjustments as to any alternative spread thereon, the business day convention, interest determination dates or any other relevant methodology applicable to such substitute or successor benchmark. In connection with the foregoing, each of the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent shall be entitled to conclusively rely on any determinations made by the Issuer, its Independent Adviser or its designee without independent investigation, and none will have any liability for actions taken at the Issuer's direction in connection therewith. None of the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents or the Calculation Agent shall be liable for any inability, failure or delay on its part to perform any of its duties set forth in these Conditions as a result of the unavailability of any Benchmark or any applicable Successor Rate, Alternative Reference Rate or Benchmark Replacement, including as a result of any failure, inability, delay, error or inaccuracy on the part of any other transaction party in providing any direction, instruction, notice or information required or contemplated by the terms of these Conditions and reasonably required for the performance of such duties. None of the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents or the Calculation Agent shall be responsible or liable for the Issuer's actions or omissions or for those of its Independent Adviser or its designee, or for any failure or delay in the performance by the Issuer or its Independent Adviser or its designee, nor shall any of the Fiscal Agent, the Paying Agent, the

Registrar, the Transfer Agents or the Calculation Agent be under any obligation to oversee or monitor the Issuer's performance or that of its Independent Adviser or its designee.

6. **REDEMPTION, PURCHASE AND OPTIONS**

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) **Early Redemption:**

(i) **Zero Coupon Notes:**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) (*Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption at the Option of Noteholders following a Change of Control*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) (*Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption at the Option of Noteholders following a Change of Control*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c) (*Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) **Other Notes**

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption at the Option of the Issuer*), Condition 6(e) (*Redemption at the Option of Noteholders*) or Condition 6(f) (*Redemption at the Option of Noteholders following a Change of Control*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

- (i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above) (together with interest accrued to the date fixed for redemption), if:
- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, 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 taking reasonable measures available to it,

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

- (ii) Prior to the publication of any notice of redemption pursuant to this Condition 6(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**

- (i) If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.
- (ii) All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.
- (iii) In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**

- (i) If Put Option is specified hereon, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may

be the Early Redemption Amount (as described in Condition 6(b) (*Early Redemption*) above)), together with interest accrued to the date fixed for redemption.

- (ii) To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption at the Option of Noteholders following a Change of Control**

- (i) If a Change of Control Event occurs, the Issuer shall, at the option of the Noteholder redeem such Note on the Redemption Date at its Early Redemption Amount together with interest accrued to such date. Immediately upon the Issuer becoming aware that a Change of Control Event has occurred the Issuer shall, give notice (a "**Change of Control Notice**") to Noteholders in accordance with Condition 14 (Notices) specifying the nature of the Change of Control Event.
- (ii) To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with a Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed change of control put option exercise notice ("**Change of Control Put Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Redemption Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

If 75 per cent. or more in nominal amount of the Notes of a Series then outstanding have been redeemed or, as the case may be, purchased, pursuant to these Conditions, the Issuer may, on giving not less than 15 nor more than 30 days' notice to the Noteholders (such notice to be given within 30 days of the end of the Redemption Period), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes of that Series at the Early Redemption Amount together (if applicable) with interest accrued to (but excluding) the date fixed for redemption or purchase, as the case may be.

In this Condition:

a "**Change of Control Event**" will occur if at any time the Government of the Emirate of Ras Al-Khaimah ceases directly or indirectly: (i) to own at least 30 per cent. of the issued share capital of the Issuer; and/or (ii) to control the Issuer's business;

"**Redemption Date**" means, in respect of any Redemption Period, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with this Condition 6(f) (*Redemption at the Option of Noteholders following a Change of Control*); and

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

For the purposes of this Condition, the Government of the Emirate of Ras Al-Khaimah will be deemed to "control" the Issuer if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Issuer or otherwise controls, or has the power to control, the affairs and policies of the Issuer.

(g) **Purchases**

Each of the Issuer and any Subsidiary may at any time purchase Notes (**provided that** all unmaturing Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation**

All Notes purchased by or on behalf of the Issuer or any Subsidiary may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmaturing Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmaturing Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. **PAYMENTS AND TALONS**

(a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) (*Unmatured Coupons and Unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)) (*Unmatured Coupons and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

- (i) the Issuer shall 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 of the amounts on the Notes in the manner provided above when due;
- (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and
- (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws**

All payments in respect of principal and interest on the Notes are subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

(i) The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain:

- (A) a Fiscal Agent;
- (B) a Registrar in relation to Registered Notes;
- (C) a Transfer Agent in relation to Registered Notes;
- (D) one or more Calculation Agent(s) where the Conditions so require; and
- (E) such other agents in such locations as may be required by any other stock exchange on which the Notes may be listed.

(ii) In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

(iii) Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9) (*Prescription*).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9) (*Prescription*).

(h) **Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. **TAXATION**

- (a) All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Arab Emirates or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) **Other connection**

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Arab Emirates other than the mere holding of the Note or Coupon; or

(ii) **Presentation more than 30 days after the Relevant Date**

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

(b) As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to:

(i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Purchase and Options*) or any amendment or supplement to it;

(ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and Other Calculations*) or any amendment or supplement to it; and

(iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **EVENTS OF DEFAULT**

If any of the following events ("**Events of Default**") occurs and is continuing any Noteholder may give written notice to the Issuer at the specified office of the Fiscal Agent that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

(a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) on the payment on the due date of interest or principal; or

(b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof has been delivered to the Issuer, at the specified office of the Fiscal Agent; or

(c) **Cross-default:**

(i) any Indebtedness of the Issuer 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 (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or any Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

- (iii) the Issuer 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 or indemnity of any Indebtedness; or

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee or indemnity referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Unsatisfied judgment:** one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount/an aggregate amount in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary; or
- (f) **Insolvency:**
 - (i) the Issuer or any Material Subsidiary become(s) insolvent or is unable to pay its/their debts as they fall due,
 - (ii) an administrator or liquidator of the Issuer or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is appointed (or application for any such appointment is made) and, in relation to a Material Subsidiary or a substantial part of the undertaking, assets and revenues of a Material Subsidiary, such appointment is not discharged within 30 days,
 - (iii) the Issuer or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its/their creditors or declares a moratorium in respect of any of its/their Indebtedness or any guarantee or indemnity of any Indebtedness given by it or them or,
 - (iv) the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its/their business, save in connection with a Permitted Reorganisation; or
- (g) **Winding up:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Material Subsidiary, save in connection with a Permitted Reorganisation; or
- (h) **Analogous event:** any event occurs which under the laws of the United Arab Emirates has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) **Failure to take action:** any action, condition or thing at any time required to be taken, fulfilled or done in order:
 - (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes;
 - (ii) to ensure that those obligations are legal, valid, binding and enforceable; and
 - (iii) to make the Notes and the Coupons admissible in evidence in the courts of the United Arab Emirates;

is not taken, fulfilled or done; or

- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or
- (k) **Government intervention:**
 - (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or
 - (ii) the Issuer or any Material Subsidiary is prevented by any such Person from exercising control over all or any substantial part of its/their undertaking, assets and revenues; or

In this Condition:

"**Material Subsidiary**" shall mean a Subsidiary the book value of the assets of which exceeds 10 per cent. of the book value of the assets of the Issuer and its Subsidiaries, taken as a whole, or the revenues of which exceed 10 per cent. of the revenues of the Issuer and its Subsidiaries, taken as a whole, and, for these purposes:

- (a) the book value of the assets and the revenues of such Subsidiary shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and
- (b) the book value of the assets and the revenues of the Issuer and its Subsidiaries, taken as a whole, shall be determined by reference to its then most recent audited annual consolidated financial statements.

A report by two of the directors of the Issuer that in their opinion a Subsidiary is or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Permitted Reorganisation**" shall mean:

- (a) any disposal by any Material Subsidiary of the whole or a substantial part of its business, undertaking or assets to the Issuer or any Subsidiary of the Issuer;
- (b) any amalgamation, consolidation or merger of a Material Subsidiary with the Issuer or any Subsidiary of the Issuer; or
- (c) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by an Extraordinary Resolution.

11. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent, in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes;
- (ii) to reduce or cancel the nominal amount of any premium payable on redemption of, the Notes;
- (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any

Interest Amount in respect of the Notes (other than any change arising from a Benchmark Event in accordance with Condition 5(j) (*Benchmark replacement*));

- (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum;
- (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount;
- (vi) to vary the currency or currencies of payment or denomination of the Notes; or
- (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that 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 outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification of Agency Agreement**

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) **Substitution**

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes the Coupons and the Talons, any company (the "**Substitute**") that is any Subsidiary, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if:

- (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder, on an after tax basis, against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll have been taken, fulfilled and done and are in full force and effect;
- (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (iv) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in

each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll; and

- (v) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents.

References in Condition 10 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 (*Events of Default*) shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12. **REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. **NOTICES**

- (a) Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.
- (b) Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

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

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. **GOVERNING LAW AND DISPUTE RESOLUTION**

(a) **Governing law**

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

(b) **Arbitration**

Subject to Condition 16(c) (*Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Coupons and the Talons (including any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with the Notes, the Coupons and the Talons; and any dispute, claim, difference or controversy regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity) (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. For these purposes:

- (i) the seat, or legal place, of arbitration will be London, England and all hearings shall take place in London, England;
- (ii) the governing law of the arbitration agreement shall be English law;
- (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be a lawyer experienced in international securities transactions; and
- (iv) the language of the arbitration shall be English.

(c) **Option to Litigate**

Notwithstanding Condition 16(b) (*Arbitration*) above, any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (i) within 28 days of service of a written request for arbitration to the Registrar of the LCIA Court (a "**Request for Arbitration**" as described more particularly in the Rules); or
- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 16(d) (*Effect of Exercise of Option to Litigate*) and, subject as provided below, any arbitration commenced under Condition 16(b) (*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 the arbitration in accordance with this Condition is given after service of any Request for Arbitration in respect of any Dispute, the Noteholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (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.

(d) **Effect of Exercise of Option to Litigate**

In the event that a notice pursuant to Condition 16(c) (*Option to Litigate*) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition is for the benefit of the Noteholders only. As a result, and notwithstanding paragraph (i) above, any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) **Process agent**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom and undertakes that, in the event of such person ceasing so to act or ceasing to be registered in England, it will immediately (and in any event within 30 days of the event taking place) appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Failure by a process agent to notify the person that appointed it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(f) **Waiver of immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Coupons and the Talons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings or Disputes.

USE OF PROCEEDS

Save in respect of Social Notes, the Issuer will use the net proceeds from the issue of each Tranche of Notes for its general corporate purposes or for any other purpose specified in the applicable Pricing Supplement.

Social Notes

The Social Finance Framework describes the use of proceeds, the process for project evaluation and selection, the management of proceeds and reporting in respect of Social Notes. The Social Finance Framework has been developed in accordance with the International Capital Market Association's Social Bond Principles 2023 as well as the Loan Market Association/Asia Pacific Loan Market Association/Loan Syndications & Trading Association Social Loans Principles 2023 ("**Social Financing Principles**").

Where the applicable Pricing Supplement denotes a Tranche of Notes as "Social Notes", an amount at least equal to the net proceeds of such Notes will be allocated by the Issuer to the financing and/or refinancing of Eligible Social Loans, as set out in the Social Finance Framework. All Eligible Social Loans are aligned with the United Nations Sustainable Development Goals ("**UN SDGs**") and are expected finance and refinance projects that generate positive societal impact and address social challenges.

On an annual basis, the Issuer will publish an allocation report and an impact report on the allocation of proceeds to the portfolio of Eligible Social Loans. On an annual basis, the Issuer intends to request a limited assurance report on the allocation of the net proceeds of Social Notes to the Eligible Social Loan portfolio from an external reviewer starting one year after issuance and until full maturity (or full allocation). The external reviewer's reports and the Social Finance Framework will be published on the Issuer's website (<https://rakbank.ae/wps/portal/retail-banking/about-us/csr-initiatives>).

The Issuer has appointed Sustainable Fitch to provide a second party opinion (the "**Second Party Opinion**"), assess the validity of the Social Finance Framework and its alignment with the Social Financing Principles. The Second Party Opinion is available on the Issuer's website (<https://rakbank.ae/wps/portal/retail-banking/about-us/csr-initiatives>). Any amendment to the Second Party Opinion or any new Second Party Opinion to be provided following an amendment to the Social Finance Framework, the publication of a new framework or in application of any new legislation or regulation, will be made available on the Issuer's website.

Prior to any investment in Social Notes, investors are advised to review the Social Finance Framework for further information.

As more particularly set out in the Social Finance Framework, as at the date of this Base Offering Circular, "**Eligible Social Loans**" include:

- loans to finance and/or refinance the construction and/or operation of healthcare facilities affiliated to the relevant national healthcare system and/or the development, manufacturing, wholesale, distribution and retail channels in respect of affordable pharmaceutical products; and
- loans to finance and/or refinance micro, small and medium enterprises (as per the UAE Central Bank's definition) located in socioeconomically disadvantaged regions and/or facing economic crisis, natural disasters or health pandemics.

The Arrangers, the Dealers and the Agents have not independently verified, and accept no responsibility, for any of the information contained in "*Use of Proceeds – Social Notes*". None of the Second Party Opinion, the Social Finance Framework or the Social Financing Principles or any of the above reports, verification assessments or the contents of any of the above websites are incorporated in or form part of this Base Offering Circular. See also "*Risk factors – Risk Factors Relating to Social Notes – There can be no assurance that the amount equal to the use of proceeds of Notes identified as Social Notes in the relevant Pricing Supplement and allocated to Eligible Social Loans will be suitable for the investment criteria of an investor*".

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement that will be completed for each Tranche of Notes.

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

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

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

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

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

Pricing Supplement dated [date]

THE NATIONAL BANK OF RAS AL-KHAIMAH (P.S.C.)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")
under the U.S.\$2,000,000,000
Euro Medium Term Note Programme (the "Programme")

PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base offering circular dated 10 October 2023 [and the supplement[s] to it dated [•]] which [together] constitute[s] a Base Offering Circular (the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Pricing Supplement and the Base Offering Circular [and the supplement[s] to it dated [date]]. The Base Offering Circular [and the supplement[s] to it] [is] [are] available for viewing on the website of the Issuer and during normal business hours at [address], and copies may be obtained from [address] free of charge.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year, then the minimum denomination must be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|-------|--|---|
| 1. | (i) | Issuer: | The National Bank of Ras Al-Khaimah (P.S.C.) |
| | (ii) | Issuer Legal Entity Identifier ("LEI"): | 254900CDNPJRAT391Y16 |
| 2. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•] |
| | (iii) | 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 Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]][Not Applicable] |
| 3. | | Specified Currency: | [•] |
| 4. | | Aggregate Nominal Amount of Notes immediately after issuance of the Tranche: | |
| | (i) | Series: | [•] |
| | (ii) | Tranche: | [•] |
| 5. | | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| 6. | (i) | Specified Denominations: | [•] |

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent).)

(Note – 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]"

- (ii) 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. (i) Issue Date: [•]
- (ii) 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: [Specify/Interest Payment Date [falling in] [nearest to]
- [•]]
- [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[•] per cent. Fixed Rate]
[[•] month [currency]
+/- [•] per cent. Floating Rate]
[Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•] per cent. of their nominal amount
11. Change of Interest or Redemption/Payment Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [•], paragraph [14/15] below applies, and, for the period from (and including) [•] up to (and including) the Maturity Date, paragraph [14/15] below applies] [Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[Not Applicable]
13. (i) Status of the Notes: Senior
- (ii) Date Board approval for issuance of Notes obtained: [•] [and [•], respectively][Not Applicable]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes.)*

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)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year, up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [[•] per Calculation Amount] [Not Applicable]
- (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
- (v) Day Count Fraction: [Actual/Actual][Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond basis]
[30E/360 (ISDA)]
[Actual/Actual (ICMA)]
- (See Condition 5(h) (Definitions) for alternatives)*
- (vi) [Determination Dates: [[•] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a 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)*
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Date(s): [] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]
- (iii) First Interest Payment Date: []
- (iv) Interest Period Date: [•] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]
- (v) Business Day Convention [Floating Rate Business Day Convention]
[Following Business Day Convention]
[Modified Following Business Day Convention]

- [Preceding Business Day Convention]
[No Adjustment]
- (vi) Business Centre(s): [•]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [[Name] shall be the Calculation Agent] [Not Applicable]
- (ix) Screen Rate Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: [SOFR]/[SONIA]/[€STR]/[EURIBOR]/[•]
 - Interest Determination Date(s): [•]¹
 - Index Determination: [Applicable/Not Applicable]
- Insert only if Index Determination is not applicable*
- Relevant Screen Page: [•]/[Bloomberg Page SONIO/N Index]/[New York Federal Reserve's Website]/[ECB's Website]/[Not Applicable]
 - Relevant Time: [•]/[Not Applicable]²
 - Relevant Financial Centre: [•]/[Not Applicable]³
- Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is not applicable:*
- Calculation Method: [Weighted Average/Compounded Daily]
 - Observation Method: [Lag]/[Observation Shift]/[Lock-out]
 - Observation Look-back Period: [5/[•]] Business Days⁴
 - D: [365/360/[•]/[Not Applicable]]
 - Relevant Decimal Place: [•]

¹ To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

² Select "Not Applicable" for SOFR, SONIA or €STR.

³ Select "Not Applicable" for SOFR, SONIA or €STR.

⁴ To be at least 5 Business Days where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is applicable:

- Compounded Index: [SONIA Compounded Index/SOFR Compounded Index]
 - Relevant Decimal Place: [•]
 - Relevant Number: [•]
- (x) ISDA Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- ISDA Definitions: [2006 ISDA Definitions/2021 ISDA Definitions]

(Note: Certain fallback events and fallback triggers applicable under the 2021 ISDA Definitions (i.e. "Administrator/Benchmark Event," "Generic Fallbacks" and "Calculation Agent Alternative Rate Determination") are not workable in a note issuance context without amendments to the Conditions to disapply those provisions and/or to include bespoke replacement provisions (and consequential amendments to the pro forma Pricing Supplement). The additional amendments may be included in a drawdown prospectus at the point of issue.)
 - Floating Rate Option: [•] *(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions) if 2021 ISDA Definitions selected)*
 - Designated Maturity: [•]

(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)
 - Reset Date: [•]/[•]/[as specified in the ISDA Definitions]/[first date of the relevant Interest Period]

(Note: The fall-back provisions applicable to ISDA Determination under the ISDA Definitions are reliant upon the provision by reference banks of offered quotations, which, depending upon market circumstances, might not be available at the relevant time.)
 - Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- Compounding Method: [Compounding with Lookback

Lookback: [[•] Applicable Business Days] /[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

[Compounding with Observation Period Shift

Observation Period Shift: [[•] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [[•]/[Not Applicable]]

[Compounding with Lockout

Lockout: [[•] Lockout Period Business Days] /[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [[•]/Applicable Business Days]]
- Averaging: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- [Averaging Method: [Averaging with Lookback

Lookback: [[•] Applicable Business Days] /[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

[Averaging with Observation Period Shift

Observation Period Shift: [[•] Observation Period Shift Business Days] /[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [•]/[Not Applicable]]

[Averaging with Lockout

Lockout: [[•] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [•]/[Applicable Business Days]]

- Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
 - Index Method: Compounded Index Method with Observation Period Shift
 Observation Period Shift: [[•] Observation Period Shift Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]
 Observation Period Shift Additional Business Days: [[•] / [Not Applicable]]
- (xi) 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*)]
- (xii) Margin(s): [+/-] [] per cent. per annum
- (xiii) Minimum Rate of Interest: [•] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual][Actual/Actual – ISDA]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360][360/360][Bond Basis]
 [30E/360][Eurobond basis]
 [30E/360 (ISDA)]
 [Actual/Actual (ICMA)]
 (See Condition 5(h) (*Definitions*) for alternatives)
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Amortised Face Amount: [•] [As per Condition 6(b) (*Early Redemption*)]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [Actual/Actual][Actual/Actual – ISDA]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360] [30/360][360/360][Bond Basis]
 [30E/360][Eurobond basis]
 [30E/360 (ISDA)]
 [Actual/Actual (ICMA)]
 (See Condition 5(h) (*Definitions*) for alternatives)

PROVISIONS RELATING TO REDEMPTION

17. Call Option [Applicable/Not Applicable]

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

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) If redeemable in part:
 - Minimum Redemption Amount: [•] per Calculation Amount
 - Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: 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 and custodians, as well as any other notice requirements that may apply, for example, as between the Issuer and the Agent. For example, Euroclear and Clearstream, Luxembourg require a minimum of 5 business days' notice for a call)

18. Put Option [Applicable/Not Applicable]

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

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s): [•] per Calculation Amount
- (iii) Notice period: 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 and custodians, as well as any other notice requirements that may apply, for example, as between the Issuer and the Agent. For example, Euroclear and Clearstream, Luxembourg require a minimum of 5 business days' notice for a put)

19. Final Redemption Amount [•] per Calculation Amount

20. Early Redemption Amount

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption: [[•] per Calculation Amount] [In accordance with Condition 6(b) (Early Redemption)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

(N.B. The exchange upon notice option 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]")

[Registered Notes: Global Certificate registered in the name of a nominee for a Common Depository for Euroclear and Clearstream, Luxembourg]

22. Financial Centre(s): [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which paragraph 15(vi) relates]
23. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made][No]

Signed on behalf of **THE NATIONAL BANK OF RAS AL-KHAIMAH (P.S.C.)**:

By:
Duly authorised

PART B - OTHER INFORMATION

1. LISTING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the ISM 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 the ISM with effect from [•].]

(where documenting a fungible issue indicate that original Notes are already admitted to trading)

(ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

Ratings:

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

[Moody's: [•]]

[S&P's: [•]]

[Fitch: [•]]

[[Each of] [•] is established in the [UK][EEA] and registered under Regulation (EU) No. 1060/2009 on credit rating agencies [as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018].]

[The Notes to be issued are unrated.]

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

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

(Need to include a description of any interest, including a conflicting one, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement above.)

4. YIELD (FIXED RATE NOTES ONLY)

Indication of yield:

[•] per cent. [per annum]

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 [SOFR]/[SONIA]/[€STR]/[EURIBOR]/[•] rates can be obtained from [Reuters] at [•].

6. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) [FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
- (iv) [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]/[Not Applicable]/[Not Available]
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[Give name(s) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) or Transfer Agent(s) (if any): [Not Applicable] [•]

7. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable]/[Give names]
- (iii) Stabilising Manager(s) (if any): [Not Applicable]/[Give name(s)]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable]/[Give names]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2]; [TEFRA C/TEFRA D/TEFRA not applicable]
- (vi) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified)

- (vii) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified)*
- (viii) 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 Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the EU Benchmarks Regulation]/[As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) No. 2016/1011, as amended, apply, such that [name of administrator] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]/[Not Applicable]

8. **THIRD PARTY INFORMATION**

[[*Relevant third party information,*] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted that would render the reproduced information inaccurate or misleading.]

9. **USE OF PROCEEDS**

- (i) Social Notes: [Yes]/[Not Applicable]
- (ii) [See "Use of Proceeds" in the Base Offering Circular.] [An amount equivalent to the net proceeds of the Notes will be allocated to finance, refinance and/or invest, in whole or in part, certain "Eligible Social Projects", as set out in the Social Finance Framework.]/[•]
- (iii) [Estimated net proceeds: [•]]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. INITIAL ISSUE OF NOTES

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a Common Depositary for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. EXCHANGE

3.1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- 3.1.1 if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme—Selling Restrictions*"), in whole, but not in part, for the Definitive Notes deferred and described below; and
- 3.1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

3.2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- 3.2.1 if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- 3.2.2 if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

If the Pricing Supplement state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Notes*) may only be made in part:

- 3.3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 3.3.2 if principal in respect of any Notes is not paid when due,
- 3.3.3 with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3.1 or 3.3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Base Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and a Talon) and, in relation to any Global Certificate, the definitive Certificates for which such Global Certificate may be exchanged. Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4. AMENDMENT TO CONDITIONS

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(i)(G) (*Appointment of Agents*) and Condition 8(a)(iv) (*Payment by another Paying Agent*) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9 (*Prescription*)).

4.3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

4.5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any Subsidiary (as defined in the Conditions) if they are purchased together with the rights to receive all future payments of interest.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is

exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.7 **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

4.8 **Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 (*Events of Default*) by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.9 **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5. **ELECTRONIC CONSENT AND WRITTEN RESOLUTION**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

5.1.1 approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall for all purposes (including matters that would otherwise require an Extraordinary Resolution (as defined in the Conditions) to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

5.1.2 where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or

5.1.1 written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and **provided that**, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

DESCRIPTION OF THE GROUP

Overview

The National Bank of Ras Al-Khaimah (P.S.C.) is a public joint stock company and was incorporated as a public shareholding company by an Emiri Decree dated 15 June 1976. The Bank commenced operations in March 1978. The Bank's commercial registration number is 34857. The registered office of the Bank is National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE. The Bank's telephone number is +971 7 2062222.

The Bank was founded by the RAK Government to promote the development of the Ras Al-Khaimah. Headquartered in Ras Al-Khaimah, the Bank is the national bank of the Emirate and continues to play an important role in its economic growth. The Group offers a wide range of conventional banking products and services to individuals and businesses across the UAE via its branches, mobile sales staff, and industry-leading digital solutions. The Group also provides a range of Sharia-compliant products and services to individuals and businesses through RAKIslamic

As at the date of this Base Offering Circular, the RAK Government, directly and indirectly owns 52.8 per cent. of the Bank. The balance of the capital is held publicly: 6.8 per cent. is held by a prominent UAE individual, Ahmed Essa Al Naeem; and approximately 40.4 per cent. is held by other investors. The Bank's shares have been listed and traded on the ADX since 14 August 2005.

The Bank's business is divided into five main business divisions:

- (i) Personal Banking (referred to as Retail Banking in respect of financial data);
- (ii) Business Banking;
- (iii) Wholesale Banking;
- (iv) Treasury; and
- (v) RAKInsurance.

The Group operates a diversified distribution and delivery network which comprised 21 branches in the UAE and 282 ATMs as at 30 June 2023 as well as sales and marketing staff, telemarketing and external direct sales agents.

As at 31 December 2022, the Group had approximately 548,000 customers, of which almost 470,000 were Personal Banking customers and approximately 78,000 were Business Banking customers.

As at 31 December 2022, the Group had total assets of AED 66.5 billion, a 15.5 per cent. increase from AED 57.6 billion as at 31 December 2021. The Group's profit for 2022 was AED 1.2 billion, a 53.4 per cent. increase from AED 758.3 million for 2021.

The Bank has a long-term issuer rating of Baa1 (stable outlook) from Moody's, BBB+ (stable outlook) from Fitch and A (positive outlook) from Capital Intelligence.

History

The Bank was founded in 1976 and underwent a major transformation in 2001 as it rebranded into RAKBANK and shifted its focus from corporate banking to retail and SME banking. More recently, the Group re-entered the corporate banking sector, but the SME sector continues to be an important area of focus for the Group.

In January 2013, the Bank established RAKBANK AMAL, its Islamic Banking division, which was subsequently rebranded as RAKIslamic to offer a suite of Sharia-compliant products and services in retail and business banking including personal, auto, home and business finance.

BOSS FZCO and RAK Technologies FZCO were both incorporated in April 2010 to provide back-office and technological support services to the Group.

RAK Financial Services Limited was incorporated in the Dubai International Financial Centre in June 2021. It commenced operations in June 2022 after receiving approval from the Dubai Financial Services Authority to arrange and advise on financial products, investments and custody.

Protego Insurance Brokers L.L.C. was incorporated in July 2022 to provide insurance brokerage services and received regulatory approval in August 2022.

Strategy

In 2022, the Group developed a new strategic plan extending to 2026. Driven by data, technology and digitisation, the Group intends to leverage data and insights to deliver the most personalised and relevant solutions for all of its customers, augmented by a 'human touch' through its conventional distribution channels and potential future communication channels.

The following summarises key components of this multi-year strategy, each with a view to delivering a brilliant customer service, modernising and upgrading the Group's technological architecture and digital capabilities, and enabling growth with advanced data and analytics capabilities.

Dominate the SME market – The Group has traditionally focused on SME lending in the UAE and has strong brand recognition and expertise in this market. The Group will continue to focus on lending to such businesses with a focus on enhancing its digital offering to SME customers.

Scale up Personal Banking – The Group intends to maintain its focus on increasing Personal Banking by reducing the cost of acquiring and providing retail banking services to Personal Banking customers and delivering a hyper-personalised service. Alongside this, the Group will also look to increase its exposure to traditionally lower risk segments, including Emirati and affluent customers.

Extend and diversify Wholesale Banking – The Group intends to extend its Wholesale Banking offering beyond lending and diversify its revenue streams, including reducing its reliance on unsecured lending and increasing the proportion of fee and non-financing income through products such as trade finance and foreign exchange.

Identify new sources of revenue growth – The Group will look to incubate selective ventures with revenue pools outside of traditional banking to both complement its existing offering and also disrupt elements of the financial services sector. This also includes a continued review of potential partnership opportunities.

Competitive Advantages

The Group believes that it has a strong market position, particularly in SME financing, which is based on a number of key competitive advantages:

Focused strategy

The Group has a strong and well-developed focus on the fast-growing and high-margin SME sector, has a strong customer base in Personal Banking and has successfully grown Wholesale Banking. The Group's target market for all sectors is clearly defined and carefully targeted.

Quality of service and strong brand

The Group prides itself on providing a very high quality of customer service. The comparatively small size of the Group, as well as its internal structure and processes, allow new products and services to be brought to market in a short time. This provides faster response times to customers, differentiating the Group from its larger competitors.

The Group has a strong brand in the UAE, with a loyal customer base with whom the Group has long standing relationships. With its emphasis on customer satisfaction, the Group continually surveys its customers and its customer satisfaction score for 2022 was 91 per cent.

Strong capital ratios and high return on equity

As at 30 June 2023, the Group had a total capital adequacy ratio of 17.7 per cent., a Tier 1 capital adequacy ratio of 16.6 per cent. and a Tier 2 capital adequacy ratio of 1.09 per cent., each calculated in accordance with UAE Central Bank guidelines. This strong capital base enables the Group to pursue its strategic initiatives and support the growth of its business.

Due to the higher margins earned on its SME and retail loan portfolio with lower cost of funds driven by a stable low-cost CASA balance, the Group has been able to generate high returns on this high level of capital. In the six months ended 30 June 2023, the Group generated an ROE of 19.3 per cent. and in 2022, an ROE of 12.7 per cent.

Stable funding base

As at 30 June 2023, the Group's CASA Ratio was 68 per cent. As at 31 December 2022, the Group's CASA Ratio was 70.4 per cent. Approximately 67.6 per cent. of the Group's assets as at 31 December 2022 were funded by customer deposits, 9.3 per cent. by inter-bank funding, 6.0 per cent. by debt securities issuance and other borrowings, 3.6 per cent. by other liabilities and the balance by its capital and reserves. The Group has a diversified deposit base that includes retail, SME and corporate customers, government bodies and public sector agencies, which are regarded by the Group as a relatively stable and low-cost source of funding. The 10 largest depositors with the Group accounted for approximately 14.3 per cent. of total customer deposits as at 30 June 2023.

The Group's CASA ratio has been relatively constant even in a rising rate environment, pointing to the strong relationships the Group has with its customers.

Well-defined and developed credit policies

The Group believes it has well-defined and developed lending policies and procedures. Each Personal Banking asset is, in accordance with underwriting standards, approved through a detailed product programme. Business Banking proposals are subject to a detailed approval process with the appropriate authority. See further, "*Risk Management—Credit Risk*"

Committed and well-trained workforce

The Bank has what it regards as a high employee retention rate (75 per cent. in 2022 and 85 per cent. in 2021). The majority of the Group's senior management, most of whom have many years of experience with international banks, have been with the Group for several years.

The Group operates a dedicated training centre through which all new and existing staff are trained in areas such as customer service focus and product knowledge. A significant proportion of the training is carried out by full-time dedicated instructors.

Competition

The Group faces competition in all of its principal business areas from banks which are locally incorporated in the UAE, as well as certain foreign banks operating in the UAE. As at 30 June 2023, there were 50 commercial banks in the UAE (source: UAE Central Bank Statistical Bulletin June 2023).

Awards

In 2022, the Group received the following awards:

- The Asset ESG Awards – Titanium Award;
- Banking Excellence Awards – Best SME Bank;
- Global Finance Magazine – Best SME Bank in UAE;
- Asian Banking & Finance Awards – UAE's SME Bank of the Year, UAE's Mid-Sized Domestic Retail Bank of the Year and UAE's Fraud Initiative of the Year;
- The Asset Benchmark Research – The Number 2 Top Investment House in MENA;
- Finnovex Awards – Excellence in SME Banking;
- Mobile Marketing Association Smarties Awards – Advertiser of the Year, Machine Learning & AI, Audio Sonic Branding, Customer Experience, Data Insights and Lead Generation / Direct Response / Conversion; and
- EDGE 2022 – Best Vertical Acceptance Product MENA for Skiply.

Share Capital and Shareholders

As at 31 December 2022, the authorised, issued and fully paid-up ordinary share capital of the Bank comprised 1,676.25 million ordinary shares of AED 1 each.

As at the date of this Base Offering Circular, the RAK Government, directly and indirectly, owns 52.8 per cent. of the Bank. The balance of the capital is held publicly: 6.8 per cent. is held by a prominent UAE individual, Ahmed Essa Al Naeem; and approximately 40.4 per cent. is held by other investors. In accordance with the Bank's articles of association, 60 per cent. of the shares of the Bank must be owned by, and may only be acquired by, natural persons having UAE nationality or legal persons or corporations fully owned by UAE nationals.

As at the date of this Base Offering Circular, the Bank had the following subsidiaries.

Name of Subsidiary	Ownership Interest (%)	Jurisdiction of Incorporation	Principal Activities
Ras Al Khaimah National Insurance Company PSC	79.23	UAE	Underwriting all types of insurance business
BOSS FZCO	80*	UAE	Back-office support services to the Bank
RAK Technologies FZCO	80*	UAE	Technological support services to the Bank
Rakfunding Cayman Limited	100	Cayman Islands	To facilitate the issuance of Euro medium term notes (EMTN) under the Bank's legacy EMTN programme
Rak Global Markets Cayman Limited	100	Cayman Islands	To facilitate Treasury transactions
RAK Financial Services Limited**	100	Dubai International Financial Centre	Arranging and advising on financial products, investments and custody
Protego Insurance Brokers L.L.C.***	100	UAE	Insurance brokerage

* These represent legal ownership of the Bank. However, beneficial ownership is 100 per cent. as the remaining interest is held by a related party on trust and for the benefit of the Bank.

** The Dubai International Financial Centre's approval for commencement of business and capital infusion was received in June 2022 and capital of U.S.\$1.3 million was subscribed during June 2022.

*** Protego Insurance Brokers L.L.C is registered under the commercial licence issued by the Economy and Tourism department of the Government of Dubai in July 2022. It received regulatory approval from the UAE Central Bank in August 2022.

Business Overview

The Group's business is divided into five main business segments: Personal Banking; Wholesale Banking; Business Banking; Treasury; and RAKInsurance.

The above segments include conventional and Islamic products and services.

See "*Financial Review—Segmental Analysis*" for further details regarding each business segment's results of operations and financial position as at and for the years ended 31 December 2022 and 31 December 2021.

Personal Banking

Personal Banking takes care of the financial needs of individual customers and offers them deposit products, borrowing products, payments, and investments. In the Financial Statements and in respect of financial

information herein, Personal Banking is referred to as Retail Banking.

Personal Banking products and services include:

- deposits: current accounts, savings accounts, and fixed deposits;
- loans and advances: mortgages, personal loans, and auto loans;

- wealth management products: mutual funds, fixed income, foreign exchange, structured products, and insurance;
- payments: domestic and international money transfers, merchant acquiring, application for payments at educational institutions.

As at and for the year ended 31 December 2022, Retail Banking contributed 35.4 per cent. to the Group's net profit, 28.3 per cent. to total assets and 27.5 per cent to total liabilities.

In 2022, net profit from Retail Banking was AED 412.0 million, compared to AED 23.0 million in 2021. As at 31 December 2022, Retail Banking had assets amounting to AED 18.8 billion, an increase of 2.2 per cent. from AED 18.4 billion as at 31 December 2021. As at 31 December 2022, Retail Banking had liabilities amounting to AED 15.8 billion, an increase of 19.3 per cent. from AED 13.2 billion as at 31 December 2021.

As at 31 December 2022, the Group had almost 470,000 Personal Banking customers.

Wholesale Banking

Wholesale Banking focuses on customers having turnover above AED 250 million, offering various services including financing and deposit services for large corporates, government-related entities and financial institutions.

Wholesale Banking's conventional and Sharia compliant products and services include:

- a range of banking solutions and services including term financing, liquidity management and transaction banking for large corporates including government related entities, public institutions, multinational companies and private enterprises; and
- managing relationships across banks, non-bank financial institutions, supranational and multilateral development banks and offering these clients a wide range of products and solutions across trade finance and syndicated/bilateral loans, as well as proposing customised solutions.

As at and for the year ended 31 December 2022, Wholesale Banking contributed 20.0 per cent. to the Group's net profit, 29.3 per cent. to total assets and 22.1 per cent. to total liabilities.

In 2022, net profit from Wholesale Banking was AED 232.2 million, a 30.8 per cent. increase from AED 177.5 million in 2021. As at 31 December 2022, Wholesale Banking had assets amounting to AED 19.5 billion, a 28.3 per cent. increase from AED 15.2 billion as at 31 December 2021. As at 31 December 2022, Wholesale Banking had liabilities amounting to AED 12.7 billion, an increase of 25.4 per cent. from AED 10.1 billion as at 31 December 2021.

Business Banking

Business Banking offers loans, advances, deposits and trade finance to SMEs.

Business Banking's conventional and Sharia compliant products and services include:

- non-individual financing and deposit services for SME customers;
- term and working capital, business loans, secured finance, asset-based finance, financing against income generating property;
- commercial deposit facilities;
- business loans for businesses with turnovers up to AED 75 million and working capital financing for turnovers up to AED 250 million.

As at and for the year ended 31 December 2022, Business Banking contributed 69.6 per cent. to the Group's net profit, 12.7 per cent. to total assets and 32.4 to total liabilities.

In 2022, net profit from Business Banking was AED 810.1 million compared to AED 273.1 million in 2021. As at 31 December 2022, Business Banking had assets amounting to AED 8.5 billion, a 7.2 per cent increase from

AED 7.9 billion as at 31 December 2021. As at 31 December 2022, Business Banking had liabilities amounting to AED 18.6 billion, an 11.2 per cent. increase from AED 16.7 billion as at 31 December 2021.

As at 31 December 2022, the Group had approximately 78,000 Business Banking customers.

In 2022, Business Banking:

- signed a memorandum of understanding with Tradeling, a growing e-marketplace focused on business-to-business transactions in the MENA region, to provide an enhanced value offering to business cardholders;
- announced the launch of a "first of its kind" digital onboarding experience in the MENA region that will enable SMEs to apply for business loans, term and working capital finance and asset-based finance through the Group's 'Quick Apply' portal;
- signed a memorandum of understanding with the ADGM to provide preferential banking services to ADGM-licensed entities. The agreement facilitates efficient bank account opening for all entities, including SMEs, exchange houses dealing in virtual assets, hedge funds and corporations; and
- partnered with Etihad Credit Insurance, the UAE Federal export credit agency, to boost SME financing through the UAE Trade Finance Gateway, a digitised platform that helps exporters and re-exporters based in the country to obtain finance easily and expand their businesses internationally.

Treasury

Treasury includes activities of the dealing room, related money market, and foreign exchange transactions and hedging activities with other banks and financial institutions including the UAE Central Bank, as well as being a custodian of liquidity for the Group.

In 2022, Treasury reported a net loss of AED 22.7 million compared to net profit of AED 608.9 million in 2021. As at 31 December 2022, Treasury had assets of AED 18.1 billion, an increase of 26.2 per cent. from AED 14.4 billion as at 31 December 2021. As at 31 December 2022, Treasury had liabilities of AED 9.0 billion, an increase of 13.5 per cent. from AED 7.9 billion as at 31 December 2021.

For further information on the composition of the Group's investment securities, see "*Financial Review—Assets—Investment securities*".

RAKInsurance

RAKInsurance includes all insurance related transactions of Ras Al Khaimah National Insurance Company PSC.

In 2022, RAKInsurance reported a net loss of AED 35.0 million compared to net profit of AED 10.5 million in 2021. As at 31 December 2022, RAKInsurance had assets of AED 728.4 million, an 8.6 per cent. decrease from AED 796.8 million as at 31 December 2021. As at 31 December 2022, RAKInsurance had liabilities of AED 583.5 million, a 1.8 per cent. decrease from AED 594.1 million as at 31 December 2021.

For further information regarding the Group's insurance contract liabilities and payables, see note 15 to the 2022 Annual Financial Statements and regarding its net underwriting profit, see note 24 to the 2022 Annual Financial Statements.

RAKislamic

In 2013, the Group launched RAKislamic, an Islamic banking window, offering Sharia compliant products through various Islamic instruments such as murabaha, salam, mudaraba and wakala.

In 2022, net profit income from Islamic financing contributed 12.0 per cent. to the Group's operating income and as at 31 December 2022, Islamic financing assets represented 16.0 per cent. of the Group's total loans and advances

DISTRIBUTION AND DELIVERY CHANNELS

As at 31 December 2022, the Group had 20 branches in the UAE (seven in Dubai, six in Ras Al-Khaimah, two in Abu Dhabi, two in Sharjah and one in each of Ajman, Fujairah and Al Ain), 287 ATMs and 120 cash withdrawal / deposit machines.

The Group also provides its customers with secure digital banking, telephone banking and mobile banking services. In 2023, the Group continued its investment in digitising the Group, with a focus on enhancing customer experience across Personal Banking and Business Banking, in particular. This included the full market launch of on-boarding of Personal Banking accounts and credit card applications via the mobile banking app, delivered through agile methodology. These services enable straight-through processing for most applicants. An 'agile squad' has also been created to digitise the on-boarding of Business Banking customers; initial launch is scheduled before the end of 2023. The Group intends to continue to invest in digitising other key customer journeys across customer segments.

The Group has a dedicated team of sales and marketing staff to calling on carefully targeted existing and prospective customers as well as external agencies hired to sell its products, principally sales companies focused on selling to Indian-owned small businesses.

SOCIAL FINANCE FRAMEWORK

In line with the Group's overarching sustainability strategy, it has established the Social Finance Framework. From time to time and pursuant to this Programme, the Bank intends to issue Notes identified as Social Notes in the Pricing Supplement whose net proceeds would be used to finance and/or refinance a portfolio of Eligible Social Loans set out under the "*Use of Proceeds*" section in the Social Finance Framework. For the avoidance of doubt, financing that is not eligible under the criteria set out in the Social Finance Framework will not be considered as the use of proceeds for Social Notes for the purposes of the Social Finance Framework.

The Social Finance Framework has been developed in accordance with the Social Financing Principles.

Eligible categories outlined in the Social Finance Framework as designed to align to the Bank's broader sustainability strategy and support UN SDGs. It is envisioned that the eligibility criteria will contribute directly to the achievement of the UN SDGs.

As more particularly set out in the Social Finance Framework, Eligible Social Loans include:

- loans to finance and/or refinance the construction and/or operation of healthcare facilities affiliated to the relevant national healthcare system and/or the development, manufacturing, wholesale, distribution and retail channels in respect of affordable pharmaceutical products;
- loans to finance and/or refinance micro, small and medium enterprises (as per the UAE Central Bank's definition) located in socioeconomically disadvantaged regions and/or facing economic crisis, natural disasters or health pandemics.

The Bank aims to gradually achieve a level of allocation for the Eligible Social Loans portfolio that equals or surpasses the balance of net proceeds obtained from its outstanding "Social Finance Instruments" (as defined in the Social Finance Framework and which includes Social Notes) within 12 months of issuing each instrument. As needed, the Bank will include or exclude Eligible Social Loans from its portfolio.

INFORMATION TECHNOLOGY

The IT department of the Group regularly reviews the technology changes in the market and assesses the need to upgrade the Group's technology platform in order to support the business growth as set out in the short-term business plan.

In 2022, the Group joined the Arab Monetary Fund Buna payment platform. This partnership is in line with the Group's digital transformation strategy and aims to provide customers with an enhanced payment service platform for sending and receiving cross-border, multicurrency payments safely and securely.

Furthermore, in 2022, the Group partnered with a global artificial intelligence ("AI") cloud leader (Data Robot) and a local AI service provider (e&enterprise), to build and deploy an industry leading AI platform to accelerate its artificial intelligence and machine learning-driven analytics.

The Group uses various servers based on IBM AIX, Oracle Solaris, Windows and Linux platforms, Finacle from Infosys for core banking system, Flexcube from Oracle for Islamic, Prime from TSys for credit cards, Retail Lending Module from Nucleus, and IBM Middleware IT software among others and the IT department has grown over the years. While some software is currently developed in-house, the Group has entered into strategic agreements with leading software developers to develop and instal various automation and system changes requested by the business.

PROPERTY

As at 31 December 2022, the Group owned land and buildings with a net book value of AED 387.6 million (compared to AED 406.2 million as at 31 December 2021).

In 2022, the Group and Honeywell announced an energy saving project in accordance with the Group's sustainability initiatives and to help improve energy efficiencies and carbon reduction goals. Honeywell will optimise water consumption, ventilation and air conditioning, building management system and chillers within the Group's headquarters building spanning a total area of 19,900 square metres. As part of the five-year service contract, Honeywell will also regularly assess and optimise the energy saving performance of the building's systems to identify opportunities for further energy savings.

INSURANCE

The Group has various insurance policies in place, including fire, property, terrorism, third-party liability, political violence and bankers blanket bond insurance policies. The Group believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which it may be exposed.

LITIGATION

During the ordinary course of its business, the Group is subject to legal proceedings and adjudications. Except in the ordinary course of business, the Group is not involved in any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and results of operations and is not aware of any such litigation, arbitration or administrative proceeding that is pending or threatened. Therefore, no material provision has been made as at 31 December 2022 regarding any outstanding legal proceedings against the Group.

SELECTED FINANCIAL INFORMATION

The financial information of the Group presented below has been extracted from the Financial Statements. The financial information of the Group presented below should also be read in conjunction with the information described under the heading "Risk Factors" included elsewhere in this Base Offering Circular.

The following tables set out certain consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows financial information of the Group and key financial ratios of the Group as at and for the six months ended 30 June 2023 and 30 June 2022 and the years ended 31 December 2022, 31 December 2021 and 31 December 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June	31 December		
	2023	2022	2021	2020
		(AED'000)		
Assets				
Cash and balances with UAE Central Bank.....	6,883,429	4,713,892	3,894,068	5,470,285
Due from other banks, net	12,863,742	11,456,321	8,428,854	6,562,391
Investment securities measured at fair value	5,172,558	4,242,242	4,898,867	3,633,298
Investment securities measured at amortised cost.....	6,551,391	7,221,806	4,567,056	4,301,664
Loans and advances, net.....	37,630,866	36,071,267	33,563,247**	30,041,470
Insurance contract assets and receivables, net	172,527	144,188*	362,491	282,265
Customer acceptances	65,126	145,973	67,568	116,865
Other assets	1,571,379	1,417,219*	806,165	1,284,182
Property and equipment.....	476,657	454,134	461,990**	795,930
Right-of-use assets	109,343	112,657	134,424	117,872
Goodwill and intangible assets.....	367,714	370,497	398,663**	166,386
Total assets.....	71,864,732	66,350,196*	57,583,393**	52,772,608
Liabilities				
Due to other banks.....	6,518,595	6,191,834	3,174,223	2,067,762
Deposits from customers	48,965,388	44,871,310	38,926,775**	36,944,324
Customer acceptances	65,126	145,973	67,568	116,865
Debt securities issued and other long term borrowings.....	4,392,012	3,999,743	5,274,326	3,612,266
Insurance contract liabilities and payables.....	396,006	334,642*	477,847	430,394
Other liabilities.....	2,069,793	1,683,131*	1,150,212	1,653,691
Lease liabilities.....	102,999	102,912	130,600	102,348
Total liabilities.....	62,509,919	57,329,545*	49,201,551**	44,927,650
Equity				
Share capital	2,011,495	1,676,245	1,676,245	1,676,245
Legal reserve	950,431	950,431	950,431	950,431
Retained earnings	3,387,814	3,392,307*	2,584,864	2,079,275
Other reserves.....	2,978,628	2,975,326	3,131,076	3,099,695
Total equity attributable to owners of the Bank	9,328,368	8,994,309*	8,342,616	7,805,646
Non-controlling interests.....	26,445	26,342*	39,226	39,312
Total equity.....	9,354,813	9,020,651*	8,381,842	7,844,958
Total liabilities and equity.....	71,864,732	66,350,196*	57,583,393	52,772,608

* The financial information as at and for the year ended 31 December 2022 has been extracted from the unaudited comparative column of the Interim Financial Statements, following the restatements of these balances as set out in note 35 in the Interim Financial Statements.

** The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June		For the year ended 31 December		
	2023	2022	2022	2021	2020
			<i>(AED'000)</i>		
Interest income	1,854,240	1,024,845	2,486,834	1,971,674	2,501,429
Interest expense	(453,997)	(120,120)	(412,465)	(197,358)	(408,527)
Net interest income	1,400,243	904,725	2,074,369	1,774,316	2,092,902
Income from Islamic financing	299,757	231,499	506,300	454,816	555,453
Distribution to depositors	(82,788)	(32,790)	(91,320)	(60,701)	(122,777)
Net income from Islamic financing.....	216,969	198,709	414,980	394,115	432,676
Net interest income and net income from Islamic financing	1,617,212	1,103,434	2,489,349	2,168,431	2,525,578
Net fees and commission income.....	335,983	339,778	658,159	686,902	632,833
Foreign exchange & derivative income	156,296	60,222	218,343	160,774	187,608
Net insurance underwriting profit	15,497	3,488	7,196	38,717	53,002
Investment income.....	31,502	(159)	7,592	80,328	89,501
Other operating income	32,846	35,186	71,208	95,386	75,507
Non-interest income.....	572,124	438,515	962,498	1,062,107	1,038,451
Operating income	2,189,336	1,541,949	3,451,847	3,230,538	3,564,029
General and administrative expenses.....	(794,564)	(740,085)	(1,484,392)	(1,395,575)	(1,395,349)
Operating profit before provision for credit loss.....	1,394,772	801,864	1,967,455	1,834,963	2,168,680
Provision for credit loss, net	(493,979)	(274,461)	(804,018)	(1,076,663)	(1,663,302)
Profit for the period/year	900,793	527,403	1,163,437	758,300	505,378

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended				
	30 June		For the year ended 31 December		
	2023	2022	2022	2021	2020
	(AED'000)				
Profit for the period/year	900,793	527,403	1,163,437	758,300	505,378
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
(Loss)/profit on sale of equity investments held at fair value through other comprehensive income.....	(102)	17,395	17,429	980	-
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	(27,180)	(19,292)	(24,211)	90,247	(10,610)
Re-measurements of post-employment benefit obligations.....	-	-	4,605	2,832	(7,294)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (debt instruments)	28,374	(175,113)	(112,997)	(3,880)	40,717
Profit on sale of debt instruments transferred to profit and loss	1,612	(4,914)	(8,246)	(48,087)	(32,567)
Net changes in fair value arising from cash flow hedges	588	(10,905)	(17,581)	(10,056)	12,200
Other comprehensive (loss)/income for the period/year.....	3,292	(192,829)	(141,001)	32,036	2,446
Total comprehensive income for the period/year	904,085	334,574	1,022,436	790,336	507,824

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30				
	June		For the year ended 31 December		
	2023	2022	2022	2021	2020
	(AED'000)				
Net cash generated from / (used in) operating activities	184,246	2,905,763	5,332,822	(233,173)**	3,221,863
Net cash used in investing activities	(299,001)	(720,199)	(2,645,191)	(1,462,436)	326,728
Net cash (used in) / generated from financing activities	(192,221)	(1,179,890)	(1,683,020)	1,384,110**	(1,815,902)
Net (decrease) / increase in cash and cash equivalents	(306,976)	1,005,674	1,004,612	(311,499)	1,732,689
Cash and cash equivalents, beginning of the period/year	4,329,226	3,324,614	3,324,614	3,636,113	1,903,424
Cash and cash equivalents, end of the period/year	4,022,250	4,330,288	4,329,226	3,324,614	3,636,113

** The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

CAPITAL ADEQUACY

The following table sets out the Group's capital structure and capital adequacy as at 30 June 2023, 31 December 2022, 31 December 2021 and 31 December 2020.

	As at 30			
	June	As at 31 December		
	2023	2022	2021	2020
	<i>(AED'000 unless otherwise stated)</i>			
Tier 1 capital				
Ordinary share capital.....	2,011,495	1,676,245	1,676,245	1,676,245
Legal and other reserves.....	4,134,321	3,990,045	4,019,781	4,172,571
Retained earnings.....	2,526,502	2,225,576	1,830,499	1,583,664
Current period/year profit.....	900,638	1,206,099	754,802	497,669
Dividend.....	-	(569,923)	(377,155)	(251,437)
Tier 1 capital base.....	9,572,956	8,528,042	7,904,172	7,678,712
Total regulatory adjustment.....	(362,977)	(362,295)	(15,020)	-
Tier 1 capital base after regulatory adjustments.....	9,209,979	8,165,747	7,889,152	7,678,712
Tier 2 capital base.....	605,865	601,194	545,734	492,180
Total capital base.....	9,815,844	8,766,941	8,434,886	8,170,892
Risk weighted assets				
Credit risk.....	48,469,239	48,095,557	43,658,721	39,374,431
Market risk.....	2,147,785	1,649,697	2,186,151	1,153,831
Operational risk.....	4,778,195	3,628,998	3,678,449	3,341,552
Total risk weighted assets.....	55,395,219	53,374,252	49,523,321	43,869,814
Capital adequacy ratio on Tier 1 capital (%).....	16.63	15.30	15.93	17.50
Capital adequacy ratio on Tier 2 capital (%).....	1.09	1.13	1.10	1.13
Total capital adequacy ratio (%).....	17.72	16.43	17.03	18.63

KEY FINANCIAL RATIOS

The following table sets out certain key ratios calculated with results derived from the Financial Statements. These ratios (other than the earnings per share) are APMs and are calculated as described in "Presentation of Financial Information".

	As at and for		As at and for the years ended 31	
	the six months		December	
	ended 30 June	ended 30 June	2021	2020
	2023	2022	2021	2020
ROA.....	2.7	1.9	1.4	0.9
ROE.....	19.3	13.5	9.5	6.5
Net interest margin.....	4.9	4.1	4.0	4.6
Cost to income ratio.....	36.3	43.0	43.2	39.2
CASA Ratio.....	67.8	70.4	75.5	75.9
Impaired Loan Ratio.....	2.5	3.0	4.0	5.2
Impaired Loan Coverage Ratio.....	231.5	181.7	133.7	129.4
ELAR*.....	15.1	12.8	11.6	14.5
ASRR.....	79.9	79.7	82.9	80.7
Earnings per share (AED).....	0.45	0.70	0.45	0.30

* As at 30 June 2023, the Group had total high quality liquid assets of AED 9.3 billion compared to AED 7.3 billion as at 31 December 2022, AED 5.5 billion as at 31 December 2021 and AED 6.4 billion as at 31 December 2020.

RELATED PARTY TRANSACTIONS

Certain related parties (including key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties.

As at 30 June 2023, the Group had financial liabilities to related parties totalling AED 3.2 billion and financial assets to related parties totalling AED 1.2 billion. The Group also had contingent liabilities with related parties of AED 53.2 million as at 30 June 2023. See note 26 to the Interim Financial Statements and note 35 to each of the Annual Financial Statements for further information regarding the Group's related party transactions.

FINANCIAL REVIEW

The financial information of the Group presented below has been extracted from the Financial Statements. The financial information of the Group presented below should also be read in conjunction with the information described under the heading "Risk Factors" included elsewhere in this Base Offering Circular.

Overview

The National Bank of Ras Al-Khaimah (P.S.C.) is a public joint stock company and was incorporated as a public shareholding company by an Emiri Decree dated 15 June 1976. The Bank commenced operations in March 1978. The Bank's commercial registration number is 34857. The registered office of the Bank is National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE. The Bank's telephone number is +971 7 2062222.

See further "*Description of the Group—Overview*".

Significant Accounting Policies

Certain of the Group's accounting policies require significant managerial judgement on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption for estimates and assumptions based on historical experience and other factors considered reasonable and significant by the Group's management. For more information on the Group's significant accounting policies and critical accounting estimates, see note 3 to each of the Financial Statements, note 43 to the 2022 Annual Financial Statements and note 30 to the Interim Financial Statements.

RECENT DEVELOPMENTS

On 25 July 2023, the Group published the Interim Financial Statements. The following discussion of key line items in the Group's consolidated statement of financial position and consolidated statement of profit or loss is based on the financial information included in the Interim Financial Statements.

Results of Operations

Net interest income and net income from Islamic financing

For the six months ended 30 June 2023, the Group's net interest income and net income from Islamic financing increased by 46.6 per cent. compared to the six months ended 30 June 2022 as a result of an 80.9 per cent. increase in interest income and a 29.5 per cent. increase in income from Islamic financing, partially offset by a 278.0 per cent. increase in interest expense and a 152.5 per cent. increase in distribution to depositors.

Non-interest income

For the six months ended 30 June 2023, the Group's non-interest income increased 30.5 per cent. compared to the six months ended 30 June 2022 principally as a result of a 159.5 per cent. increase in foreign exchange and derivative income.

Operating income

As a result of the foregoing, the Group's operating income increased 42.0 per cent. for the six months ended 30 June 2023 compared to the six months ended 30 June 2022.

General and administrative expenses

For the six months ended 30 June 2023, the Group's general and administrative expenses increased 7.4 per cent. compared to the six months ended 30 June 2022 principally as a result of higher staff costs, card expenses, IT expenses and other operating expenses, partially offset by lower outsourced staff costs, occupancy costs, depreciation and communication expenses.

Provision for credit loss

For the six months ended 30 June 2023, the Group's net provision for credit loss increased 80.0 per cent. compared to the six months ended 30 June 2022 due to prudent precautionary measures taken in anticipation of expected macro-economic developments.

Profit for the period

As a result of the foregoing, the Group's profit for the period increased 70.8 per cent. for the six months ended 30 June 2023 compared to the six months ended 30 June 2022.

Assets

Loans and advances

As at 30 June 2023, the Group's net loans and advances were AED 37.6 billion, reflecting a 4.3 per cent. increase compared to 31 December 2022. As at 30 June 2023, the Group's gross loans and advances were AED 39.9 billion, reflecting a 4.6 per cent. increase compared to 31 December 2022 as a result of strong growth momentum across the Group's segments and products.

Investment securities

As at 30 June 2023, the Group's investment securities measured at fair value increased 21.9 per cent. and investment securities measured at amortised cost decreased 9.3 per cent. compared to 31 December 2022.

Total assets

As a result of the foregoing, the Group's total assets increased 8.3 per cent. as at 30 June 2023 compared to 31 December 2022.

Funding

Deposits from customers

As at 30 June 2023, the Group's deposits from customers were at AED 49.0 billion, an increase of 9.1 per cent. compared to 31 December 2022. As at 30 June 2023, the Group had a strong CASA franchise with a CASA ratio of 67.8 per cent.

Debt securities issued and other long-term borrowings

As at 30 June 2023, the Group's debt securities issued and other long-term borrowings increased 9.8 per cent. compared to 31 December 2022.

Total liabilities

As at 30 June 2023, the Group's total liabilities increased 9.0 per cent. compared to 31 December 2022.

Total equity

As at 30 June 2023, the Group's total equity increased 3.7 per cent. compared to 31 December 2022.

Segmental Analysis

Retail Banking

As at 30 June 2023, Retail Banking's assets increased 4.5 per cent. and its liabilities increased 10.4 per cent., each compared to 31 December 2022. As at 30 June 2023, Retail Banking's gross loans and advances amounted to AED 19.7 billion, an increase of 4.7 per cent. compared to 31 December 2022 reflecting increases across Retail Banking's products with auto loans increasing 11.2 per cent., mortgages increasing 11.4 per cent. and personal loans increasing 1.6 per cent. As at 30 June 2023, Retail Banking's customer deposits increased 10.2 per cent. compared to 31 December 2022 primarily due to higher term deposits.

For the six months ended 30 June 2023, Retail Banking's net profit increased 0.2 per cent. compared to the six months ended 30 June 2022. This reflected an increase in net interest income of 14.0 per cent.

Wholesale Banking and Treasury

As at 30 June 2023, Wholesale Banking and Treasury's assets increased 10.3 per cent. and its liabilities decreased 7.5 per cent., each compared to 31 December 2022. As at 30 June 2023, Wholesale Banking's gross assets

(including lending to banks) increased 3.7 per cent. compared to 31 December 2022, primarily driven by higher lending to customers. As at 30 June 2023, Wholesale Banking and Treasury's customer deposits increased 11.3 per cent. compared to 31 December 2022.

For the six months ended 30 June 2023, Wholesale Banking and Treasury's net profit increased 45.0 per cent. compared to the six months ended 30 June 2022. This reflected a decrease in net interest income of 0.8 per cent. and an increase in non-interest income of 270.7 per cent.

Business Banking

As at 30 June 2023, Business Banking's assets increased 2.1 per cent. and its liabilities increased 8.9 per cent., each compared to 31 December 2022. Business Banking's gross loans and advances amounted to AED 9.5 billion, an increase of 5.5 per cent. compared to 31 December 2022 primarily as a result of higher volumes of RAK Business loans. Business Banking's customer deposits increased 8.8 per cent. compared to 31 December 2022.

For the six months ended 30 June 2023, Business Banking's net profit increased 14.4 per cent. compared to the six months ended 30 June 2022. This reflected an increase in net interest income of 43.6 per cent. and non-interest income of 7.3 per cent.

RESULTS OF OPERATIONS

Operating income

The following table sets out the components of the Group's operating income in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	<i>(AED'000)</i>		<i>(%)</i>	
Net interest income.....	2,074,369	1,774,316	16.9	60.1
Net income from Islamic financing	414,980	394,115	5.3	12.0
Net interest income and net income from Islamic financing	2,489,349	2,168,431	14.8	72.1
Non-interest income	962,498	1,062,107	(9.4)	27.9
Operating income	3,451,847	3,230,538	6.9	100.0

As a result of the following, the Group's operating income increased by 6.9 per cent. from AED 3.2 billion in 2021 to AED 3.5 billion in 2022.

Net interest income and net income from Islamic financing

In 2022, net interest income contributed 60.1 per cent. to the Group's operating income and net income from Islamic financing contributed 12.0 per cent., totalling 72.1 per cent.

The following table sets out the Group's net interest income and net income from Islamic financing in 2022 and 2021.

	For the year ended 31 December		Percentage change
	2022	2021	2022 / 2021
	<i>(AED'000)</i>		<i>(%)</i>
Interest income	2,486,834	1,971,674	26.1
Interest expense	(412,465)	(197,358)	109.0
Net interest income	2,074,369	1,774,316	16.9
Income from Islamic financing	506,300	454,816	11.3
Distribution to depositors	(91,320)	(60,701)	50.4
Net income from Islamic financing	414,980	394,115	5.3
Net interest income and net income from Islamic financing	2,489,349	2,168,431	14.8

In 2022, the Group's net interest income amounted to AED 2.1 million, a 16.9 per cent. increase from AED 1.8 million in 2021 and net income from Islamic financing amounted to AED 415.0 million, a 5.3 per cent. increase from AED 394.1 million in 2021. These increases were principally a result of increased yields on the Group's loans and advances and investment securities, as further discussed below.

The following table sets out a breakdown of the Group's interest income in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	<i>(AED'000)</i>		<i>(%)</i>	
Personal loans	230,032	241,605	(4.8)	9.3
Mortgage loans	172,367	154,498	11.6	6.9
Credit cards	314,823	348,990	(9.8)	12.7
Auto loans	20,951	21,457	(2.4)	0.8
RAK Business loans	346,584	313,536	10.5	13.9
Wholesale Banking loans	342,830	184,567	85.7	13.8
Other Business Banking loans	325,191	250,514	29.8	13.1
Other retail loans	102,129	57,209	78.5	4.1
Investment securities	292,737	254,505	15.0	11.8
Deposits with the UAE Central Bank	30,304	229	13,133.2	1.2
Other banks	308,886	144,564	113.7	12.4
	2,486,834	1,971,674	26.1	100.0

In 2022, the Group's interest income amounted to AED 2.5 billion, an increase of 26.1 per cent. from AED 2.0 billion in 2021. This increase was mainly driven by growth in the balance sheet on the back of higher sales momentum in mortgage loans and RAK Business loans, further augmented by higher income on other Business Banking loans, Wholesale Banking (including bank lending) and investment securities, owing to higher interest rates and balance sheet.

The following table sets out a breakdown of the Group's interest expense in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	(AED'000)			(%)
Deposits from customers	166,439	81,645	103.9	40.4
Debt securities issued and other long-term borrowings	115,455	97,506	18.4	28.0
Borrowings from other banks	130,571	18,207	617.1	31.7
	412,465	197,358	109.0	100.0

In 2022, the Group's interest expense amounted to AED 412.5 million, an increase of 109.0 per cent. from AED 197.4 million in 2021. This increase was mainly due to higher payments to customers owing to rising interest rates, driven by higher customer deposits (which increased by approximately AED 6 billion), mainly in respect of term deposits (which increased by approximately AED 3.7 billion).

The following table sets out a breakdown of the Group's income from Islamic financing in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	(AED'000)			(%)
Islamic Salam personal finance	150,293	161,093	(6.7)	29.7
Islamic Auto Murabaha	2,493	3,407	(26.8)	0.5
Islamic Business Banking finance	240,397	193,255	24.4	47.5
Islamic Wholesale Banking finance.....	26,810	22,810	17.5	5.3
Islamic Investment Income.....	39,162	38,975	0.5	7.7
Islamic Ijara property finance.....	47,145	35,276	33.6	9.3
	506,300	454,816	11.3	100.0

In 2022, the Group's income from Islamic financing amounted to AED 506.3 million, an increase of 11.3 per cent. from AED 454.8 million in 2021. This increase was principally a result of growth in financing asset volumes and rising profit rates.

The following table sets out a breakdown of the Group's distribution to depositors in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	(AED'000)			(%)
Distribution of profit on Islamic term investment deposits.....	69,926	27,948	150.2	76.6
Bilateral long-term borrowing	20,275	31,568	(35.8)	22.2
Distribution of profit on Islamic demand deposits.....	1,119	1,185	(5.6)	1.2
	91,320	60,701	50.4	100.0

In 2022, the Group's distributions to depositors amounted to AED 91.3 million, an increase of 50.4 per cent. from AED 60.7 million in 2021. This increase was principally a result of growth in Islamic deposits coupled with rising rates.

Non-interest income

In 2022, non-interest income contributed 27.9 per cent. to the Group's operating income.

The following table sets out the Group's non-interest income in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	<i>(AED'000)</i>		<i>(%)</i>	
Net fees and commission income	658,159	686,902	(4.2)	68.4
Foreign exchange & derivative income	218,343	160,774	35.8	22.7
Net insurance underwriting profit.....	7,196	38,717	(81.4)	0.7
Investment income	7,592	80,328	(90.5)	0.8
Other operating income	71,208	95,386	(25.3)	7.4
Non-interest income.....	962,498	1,062,107	(9.4)	100.0

In 2022, the Group's non-interest income amounted to AED 962.5 million, a 9.4 per cent. decrease from AED 1.1 billion in 2021. This decrease was principally a result of:

- a 4.2 per cent. decrease in net fees and commission income (discussed further below) mainly due to lower income from sales in the Group's wealth management investment division;
- an 81.4 per cent. decrease in net insurance underwriting profit due to losses in the motor and medical portfolios held by RAKInsurance;
- a 90.5 per cent. decrease in investment income due to lower trading profits in light of the increasing interest rates; and
- a 25.3 per cent. decrease in other operating income,

partially offset by a 35.8 per cent. increase in foreign exchange & derivative income due to higher customer volumes.

The Group's non-interest income is principally derived from net fees and commission income. The following table sets out a breakdown of the Group's net fees and commission income in 2022 and 2021.

	For the year ended 31 December		Percentage change	Percentage total
	2022	2021	2022 / 2021	2022
	<i>(AED'000)</i>		<i>(%)</i>	
Personal loans.....	9,569	22,839	(58.1)	1.5
Mortgage loans.....	15,839	20,059	(21.0)	2.4
Credit cards	243,399	247,569	(1.7)	37.0
Auto loans	6,704	6,135	9.3	1.0
RAK Business loans.....	47,404	36,524	29.8	7.2
Wholesale Banking.....	61,210	69,509	(11.9)	9.3
Other Business Banking	175,989	150,320	17.1	26.7
Fiduciary income.....	50,171	78,530	(36.1)	7.6
Bancassurance	24,704	21,850	13.1	3.8
Other	23,170	33,567	(31.0)	3.5
	658,159	686,902	(4.2)	100.0

In 2022, the Group's net fees and commission income amounted to AED 658.2 million, a decrease of 4.2 per cent. from AED 686.9 million in 2021. This decrease was principally a result of lower fiduciary income on leverage loan sales, lower fees on personal loans, partially offset by higher fees on RAK Business and other Business Banking loans.

General and administrative expenses

The following table sets out the Group's general and administrative expenses in 2022 and 2021.

	For the year ended 31		Percentage	Percentage
	December	December	change	total
	2022	2021	2022 / 2021	2022
	<i>(AED'000)</i>		<i>(%)</i>	
Staff costs	850,541	775,329	9.7	57.3
Outsourced staff costs.....	34,889	34,489	1.2	2.4
Occupancy costs	64,334	75,950	(15.3)	4.3
Marketing expenses	24,650	27,385	(10.0)	1.7
Depreciation and amortisation	118,555	127,273	(6.8)	8.0
Communication costs	51,097	50,882	0.4	3.4
Credit card expenses.....	116,621	86,977	34.1	7.9
Information and technology expenses	104,139	97,777	6.5	7.0
Other	119,566	119,513	0.0	8.1
	1,484,392	1,395,575	6.4	100.0

In 2022, the Group's general and administrative expenses increased by AED 88.8 million compared to 2021. Staff and outsourcing costs increased by AED 75.2 million, credit card service provider related costs increased by AED 29.6 million and technology costs increased by AED 6.4 million, which was partially offset by a decrease of AED 11.6 million in occupancy cost, AED 8.7 million in depreciation and AED 2.7 million in marketing costs. The Group's cost to income ratio decreased to 43.0 per cent. in 2022 compared to 43.2 per cent. in 2021.

Provision for credit loss, net

In 2022, the Group's net impairment charge amounted to AED 804.0 million, a 25.3 per cent. decrease from AED 1.1 billion in 2021. This decrease was principally a result of a change in the business mix and improvement in portfolio credit quality.

See note 30 of the 2022 Annual Financial Statements for a further breakdown of the Group's net impairment charge.

Profit for the year

As a result of the foregoing, the Group's profit for the year increased by 53.4 per cent. from AED 758.3 million in 2021 to AED 1.2 billion in 2022.

ASSETS

The following table sets out the components of total assets as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change	total
	(AED'000)		2022 / 2021	2022
			(%)	
Cash and balances with UAE Central Bank.....	4,713,892	3,894,068	21.1	7.1
Due from other banks, net	11,456,321	8,428,854	35.9	17.2
Investment securities measured at fair value	4,242,242	4,898,867	(13.4)	6.4
Investment securities measured at amortised cost.....	7,221,806	4,567,056	58.1	10.9
Loans and advances, net	36,071,267	33,563,247**	7.5	54.2
Insurance contract assets and receivables, net	144,188*	362,491	(22.5)	0.4
Customer acceptances	145,973	67,568	116.0	0.2
Other assets	1,417,219*	806,165	77.9	2.2
Property and equipment.....	454,134	461,990**	(1.7)	0.7
Right-of-use assets	112,657	134,424	(16.2)	0.2
Goodwill and intangible assets	370,497	398,663**	(7.1)	0.6
Total assets.....	66,350,196*	57,583,393**	15.5	100.0

* The financial information as at and for the year ended 31 December 2022 has been extracted from the unaudited comparative column of the Interim Financial Statements, following the restatements of these balances as set out in note 35 in the Interim Financial Statements.

** The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

As at 31 December 2022, the Group's total assets amounted to AED 66.5 billion, a 15.5 per cent. increase from AED 57.6 billion as at 31 December 2021.

See "*Risk Management—Credit Risk—Concentration Risk*" for a breakdown of geographical and sectoral concentrations in the Group's asset portfolio.

The following presents further analysis of the Group's principal assets, being loans and advances and investment securities. For further information regarding cash and balances with the UAE Central Bank, balances due from other banks, insurance contract assets and receivables, other assets, property and equipment, right-to-use assets and goodwill and intangible assets, see notes 4, 5, 8, 9, 11, 36 and 10 to the 2022 Annual Financial Statements, respectively.

Loans and advances

The Group's loan portfolio comprises loans and advances to commercial, retail and government-related entities across a range of economic sectors made on both a conventional and an Islamic basis. As at 31 December 2022, loans and advances, net represented 54.2 per cent. of the Group's total assets.

As at 31 December 2022, the Group's loans and advances, net, amounted to AED 36.1 billion, a 7.5 per cent. increase from AED 33.6 billion as at 31 December 2021. This reflected increases across Retail Banking, Wholesale Banking and Business Banking.

The following table sets out a breakdown of the Group's loans and advances by business segment as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change	total
	(AED'000)		2022 / 2021	
			2022	
			2022	
Retail Banking loans.....	18,815,285	18,712,507	0.5	49.3
Wholesale Banking loans	10,279,813	8,690,747	18.3	26.9
Business Banking loans.....	9,049,221	8,053,201	12.4	23.7
Total loans and advances	38,144,319	35,456,455*	7.6	100.0
Provision for credit loss.....	(2,073,052)	(1,893,208)	9.5	
Net loans and advances	36,071,267	33,563,247*	7.5	

* The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

In line with the Group's strategy to increase its Wholesale Banking business and maintain its market share in Business Banking (see further "*Description of the Group—Strategy*"), Wholesale Banking loans increased 18.3 per cent. from AED 8.7 billion as at 31 December 2021 to AED 10.3 billion as at 31 December 2022 and Business Banking loans increased 12.4 per cent. from AED 8.1 billion as at 31 December 2021 to AED 9.0 million as at 31 December 2022.

The following table sets out a further breakdown of the Group's Retail Banking loans and advances by product type as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change	total
	(AED'000)		2022 / 2021	
			2022	
			2022	
Personal loans.....	5,545,961	5,481,178	1.2	29.5
Mortgage loans.....	7,670,327	7,221,862	6.2	40.8
Credit cards	2,196,406	2,115,034	3.8	11.7
Auto loans	400,301	383,499	4.4	2.1
Other retail loans	3,002,290	3,510,934	(14.5)	16.0
Retail Banking loans.....	18,815,285	18,712,507*	0.5	100.0

* The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

As at 31 December 2022, Islamic financing assets represented 16.0 per cent. of the Group's total loans and advances. The following table sets out the Group's Islamic financing assets by business segment and product type as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change 2022 / 2021	total 2022
	(AED'000)		(%)	
Islamic Retail Banking assets*	3,445,674	3,180,614	8.3	56.4
Islamic Business Banking assets	2,252,856	2,127,033	5.9	36.9
Islamic Wholesale Banking assets	412,679	589,682	(30.0)	6.8
Total Islamic financing assets	6,111,209	5,897,329	3.6	100.0
Provision for impairment	(394,217)	(399,390)	(1.3)	
	5,716,992	5,497,939	4.0	
<i>Analysis of Islamic financing assets</i>				
Islamic Salam personal finance	2,082,846	1,944,821	7.1	34.1
Islamic Auto Murabaha	38,586	46,225	(16.5)	0.6
Islamic business banking finance	2,252,856	2,127,033	5.9	36.9
Islamic Ijara Property Finance	1,278,451	1,140,783	12.1	20.9
Murabaha Islamic credit cards	43,995	47,329	(7.0)	0.7
Islamic wholesale banking	412,679	589,682	(30.0)	6.8
Islamic finance – other	1,796	1,456	23.4	0.0
	6,111,209	5,897,329	3.6	100.0

* Described as Islamic retail financing assets in the 2022 Annual Financial Statements.

As at 31 December 2022, the Group's total Islamic financing assets amounted to AED 6.1 billion, an increase of 3.6 per cent. from AED 5.9 billion as at 31 December 2021. This increase was principally a result of an increase in Retail Banking finance, Business Banking finance and property finance assets.

See "Risk Management—Credit Risk—Impairment" for further information on the Group's provision for impaired loans and advances.

Investment securities

In 2022, investment securities represented 17.3 per cent. of the Group's total assets. Investment securities comprise debt securities issued by the government, organisations which are quasi-governmental and local and foreign reputable organisations.

The following table sets out the Group's investment securities as at 31 December 2022 and 31 December 2021.

	As at 31 December	
	2022	2021
	(AED'000)	
<i>Securities at fair value through other comprehensive income (FVOCI)</i>		
Quoted equity securities	437,494	377,540
Unquoted equity securities	5,240	4,459
Quoted debt securities*	3,655,522	3,829,217
Unquoted debt securities	36,490	450,775
	4,134,746	4,661,991
<i>Securities at fair value through profit or loss (FVPL)</i>		
Quoted funds	66,071	131,577
Unquoted funds	41,425	43,842
Quoted debt securities	-	61,457
	107,496	236,867
<i>Investment securities measured at fair value</i>	4,242,242	4,898,867
<i>Securities held at amortised cost</i>		
Quoted debt securities*	7,163,089	4,423,773
Unquoted debt securities	115,841	168,223
	7,278,930	4,591,996
Provision for credit loss for securities held at amortised cost	(57,124)	(24,940)
Investment securities measured at amortised cost	7,221,806	4,567,056
Net investment securities.....	11,464,048	9,465,923

* As at 31 December 2022, quoted debt securities with fair value of AED 3,046 million and carrying value of AED 3,135 million (31 December 2021: fair value of AED 1,336 million and carrying value AED 1,513 million) have been given as collateral against repo borrowings of AED 2,639 million (31 December 2021: AED 1,313 million).

In 2022, change in fair value of investment securities measured at FVPL resulted in loss of AED 22.4 million (compared to a gain of AED 9.4 in 2021) and was recognised as investment loss/income in the consolidated statement of profit or loss.

In 2022, sale of amortised cost securities amounting to nil (compared to AED 25.8 billion in 2021) resulted in nil gain (compared to AED 1.2 million in 2021) and was recognised as investment income in the consolidated statement of profit or loss.

The following table sets out the composition of the Group's investment portfolio by category as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage
	2022	2021	total 2022
	<i>(AED'000)</i>		<i>(%)</i>
Federal and local government - UAE	2,605,832	1,188,494	22.6
Government related entity - UAE.....	862,482	957,344	7.5
Government - GCC	572,937	862,073	5.0
Government - other	850,247	1,400,826	7.4
Banks and financial institutions - UAE.....	635,725	550,208	5.5
Banks and financial institutions - GCC.....	1,014,027	451,666	8.8
Banks and financial institutions - other.....	1,827,012	1,499,567	15.9
Public limited companies - UAE	381,795	352,905	3.3
Public limited companies - GCC	716,984	611,922	6.2
Public limited companies - other	1,503,901	1,058,440	13.1
Total debt securities	10,970,942	8,933,445	95.2
Quoted equity securities	437,494	377,540	3.8
Quoted funds	66,071	131,577	0.6
Unquoted funds	41,425	43,842	0.4
Unquoted equity securities	5,240	4,459	0.0
Total investment securities.....	11,521,172	9,490,863	100.0

FUNDING – LIABILITIES AND EQUITY

The following table sets out the Group's liabilities and equity as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change 2022 / 2021	total 2022
	(AED'000)		(%)	
Due to other banks.....	6,191,834	3,174,223	95.1	10.8
Deposits from customers	44,871,310	38,926,775**	15.3	78.1
Customer acceptances	145,973	67,568	116.0	0.3
Debt securities issued and other long-term borrowings	3,999,743	5,274,326	(24.2)	7.0
Insurance contract liabilities and payables.....	334,642*	477,847	(2.8)	0.8
Other liabilities.....	1,683,131*	1,150,212	48.0	3.0
Lease liabilities.....	102,912	130,600	(21.2)	0.2
Total liabilities	57,329,545*	49,201,551**	16.8	100.0
Total equity	9,020,651*	8,381,842	7.7	
Total liabilities and equity.....	66,350,196*	57,583,393**	15.5	

* The financial information as at and for the year ended 31 December 2022 has been extracted from the unaudited comparative column of the Interim Financial Statements, following the restatements of these balances as set out in note 35 in the Interim Financial Statements.

** The financial information as at and for the year ended 31 December 2021 has been extracted from the unaudited comparative column of the 2022 Annual Financial Statements, following the restatements of these balances as set out in note 44 in the 2022 Annual Financial Statements.

As at 31 December 2022, the Group had total liabilities and equity of AED 66.5 billion, an increase of 15.5 per cent. from AED 57.6 billion as at 31 December 2021.

The following presents further analysis of the Group's principal funding sources, being deposits from customers, balances due to other banks, debt securities issued and other long-term borrowings and equity. For further information regarding insurance contract liabilities and payables, other liabilities and lease liabilities, see notes 15, 16 and 37 to the 2022 Annual Financial Statements, respectively.

Deposits from customers

As at 31 December 2022, deposits from customers represented 78.1 per cent. of the Group's total liabilities.

The following table sets out the Group's deposits from customers as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change 2022 / 2021	total 2022
	(AED'000)		(%)	
Current accounts.....	27,088,001	24,118,918	12.3	60.4
Call deposits.....	1,226,314	1,293,288	(5.2)	2.7
Saving deposits.....	3,269,816	3,969,997	(17.6)	7.3
Time deposits	13,287,179	9,544,572	39.2	29.6
44,871,310	38,926,775	15.3	100.0	

As at 31 December 2022, time deposits included AED 1,509 million (compared to AED 1,258 million as at 31 December 2021) held by the Group as cash collateral for loans and advances granted to customers.

As at 31 December 2022, the Group's deposits from customers amounted to AED 44.9 billion, an increase of 15.3 per cent. from AED 38.9 billion as at 31 December 2021. This increase was principally a result of a 12.3 per cent. increase in current accounts, which represented 60.4 per cent. of the Group's deposits from customers.

As at 31 December 2022, the Group's Islamic deposits from customers contributed 11.1 per cent. to the Group's deposits from customers.

The following table sets out the Group's Islamic deposits from customers, which form part of deposits from customers above, as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change	total
	(AED'000)		2022 / 2021	
			2022	
			(%)	
Wakala deposits.....	1,756,700	774,825	126.7	35.4
Mudaraba term investment deposits	11,401	18,401	(38.0)	0.2
Murabaha term deposits.....	1,465,862	2,124,618	(31.0)	29.5
Qard-E-Hassan – current accounts.....	987,471	993,596	(0.6)	19.9
Mudaraba – current accounts.....	526,405	542,796	(3.0)	10.6
Mudaraba – saving accounts.....	197,140	234,719	(16.0)	4.0
Mudaraba – call deposits.....	20,442	13,407	52.5	0.4
	4,965,421	4,702,362	5.6	100.0

As at 31 December 2022, the Group's Islamic deposits from customers amounted to AED 5.0 billion, an increase of 5.6 per cent. from AED 4.7 billion as at 31 December 2021. This increase was principally a result of a 126.7 per cent. increase in Wakala deposits, which represented 35.4 per cent. of the Group's Islamic deposits from customers.

Due to other banks

As at 31 December 2022, balances due to other banks represented 10.8 per cent. of the Group's total liabilities.

The following table sets out the Group's balances to other banks as at 31 December 2022 and 31 December 2021.

	As at 31 December		Percentage	Percentage
	2022	2021	change	total
	(AED'000)		2022 / 2021	
			2022	
			(%)	
Term borrowings.....	3,289,580	1,831,560	79.6	53.1
Repurchase agreements	2,638,670	1,313,445	100.9	42.6
Demand deposits	263,584	29,218	802.1	4.3
	6,191,834	3,174,223	95.1	100.0

As at 31 December 2022, the Group's balances to other banks amounted to AED 6.2 billion, a 95.1 per cent. increase from AED 3.2 billion as at 31 December 2021. This increase was principally a result of an increase in term borrowings and repurchase agreements to fund the Group's balance sheet growth.

Debt securities and other long-term borrowings

As at 31 December 2022, the Group had debt securities issued and long-term borrowings of AED 4.0 billion, compared to AED 5.3 billion as at 31 December 2021 (see further, note 14 to the 2022 Annual Financial Statements).

In April 2019, the Group issued five-year U.S.\$500 million notes under its U.S.\$2 billion euro medium term note programme through its subsidiary RAK Funding Cayman Limited. These notes were issued at a discounted rate of 99.692 per cent. and carry a fixed interest rate of 4.125 per cent. per annum which is payable half yearly in arrears. These notes mature in April 2024.

The Group issued U.S.\$145 million of floating rate notes in March 2018 through a private placement with an interest rate of U.S.\$3 month LIBOR plus 1.4 per cent. which matured in March 2023.

The Group issued U.S.\$75 million of floating rate notes on 24 May 2021 through a private placement with an interest rate of U.S.\$3 month LIBOR plus 1 per cent. which matures on 24 November 2023.

The Group issued U.S.\$75 million of floating rate notes on 27 May 2021 through a private placement with an interest rate of U.S.\$3 month LIBOR plus 1 per cent. which matures on 27 November 2023.

In June 2019, the Group borrowed SAR 800 million at a profit rate of 3.85 per cent. per annum which matured in June 2022.

In August 2021, the Group borrowed U.S.\$100 million at an interest rate of 1.35 per cent. per annum which matured and settled in August 2023.

In October 2021, the Group borrowed U.S.\$125 million at an interest rate of U.S.\$3 month LIBOR plus 0.80 per cent. per annum which matures in October 2023.

In November 2021, the Group borrowed U.S.\$75 million at an interest rate of U.S.\$3 month LIBOR plus 0.80 per cent. per annum which matures in November 2023.

In November 2021, the Group borrowed SAR 500 million at fixed interest rate of 1.4 per cent. per annum which matured in November 2022.

Equity

The following table sets out the components of the Group's total equity as at 31 December 2022 and 31 December 2021.

	As at 31 December	
	2022	2021
	<i>(AED'000)</i>	
Share capital	1,676,245	1,676,245
Legal reserve	950,431	950,431
Retained earnings	3,392,307*	2,584,864
Other reserves	2,975,326	3,131,076
Total equity attributable to owners of the Bank	8,994,309*	8,342,616
Non-controlling interests	26,342*	39,226
Total equity	9,020,651*	8,381,842

* The financial information as at and for the year ended 31 December 2022 has been extracted from the unaudited comparative column of the Interim Financial Statements, following the restatements of these balances as set out in note 35 in the Interim Financial Statements.

In accordance with the UAE Federal Law No (2) of 2015 and the Bank's articles of association, 10 per cent. of the Bank's net profit for the year is transferred to a legal reserve, until such time as the balance in the reserve equals 50 per cent. of the issued share capital. Since the legal reserve of the Bank exceeds 50 per cent. of the Bank's issued capital, profit was not appropriated to legal reserve in 2022. This reserve is not available for distribution.

For further information regarding the Bank's other reserves, see note 19 to the 2022 Annual Financial Statements.

SEGMENTAL ANALYSIS

The following tables set out the total assets, total liabilities and net profit attributable to each of the Bank's business divisions as at and for the years ended 31 December 2022 and 31 December 2021.

As at and for the year ended 31 December 2022

	Retail Banking	Wholesale Banking	Business Banking	Treasury and other	RAKInsurance	Head office and unallocated costs	Consolidation adjustments	Total
	<i>(AED'000)</i>							
Operating income	1,328,816	343,858	1,389,891	155,100	31,503	219,067	(16,388)	3,451,847
Total operating expense.....	(665,164)	(46,791)	(276,786)	(27,170)	(59,269)	(417,913)	8,701	(1,484,392)
Impairment charge, net	(251,629)	(64,828)	(303,040)	(150,677)	(7,208)	(26,636)	-	(804,018)
Net profit.....	412,023	232,239	810,065	(22,747)	(34,974)	(225,482)	(7,687)	1,163,437
Segment assets.....	18,842,431	19,485,537	8,464,319	18,140,049	728,441	1,173,963	(330,898)	66,503,842
Segment liabilities.....	15,787,793	12,680,445	18,614,076	9,015,413	583,500	963,897	(166,390)	57,478,734

*As at and for the year ended 31 December 2021**

	Retail Banking	Wholesale Banking	Business Banking	Treasury and other	RAKInsurance	Head office and unallocated costs	Consolidation adjustments	Total
	<i>(AED'000)</i>							
Operating income	1,249,800	294,544	930,449	643,084	67,323	59,800	(14,462)	3,230,538
Total operating expense.....	(628,425)	(44,456)	(264,398)	(25,146)	(53,083)	(387,556)	7,489	(1,395,575)
Impairment charge, net	(598,347)	(72,593)	(392,943)	(9,013)	(3,767)	-	-	(1,076,663)
Net profit.....	23,028	177,495	273,108	608,925	10,473	(327,756)	(6,973)	758,300
Segment assets.....	18,442,199	15,186,616	7,893,733	14,378,162	796,804	1,198,910	(313,031)	57,583,393
Segment liabilities.....	13,238,201	10,110,492	16,736,468	7,940,565	594,142	730,063	(148,380)	49,201,551

* The comparative figures of 31 December 2021 have been reclassified between operating segments due to movement of accounts among segments and restatements. Also segment assets and segment liabilities of 31 December 2021 has been restated

The following table sets out the percentage contribution of each business division to the Group's net profit, total assets and total liabilities (excluding head office and unallocated costs and consolidation adjustments) as at and for the year ended 31 December 2022.

	Retail Banking	Wholesale Banking	Business Banking	Treasury and other	RAKInsurance
			(%)		
Net profit.....	35.4	20.0	69.6	(2.0)	(3.0)
Segment assets.....	28.3	29.3	12.7	27.3	1.1
Segment liabilities.....	27.5	22.1	32.4	15.7	1.0

DIVIDENDS

At the meeting held on 10 April 2023, the shareholders of the Bank approved a cash dividend of 34 per cent. amounting to AED 569.9 million of the issued and paid-up capital in respect of the year ended 31 December 2022.

At the meeting held on 12 April 2022, the shareholders of the Bank approved a cash dividend of 22.5 per cent. amounting to AED 377.2 million of the issued and paid-up capital in respect of the year ended 31 December 2021 (compared to a 15 per cent. cash dividend amounting to AED 251.4 million in respect of the year ended 31 December 2020). Subsequently, the dividend was paid on 19 April 2022.

CONTINGENCIES AND COMMITMENTS

The following table sets out the Group's contingencies and commitments as at 31 December 2022 and 31 December 2021.

	As at 31 December	
	2022	2021
	(AED'000)	
Irrevocable commitments to extend credit	4,492,089	3,957,628
Letters of guarantee - Financial	340,684	367,645
Letters of guarantee – Non Financial	804,121	763,841
Letters of credit	94,792	93,296
Capital commitments and other contingencies	35,870	31,404
	5,767,556	5,213,814

As at 31 December 2022, commitments to extend credit amounting to AED 7.4 billion (AED 7.0 billion as at 31 December 2021) were revocable at the option of the Group and are not, therefore, included in the above table.

MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

The Bank operates under the direction of the Board, which comprises seven members including the Chairman of the Board, H.E. Mohamed Omran Alshamsi. The Board's primary responsibility is to provide effective governance over the Bank's affairs for the benefit of its shareholders, and to balance the interests of its diverse constituencies, including its customers, employees, suppliers and local communities. The Board has overall responsibility for corporate culture, governance, and stakeholders' rights, Sharia governance, risk, and credit internal controls, strategy, financial transparency and disclosure, management oversight, and nomination and remuneration.

The Board is vested with powers to manage the Bank and conduct its business in accordance with its objects, articles of association, shareholder resolutions, the Corporate Governance Circular No. 83/2019 issued by the UAE Central Bank, the decision of the Chairman of the Board of Directors of the SCA No. (03/R.M) of 2020 concerning the Approval of the Joint Stock Companies Governance Guide, the Federal Commercial Companies Law 32/2021 and the UAE Central Bank law (Federal Law No. 14 of 2018) that offers guidance on matters related to corporate governance.

Members of the Board are elected by the Bank's shareholders for a term of three years.

The following provides certain information in relation to the Board as at the date of this Base Offering Circular.

Name	Position	Year of Appointment
H.E. Mohamed Omran Alshamsi	Chairman Independent, non-executive	2015
H.H. Shaikha Amneh Al Qasimi	Vice Chairman Independent, non-executive	2018
Mr. Ahmed Essa Al Naeem	Board member Non-independent, non-executive	2009
Mr. Salem Ali Al Sharhan	Board member Non-independent, non-executive	2012
Mr. Kantic Dasgupta	Board member Independent, non-executive	2017
Mr Steven Monaghan	Board member Independent, non-executive	2021
Mr. Jonathan Edward Morris	Board member Independent, non-executive	2023

The Board comprises members of the ruling family of Ras Al-Khaimah and professionals and business people from the UAE. The business address of each of the directors is National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE.

H.E. Mohamed Omran Alshamsi – Chairman – Independent, Non-executive

H.E. Alshamsi has been a member of the Board since 2015 and was appointed Chairman in 2015.

H.E. Alshamsi has 35 years of experience with Etisalat, retiring as its chief executive officer and chairman in 2012. He is currently chairman of the board of trustees for the American University in Ras Al-Khaimah and RAK Medical and Health Science University.

H.E. Alshamsi graduated as a telecom and electronic engineer from Cairo University.

H.H. Shaikha Amneh Al Qasimi – Vice Chairman – Independent, Non-executive

H.H. Al Qasimi has been a member of the Board since 2018 and was appointed Vice Chairman in 2018.

H.H. Al Qasimi is chairman of the Investment and Development Office, the strategic investment arm of Ras Al-Khaimah. She also serves on the boards of several of the Investment and Development Office's

portfolio companies. Prior to this, H.H. Al Qasimi was a member of Goldman Sachs' Investment Strategy Group in New York.

H.H. Al Qasimi earned a Master of Business Administration from the Stanford Graduate School of Business and a bachelor's degree in business administration from the American University of Sharjah.

Mr. Ahmed Essa Al Naeem – Member of the Board – Non-Independent, Non-executive

Mr. Al Naeem has been a member of the Board since 2009.

Mr. Al Naeem has over 39 years of experience with the RAK Government. He is the former chairman of Ras Al-Khaimah's Electricity and Water Authority and was general manager of RAK National Oil Company and RAK Gas. He is also a former member of the Ras Al-Khaimah Municipal Council and the Ras Al-Khaimah Chamber of Commerce and Industry and Agriculture and has held additional posts in a number of ministries. Mr. Al Naeem is currently chairman of RAK Trade Centre, Al Naeem Mall, Al Naeem City Centre, and Khalifa Mall. Additionally, he is vice chairman of RAKInsurance and director of Majan Printing.

He has a Bachelor of Engineering in Telecommunication & Electrical from Brighton College University.

Mr. Salem Ali Al Sharhan – Member of the Board – Non-Independent, Non-executive

Mr. Al Sharhan has been a member of the Board since 2012.

Mr. Al Sharhan worked in Emirates Telecommunication Corporation (ETISALAT) for 23 years as its group chief financial officer. Mr. Al Sharhan is the chairman of RAKInsurance board, a board member of the Dubai International Financial Centre and member of the board of trustees of American University of Ras Al-Khaimah and Ras Al-Khaimah Medical & Health Science University.

Mr. Al Sharhan holds a bachelor's degree in accounting and business administration from United Arab Emirates University.

Mr. Kantic Dasgupta – Member of the Board – Independent, Non-executive

Mr. Dasgupta has been a member of the Board since 2017.

Mr. Dasgupta is a risk management professional with extensive banking experience across all aspects of risk management. Before joining the Bank, Mr. Dasgupta spent around two and a half years as an adviser and a consultant on risk to Abu Dhabi Islamic Bank. Mr. Dasgupta came to the UAE in 2007 following his appointment as chief risk officer for Mashreqbank. Prior to that, worked at Citibank in multiple geographies and in a variety of senior roles within risk management.

He earned a Master of Business Administration from the Indian Institute of Management and has a bachelor's degree in economics from Calcutta University.

Mr. Steven Monaghan – Member of the Board – Independent, Non-executive

Mr. Monaghan has been a member of the Board since 2021.

Mr. Monaghan is General Partner, FinMirai, based in Tokyo, Japan. Mr. Monaghan founded the innovation groups at DBS Bank and AIA Company Limited. He is a private investor in Quantum Computing, Artificial Intelligence, Life Sciences, Healthtech, and Fintech. Mr. Monaghan has served on the advisory boards of HK Agency Science and Technology Research Institute, Intel, Veritas Genetics, and as an investment committee member of True Global Ventures. Mr. Monaghan has filed six patents, including DBS Bank's first patent and Citibank's first mobile payments patent.

Mr. Monaghan holds an Executive Master of Business Administration from Helsinki School of Economics and has completed leadership courses at the International Institute for Management Development and Wharton.

Mr. Jonathan Edward Morris – Member of the Board – Independent, Non-executive

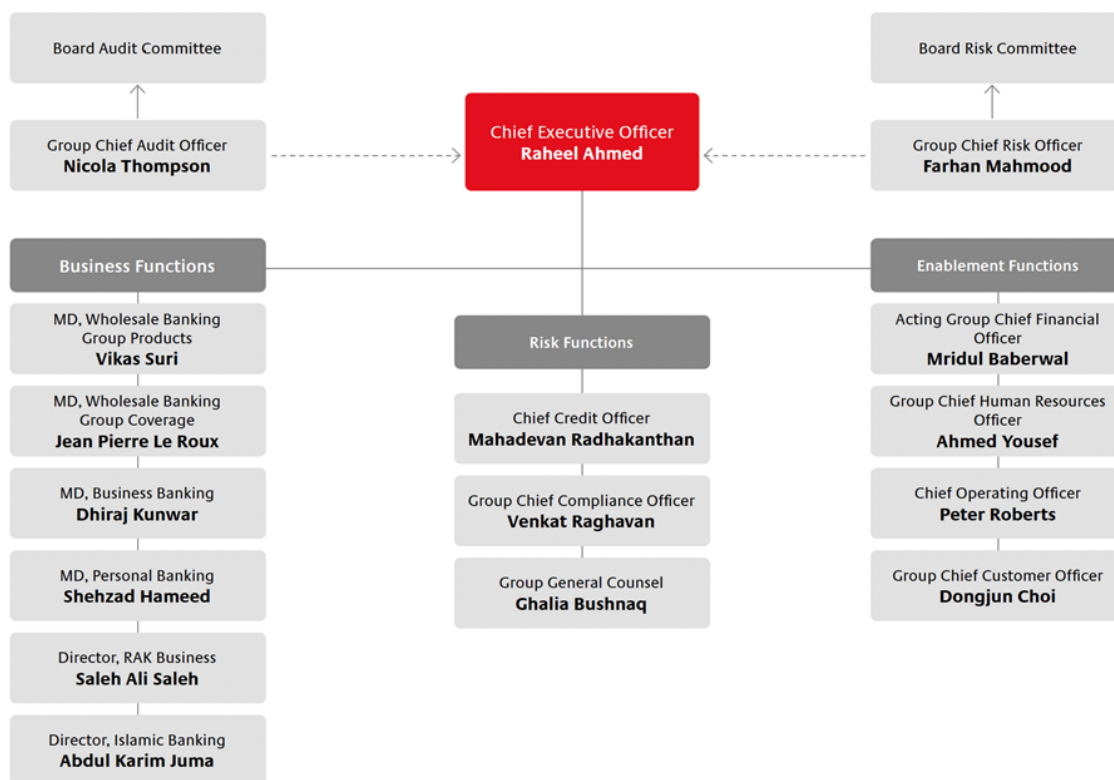
Mr. Morris has been a member of the Board since 2023.

Mr. Morris has over 38 years of banking experience working across multiple geographies including 16 years in the UAE and GCC markets. Prior to joining the Bank as a member of the Board, Mr. Morris spent five years as the group head of wholesale banking at Emirates NBD and, most recently, was a board member with responsibility for DenizBank A.S. in Turkey. Before Emirates NBD, Mr. Morris worked at Standard Chartered Bank for 14 years where his last role was as chief executive officer for the UAE, and spent 16 years at HSBC across various corporate banking and risk management roles in Europe and the United States.

Mr. Morris holds bachelor's degree in banking and finance from Loughborough University.

SENIOR MANAGEMENT

The following illustrates the organisational structure of the Bank's senior management.



Mr. Raheel Ahmed – Chief Executive Officer

Mr. Ahmed was appointed as Chief Executive Officer in January 2022.

Mr. Ahmed has over 30 years of banking experience across Asia, the Middle East, Africa, and Europe. Mr. Ahmed joined the Bank from Barclays in the UK where he was a member of its executive committee and Chief Product & Analytics Officer. Prior to Barclays, Mr. Ahmed held senior executive positions at Standard Chartered and Citigroup.

Mr. Ahmed holds a Master of Business Administration from the Institute of Business Administration, Pakistan.

Mr. Mridul Baberwal – Acting Chief Financial Officer

Mr. Baberwal was appointed Acting Chief Financial Officer in January 2023.

Mr. Baberwal joined the Bank in September 2019. He has more than two decades of experience in banking in India, the UAE, Middle East and Africa. Mr. Baberwal formerly served as regional head of financial planning and analysis at Standard Chartered Bank and in leadership roles at Barclays Bank PLC. He has also performed key finance roles at Deutsche Bank AG and HDFC Bank Ltd. in India.

Mr. Baberwal is a qualified chartered accountant from the Institute of Chartered Accountants of India.

Mr. Peter Edward Roberts – Chief Operating Officer

Mr. Roberts was appointed Chief Operating Officer in September 2021.

Mr. Roberts has over 35 years of experience in banking having held a number of senior management positions at Barclays in the UK, Africa and the Middle East. Prior to joining the Bank, Mr. Roberts worked for a number of banks across the GCC where he served as chief information officer and chief operating officer.

Mr. Roberts is an Associate of the Institute of Bankers (United Kingdom) and holds an honours degree from the University of London.

Mr. Mahadevan Radhakanthan – Chief Credit Officer

Mr. Radhakanthan joined the Bank in July 2013 and was appointed Chief Credit Officer in January 2017. Mr. Radhakanthan has more than 26 years of work experience in corporate and commercial banking across India, Japan and the Middle East. He formerly served as Head of SME Credit at Abu Dhabi Commercial Bank and at Emirates NBD. He also held several posts with ICICI Bank and State Bank of India.

Mr. Radhakanthan holds a master's degree in risk management from Stern School of Business, New York University a master's degree in financial analysis from ICFAI University, India and a professional risk manager certification from PRMIA the Professional Risk Managers' International Association.

Mr. Venkat Raghavan – Group Chief Compliance Officer

Mr. Raghavan joined the Bank in 2015 and was appointed Chief Compliance Officer in February 2015. He has over 24 years of experience in the compliance, risk and audit industry. Previously, he was the head of group compliance at First Gulf Bank, Abu Dhabi.

Mr. Raghavan is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

Mr. Farhan Mahmood – Group Chief Risk Officer

Mr. Mahmood joined the Bank and was appointed Group Chief Risk Officer in December 2022. Prior to joining the Bank, Mr. Mahmood was chief risk officer at Gulf Bank of Kuwait. He has over 30 years of banking experience, including 20 years at Citigroup. During his career, Mr. Mahmood has worked in diverse geographies including the UK, GCC, Africa and Pakistan and has managed responsibilities spanning Central and Eastern Europe, the Middle East and Africa. He has held senior leadership positions in risk management, corporate banking and audit.

Mr. Mahmood has a degree in Management Information Systems from the University of Memphis.

Ms. Nicola Jane Thompson – Group Chief Internal Auditor

Ms. Thompson was appointed Group Chief Internal Auditor in March 2019.

Ms. Thompson has over 20 years of experience in the internal audit and business advisory fields and prior to joining the Bank, she held senior leadership positions in internal audit and risk advisory across the Middle East, Europe, and the United States.

Ms. Thompson holds a Master of Business Administration, Edinburgh Business School.

Ms. Ghalia Bushnaq – Group General Counsel

Ms. Bushnaq was appointed Group General Counsel in December 2019.

Ms. Bushnaq is a dual qualified lawyer in England and Jordan and has over 20 years of experience in the banking and financial sector. She joined the Bank from Noor Bank, where she worked as a Senior Vice President in the Legal Department for 10 years. Previously, she held several positions in law firms such as Linklaters, Dubai and Berwin Leighton Paisner, London.

Ms. Bushnaq holds a master's degree in law from the University of Edinburgh, UK.

Mr. Dongjun Choi – Group Chief Customer Officer

Mr. Choi was appointed Group Chief Customer Officer in March 2022.

Mr. Choi has 25 years of diverse experience across financial services, digital transformation, advanced analytics, marketing, and strategy and has managed teams in Asia-Pacific, Greater China, the UK, the Middle East and Africa, and in the United States at AXA Asia, Barclays UK, Cigna Corporation and Standard Chartered Bank.

Mr. Choi holds a Master of Business Administration from Kellogg School of Management.

Mr. Shehzad Hameed – Managing Director, Personal Banking

Mr. Hameed was appointed Managing Director of Personal Banking in April 2022.

Prior to joining the Bank, Mr Hameed worked at Mastercard where he headed consumer and digital products, processing and sustainability for Eastern Europe, the Middle East, and Africa. He has extensive experience in leading teams across Asia, Africa, the Middle East and Europe with Standard Chartered Bank, Citibank and ANZ Bank. He has also worked as the head of consumer banking for Standard Chartered Bank, UAE.

Mr. Hameed holds a Bachelor of Science in Economics from Bard College, United States of America.

Mr. Dhiraj Kunwar – Managing Director, Business Banking

Mr. Kunwar joined the Bank in March 2016 and was appointed as Managing Director of Business Banking in January 2017.

Mr. Kunwar has over 19 years of banking experience in a wide range of roles across India and in the UAE with ADCB, Mashreqbank, HSBC and ICICI Bank. Mr. Kunwar is currently vice-chairman of the UAE Banks Federation's SME Committee.

Mr. Kunwar has completed the executive programme in general management at the MIT Sloan School of Management and is a certified associate from the Indian Institute of Banking & Finance. Mr. Kunwar and also holds a master's degree in business from The Institute of Chartered Financial Analysts, India.

Mr. Vikas Suri – Managing Director, Wholesale Banking Group - Products

Mr. Suri was appointed Managing Director, of Wholesale Banking Group - Products in July 2022.

Before joining the Bank, Mr. Suri spent almost 25 years at Standard Chartered Bank across a variety of roles in South and South-East Asia, most recently as managing director and regional business chief operating officer.

Mr. Suri holds a master's degree in business administration from Delhi University.

Mr. Jean Pierre Le Roux – Managing Director, Wholesale Banking Group - Coverage

Mr. Le Roux was appointed Managing Director, Wholesale Banking Group – Coverage in July 2022.

Having previously worked in senior management roles at Citi, Barclays and HSBC in Asia Pacific and the GCC, Mr. Le Roux has 22 years of experience in banking and was most recently country chief executive officer at Al Ahli Bank, Kuwait.

Mr. Le Roux holds a Capital Markets Qualification from the Securities Institute of London and is a full member of the South African Institute of Financial Markets.

Mr. Ahmed Yousef – Group Chief HR Officer

Mr. Yousef was appointed Group Chief HR Officer in December 2018.

Mr. Yousef has over 22 years of experience in leading several HR functions in large organisations such as Emirates Integrated Telecommunications Company (du) and Etisalat. Prior to joining the Bank, Mr. Yousef was the Vice President of HR for du and the General Manager for its efficiency enhancing subsidiary.

Mr. Yousef holds a master's degree in business administration from University of Modern Sciences, UAE.

Abdul Karim Juma – Director, Islamic Banking

Mr. Juma was appointed Director of Islamic Banking in April 2015.

Mr. Juma has 18 years of experience in banking and has held various strategic and senior positions in the Bank including as a board member of RAKIslamic. Prior to joining the Bank, Mr. Juma spent six years managing the public and corporate communications' office.

Mr. Juma has a bachelor's degree in business administration and management from Halifax University and is also a certified Islamic Finance executive. Mr. Juma has also graduated from two leadership programmes at Darden Business School, University of Virginia and Saide Business School.

Saleh Ali Saleh – Director, RAK Business

Mr. Saleh was appointed Director, RAK Business in December 2015.

Mr. Saleh joined the Bank in 1988 and has held various positions in the Bank including Senior Manager of Distribution and National Administrative Manager. He is currently a Board Member of RAKIslamic.

Mr. Saleh holds a bachelor's degree in business administration from San Jose State University.

BOARD COMMITTEES

Board Audit Committee

The Board established the Board Audit Committee to assist the Board in the oversight, monitoring and review of the quality and integrity of financial statements and financial reporting; the effectiveness of governance, risk management and internal control systems; compliance with laws and regulations; compliance with the Group Code of Conduct; the Group Internal Audit function; and the statutory audit process and external auditors.

The Board Audit Committee's responsibilities are as follows:

- monitor the appropriateness and integrity of the interim and published financial statements and annual report of the Group and its businesses, including significant financial reporting judgements contained in them;
- review and approve the Group's internal audit strategy, objectives, budget and resource plan, performance measures and outcomes, and its risk-based annual audit plan;
- review the Group's internal audit reports on the effectiveness of internal control systems and follow up on the implementation of corrective measures;
- consider and make recommendations to the Board on the appointment, reappointment, resignation or removal of the Group's external auditors and approve the terms of engagement, nature and scope of their audit and the effectiveness of the audit process;
- review whistleblowing arrangements by which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters;
- receive and review regulatory inspection reports from the UAE Central Bank;
- consider other matters relating to internal audit, external audit, internal controls, and financial reporting;
- evaluate the effectiveness of policies established for supervising compliance with Sharia, as approved by the Group's Internal Sharia Supervisory Committee;
- assess the effectiveness and adequacy of the Group's Internal Sharia Audit Department, and its contribution in ensuring compliance with Sharia; and

- review reports prepared by the Group's Internal Sharia Supervisory Committee and/or the Group's Internal Sharia Audit Department to ensure that necessary measures have been taken to ensure compliance with Sharia by the Group's senior management.

In 2022, the Board Audit Committee met seven times.

As at the date of this Base Offering Circular, the members of the Board Audit Committee were Mr. Salem Al Sharhan, H.H. Shaikha Amneh Al Qasimi and Mr. Jonathan Morris.

Board Risk Committee

The Board established the Board Risk Committee to assist the Board in fulfilling its responsibility with respect to the oversight of the Group's risk management specifically relating to the Group's overall risk appetite, and management of specific risk areas including credit risk, market risk, liquidity risk, operational risk, interest rate risk, IT risk, business continuity risk and conduct risk as well as the significant risk management policies used in managing these risks and approval of policies relating to these risks. The Board Risk Committee also assists the Board in fulfilling its responsibility with respect to the oversight of the compliance framework (including with regard to anti-money laundering, sanctions, regulatory compliance, subsidiaries compliance, Sharia compliance, consumer protection, corporate governance and legal), including the approval of relevant policies relating to these areas.

The Board Risk Committee's responsibilities are as follows:

- responsible for the implementation of an effective risk culture and internal controls across the Group;
- oversee and ensure that the Group's risks are at an acceptable level as per the risk appetite and that the Group's risks do not exceed such level;
- review and approve the Group's key risk policies and overall risk appetite framework;
- receive reports from, review with, and provide feedback to, the Group's senior management committees on the categories of risk the Group faces;
- review the Group's regulatory risk capital (credit, market and operational risks), including significant inputs and assumptions;
- review and approve the Group's internal capital adequacy assessment process;
- review all risk reports for assessing the Group's exposure to internal and external environment and discuss strategies to overcome unacceptable risks;
- provide guidance to management, to assist them in improving their risk and compliance management practices and/or mitigating certain risks, including the presence of qualified management personnel to carry out risk and compliance management activities effectively;
- ensure that the compliance, corporate governance and legal units have a comprehensive strategy, governance framework and policies that are consistent with the nature and volume of the Group's activities;
- responsible for the implementation of an effective compliance culture and internal controls;
- supervise the compliance management framework of the Group and evaluate the effectiveness of the framework and mechanisms to ensure compliance with AML, sanctions and regulatory compliance requirements;
- review effective implementation and ongoing management of consumer protection regulations and standards as prescribed by the UAE Central Bank; and
- approve policies and policy exceptions relating to compliance, Sharia compliance, corporate governance and legal.

In 2022, the Board Risk Committee met nine times.

As at the date of this Base Offering Circular, the members of the Board Risk Committee were Mr. Kantic Dasgupta, H.H. Shaikha Amneh Al Qasimi and Mr. Steven Monaghan.

Board Nomination and Remuneration Committee

The Board established the Board Nomination and Remuneration Committee to assist the Board in areas of board composition; nomination and remuneration of Board members and senior management; establishing and managing the induction and ongoing director development programmes; assessment of the Board, its committees, and members; succession planning for Board members and senior management, and HR policies.

The Board Nomination and Remuneration Committee's responsibilities are as follows:

- review the structure, size and composition of the Board and make recommendations on changes;
- formulate the criteria to determine the knowledge, skills and experience required to be a member of the Board;
- identify and review candidates qualified to be appointed to the Board, including evaluation of incumbent members for potential renomination;
- conduct candidate evaluation passing on recommendations for nomination to the Board;
- evaluate and approve the compensation plans, policies and succession plans of the Group's senior management;
- assist the Board by reviewing/making recommendations in respect of the remuneration policies and framework for all employees;
- review and recommend senior management to the Board with regard to their annual base salary, annual bonus/variable pay, and any other compensation or benefit; and
- recommend a set of corporate governance guidelines to the Board.

In 2022, the Board Nomination and Remuneration Committee met twice.

As at the date of this Base Offering Circular, the members of the Board Nomination and Remuneration Committee were H.E. Mohamed Omran Alshamsi, Mr. Ahmed Al Naeem and Mr. Steven Monaghan.

Board Strategy Committee

The Board established the Board Strategy Committee to assist the Board and provide guidance to the Group Chief Executive Officer and senior management in managing the Group's overall strategy, operational and financial performance monitoring, and budgeting.

The Board Strategy Committee's responsibilities are as follows:

- review the Group's strategic plan and recommend it to the Board for approval;
- monitor the Group's business objectives and strategy implementation;
- review developments and trends shaping the future of the industry to align the Group's strategy and positioning accordingly;
- review and consider the management proposals regarding new strategic initiatives, such as partnerships and alliances;
- advise the Chief Executive Officer on strategic issues that members of the committee believe are relevant;

- review and approve strategic proposals relating to the expansion of the business in terms of organic growth and/or acquisitions, distribution, and new lines of business;
- consider strategic matters related to the Group's subsidiaries;
- review the Group's proposed annual budget and financial objectives, including achieving cost optimisation and make recommendations to the Board for approval;
- review the Group's performance at least quarterly against the budget; and
- review any other matter delegated by the Board.

In 2022, the Board Strategy Committee met 12 times.

As at the date of this Base Offering Circular, the members of the Board Strategy Committee were H.H. Shaikha Al Amneh Al Qasimi, Mr. Salem Al Sharhan and Mr. Steven Monaghan.

Board Credit Committee

The Board established the Board Credit Committee to assist the Board in managing the Group's credit risks and to review, approve or recommend individual or group credits within the authorities delegated by the Board.

The Board Credit Committee's responsibilities are as follows:

- review and approve credit proposals which are above the delegated limits given to management;
- review and approve credit grading methodology;
- approve investments within the delegated lending authority as stated in the Group's investment policy; and
- review and approve, the product programme guidelines for asset products.

In 2022, the Board Credit Committee met 32 times.

As at the date of this Base Offering Circular, the members of the Board Credit Committee were Mr. Jonathan Morris, Mr. Salem Al Sharhan and Mr. Kantic Dasgupta.

SENIOR MANAGEMENT COMMITTEES

The following describes the Group's most significant senior management committees.

Assets and Liabilities Committee

The Assets and Liabilities Committee is responsible for the following:

- review the Group's assets and liabilities management strategies, policies and procedures for interest rate risks, liquidity risks and capital management;
- oversee the investment portfolio of the Group;
- review reports on liquidity, interest rate risk and capital management and ensure adherence to applicable limits, policies and regulatory requirements;
- manage the balance sheet efficiently taking a forward-looking view of changes to economic, regulatory and competitive actions;
- review asset and deposit pricing strategy for the market; and
- management of liquidity risk in the Group.

Management Risk Committee

The Management Risk Committee, with the Chief Executive Officer as its chair, is responsible for the following:

- review and recommendation of the risk management strategies as well as the risk tolerance and risk appetite of the Bank;
- oversight of implementation of the Group's risk management strategies;
- review and assess the adequacy of the Group's risk management framework and policies in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- ensure that appropriate infrastructure, resources and systems are in place for risk management;
- review the robustness of the Group's internal capital adequacy assessment process and make recommendations for the Board's approval; and
- review of periodic reports on risk exposure and risk management activities.

Investment Committee

The Investment Committee is responsible for the following:

- review and implementation of the Group's market risk, investment and trading policy in line with the investment strategy to ensure the investment and trading portfolios produce reasonable returns at acceptable levels of risk within this policy framework;
- review in detail the performance, risk profile and management of the investment and trading portfolios of the Group;
- review any new investment transactions which may be proposed from time to time by Treasury and to recommend, as appropriate, to the Board;
- ensure that all investment decisions are made within the delegated authority structure outlined in the policy; and
- review all alert triggers whenever required and take appropriate action and review any stop loss excesses and actions taken by the business unit.

CONFLICTS

As at the date of this Base Offering Circular, there are no existing or potential conflicts of interest between any duties owed to the Bank by its directors and senior management referred to above and the private interests or external duties of those directors and senior management.

EMPLOYEES

As at 31 December 2022, the Bank had 3,256 employees (excluding trainees and sponsored students). During 2022, the Bank had a voluntary employee turnover (being total voluntary separations divided by average annual headcount) of 18 per cent. As at 31 December 2022, the Bank's Emiratisation percentage stood at 19 per cent. of its workforce (being 604 Emirati employees).

In 2022, the Bank launched its talent strategy aimed at identifying and cultivating leaders for long-term growth, building the strength of the talent bench, creating a better handle on workforce typography and improving emergency preparedness for business continuity. It has conducted talent reviews for over 320 senior employees, identifying 29 per cent. as top talent.

The Group provides for end of service benefits for its eligible employees. See note 29 to the 2022 Annual Financial Statements for information regarding the Group's provision for staff end-of-service benefits. Provision is made for the employees' end-of-service indemnity in accordance with UAE labour law.

RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Board Risk Committee endorses the Group's overall risk management strategy and appetite, providing the necessary direction concerning risk management measures undertaken by the Group. The risk management function of the Group is independent of the risk-taking functions which is in line with the guidelines of the UAE Central Bank and consistent with the Group's model of three lines of defence.

The Group's risk management policies are designed to identify, analyse, define appropriate limits/controls and monitor adherence thereto by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

CREDIT RISK

Credit risk is the risk associated with the inability, unwillingness or failure of the customers, clients or counterparties of the Group to honour their contractual obligations, in part or whole, by way of a default on their principal, interest, fees, profit or any other contractual obligation by whatever name called, under a loan arrangement, credit facility or any other such transaction facilitated by the Group, in effect causing the Group to suffer a financial loss. Credit risk also arises through the downgrading of counterparties, whose credit instruments are held by the Group, thereby resulting in a fall in the value of the assets. As credit risk is the Group's most significant risk, considerable resources, expertise and controls are devoted to managing this risk within the core departments of the Group.

The Group's credit policy provides for the development of a systematic and consistent approach to identifying and managing borrower and counterparty risks. The Chief Credit Officer and team are responsible for the recognition and management of credit risk both at transaction and portfolio levels and to ensure that risk procedures are adhered to in a manner consistent with the risk framework set out in the credit policy, product programme guidelines and credit circulars and comply with regulatory norms. Credit risk teams, under the direction of the Chief Credit Officer, manage credit risk by setting the Group's risk appetite, issuing credit policies, product programme guidelines and policy circulars and comprehensive portfolio analysis. In Personal Banking, credit risk is managed through appropriate front-end sales and credit underwriting processes, as well as back-end operational and collection processes. Appropriate product programmes defining customer segments, underwriting standards and security requirements are rolled out to ensure consistency in underwriting and the onboarding process.

The Bank has established a special reserve for credit risk. Contributions to this reserve are voluntary and made at the discretion of the Board. This reserve is available for distribution and for loss absorption (for further details, see note 19 to the 2022 Annual Financial Statements).

Exposure to credit risk

The following table summarises the Group's maximum exposure to credit risk before collateral held or other credit enhancements based on IFRS 9 to the following asset classes as at 31 December 2022.

	Stage 1	Stage 2	Stage 3	Total
	<i>(AED'000)</i>			
Due from other banks.....	11,510,110	3,509	-	11,513,619
Loans and advances	35,631,176	1,310,642	1,202,501	38,144,319
Investment securities (at amortised cost and FVOCI)	10,877,730	17,447	219,893	11,115,070
Customer acceptances	128,228	17,745	-	145,973
Off balance sheet items.....	4,964,269	28,265	2,245	4,994,779

The Group's investment securities comprise debt securities issued by the government, organisations which are quasi-governmental and local and foreign reputable organisations. The following table sets out an

analysis of the Group's debt securities by external ratings from credit rating agencies as at 31 December 2022.

	As at 31 December 2022
	<i>(AED'000)</i>
AA to AA-	2,909,701
A+ to A-	1,355,965
BBB+ to BBB-	3,491,732
BB+ to BB	1,557,856
B+ to B-	1,221,025
CCC+ to C	-
D	73,436
Unrated	361,227
	<u>10,970,942</u>

Concentration Risk

The Group manages, limits and controls concentration of credit risk wherever it is identified; in particular, to individual counterparties and groups, and to industries and countries. The Group has a product programme guide that sets out limits of exposure and lending criteria. The Group also has credit limits that set out lending and borrowing limits to/from other banks.

As at 31 December 2022, the Group's top 10 customer loans by value accounted for 11.2 per cent. of the Group's total loans and advances.

As at 31 December 2022, 65.95 per cent. of the Group's gross credit exposures by their carrying amounts were concentrated in the UAE. The following table sets out the Group's credit exposures at their carrying amounts, categorised by geographical region as at 31 December 2022.

	UAE	OECD	Others	Provision for credit loss	Total
	<i>(AED'000)</i>				
Due from other banks, net	357,897	3,128,153	8,027,569	(57,298)	11,456,321
Loans and advances, net	34,932,186	629,007	2,583,126	(2,073,052)	36,071,267
Insurance contract assets, net	233,112	3,101	5,793	(29,048)	212,958
Customer acceptances	145,973	-	-	-	145,973
Investment securities measured at amortised cost	3,087,079	668,715	3,523,136	(57,124)	7,221,806
Investment securities measured at fair value	1,844,460	143,431	2,254,351	-	4,242,242
	<u>40,600,707</u>	<u>4,572,407</u>	<u>16,393,975</u>	<u>(2,216,522)</u>	<u>59,350,567</u>

The following table sets out the Group's gross total credit exposures categorised by industry as at 31 December 2022.

	31 December	
	2022	
	<i>(AED'000)</i>	<i>(%)</i>
Retail and consumer banking	20,108,621	30.1
Financial institutions	18,013,076	26.9
Trading	5,375,461	8.0
Transport, storage and communication	4,820,821	7.2
Services	4,672,125	7.0
Government	4,548,915	6.8
Construction and real estate	3,609,044	5.4
Manufacturing	3,166,845	4.7
Electricity and water	2,084,563	3.1
Crude oil, gas, mining and quarrying	450,690	0.7
Agriculture, fishing and related activities	60,635	0.1
Total exposures.....	66,910,796	100.0

For a full breakdown of the Group's credit exposures on loans and advances, investment securities, due from other banks and off-balance sheet items categorised by industry as at 31 December 2022, see note 41 to the 2022 Annual Financial Statements.

Impairment

The Group applies ECL on all its financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments.

The Group exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes the probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of such collateral.

The Group's impairment policy under IFRS 9 is presented in note 3 to the 2022 Annual Financial Statements.

The following table sets out the Group's credit impaired loans and advances, provisions held and market value of collateral held against such credit impaired loans as at 31 December 2022.

	As at 31 December
	2022
	<i>(AED'000)</i>
Stage 3 loans and advances	1,202,501
Less: Provisions held	(893,821)
Net exposures.....	308,680
Market value of collateral held.....	611,491

In 2022, the Group restructured AED 242.9 million of loans on 1,540 accounts.

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for customer lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, systemic shocks and natural disasters.

The Group manages its liquidity in accordance with UAE Central Bank requirements and the Group's internal guidelines mandated by the Assets and Liabilities Committee under the oversight of the Board Risk Committee. Based on the directives of the Assets and Liabilities Committee, Treasury manages the liquidity of the Group.

The Group has in place a Board approved liquidity risk management framework covering the liquidity risk related to the risk appetite of the Group, roles and responsibilities of different divisions in the Group in relation to liquidity risk-taking, measurement, monitoring and mitigation of liquidity risk and the contingency funding plan.

The Group has a large proportion of its funds in the form of own funds which reduces the requirement for external funds. The Group relies on deposits from its relationship-based Personal Banking, Business Banking and Wholesale Banking customers as its primary source of funding and relies only on a short-term basis on interbank borrowings to fund its assets. The Group's debt securities typically are issued with maturities of greater than two to three years. Deposits from customers generally have shorter maturities and a large portion of them are repayable on demand as is endemic to these markets. The short-term nature of these deposits increases the Group's liquidity risk and the Group manages this risk through maintaining competitive pricing and constant monitoring of market trends. In addition, most of the deposit customers of the Group are relationship-based and based on past trends, the Group's management believes that these deposits are recurring in nature, thus reducing the liquidity risk to a large extent. The Group's depositor profile is diverse leading to a more stable deposit funding.

On the deployment side, the Group maintains a portfolio of highly liquid assets largely made up of balances with the UAE Central Bank, monetary bills ("M-Bills") issued by the UAE Central Bank, inter-bank facilities and investment securities including investments in local government bonds which can be repaid to meet short term liquidity mismatches and be offloaded to meet longer term mismatches (see further "*The United Arab Emirates Banking Sector*"). The UAE Central Bank has prescribed reserve requirements on deposits, 1 per cent. for time deposits and 7 per cent. on current, saving, call and similar accounts. As a contingency funding plan, the Group evaluates and has in place debt financing plans which can be quickly executed if required.

For the Group's maturity profile on its financial assets and liabilities as at 31 December 2022 and 31 December 2021, see note 41 of the 2022 Annual Financial Statements.

As at 31 December 2022, the Group's ASRR stood at 79.7 per cent., significantly lower than the maximum requirement of 100 per cent., and its ELAR stood at 12.8 per cent., also reflecting a healthy liquidity position. As at 31 December 2021, the Group's ASRR stood at 84.5 per cent. and its ELAR stood at 14.5 per cent. The Group's ELAR was based on total high quality liquid assets of AED 7.3 billion as at 31 December 2022 and AED 5.5 billion as at 31 December 2021.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Board Risk Committee is responsible for formalising the Group's key financial indicators and ratios; the same are monitored through the Assets and Liabilities Committee which analyses the sensitivity of the Group's interest rate and maturity mismatches and in conjunction with the Investment Committee sets the thresholds to manage and monitor the market risks supporting the Group's investment decisions in addition to providing guidance in terms of interest rate and currency movements.

Price Risk

The Group is exposed to price risk as a result of its holdings in securities classified as fair value through other comprehensive income and fair value through profit and loss in investment securities. The fair values of investments quoted in active markets are based on current prices. The Group's senior management meets regularly to discuss the return on investment and concentration across the Group's investment portfolio and manages the risk through diversification in terms of counterparty, country, industry and rating. Any trading positions in securities under the fair value through profit and loss are guided by the approved limits for trading.

For an analysis of the impact of increases/decreases of the indexes underlying the Group's investment portfolio on equity and profit as at and for the years ended 31 December 2022 and 31 December 2021, see note 41 to the 2022 Annual Financial Statements.

Interest Rate Risk

Interest rate risk is the risk of loss resulting from a general change in market rates due to different terms to maturity or re-fixing on the asset and liability sides whether on- or off-balance sheet. Changes in market rates, specifically interest rates, impact the Group's profitability in the short-term by varying its net interest income and the level of other interest sensitive revenues and operating expenses. From a long-term perspective, such changes also impact the underlying value of the Group's assets or liabilities, as the discounted value of future cash flows changes due to market movements.

The Group monitors interest rate risk through the use of a detailed interest repricing gap reports and net interest income and economic value of equity-based sensitivity analyses to anticipate the impact of movements in interest rates on the Group's profitability.

The Group's interest rate risks are actively monitored by the Assets and Liabilities Committee along with the Management Risk Committee and are subject to the oversight of the Board Risk Committee.

For an analysis of the impact of interest rate fluctuations on the Group's assets and profits as at and for the years ended 31 December 2022 and 31 December 2021, see note 41 to the 2022 Annual Financial Statements.

IBOR transition

The Group has initiated an IBOR transition programme with the objective of facilitating an orderly transition from IBORs for the Group and its customers. This programme oversees the transition by each of its businesses and is led by the Managing Director, of Wholesale Banking Group - Products. The programme is currently focused on evaluating the impact of IBOR transition on legacy contracts as well as new issuances of contracts which would refer to alternative reference rate and the proposed changes to processes, legal contracts, IT systems and communications with counterparties and customers. The Group

has begun to engage clients to determine their ability to transition in line with alternative rate product availability.

As at 31 December 2022, the Group only had U.S.\$ LIBOR exposure of which a significant exposure was due for maturity before the relevant IBOR transition date (30 June 2023). For further details, see note 41 to the 2022 Annual Financial Statements.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's foreign exchange positions are closely monitored and strategies are used to ensure that positions are maintained within established limits. The Group's assets are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, the Group does run open positions within approved trading limits (see note 41 to the 2022 Annual Financial Statements).

COMPLIANCE RISK

Compliance Risk at the Group is defined as the risk emanating from regulatory sanctions, material financial loss or loss to reputation that the bank will suffer as a result of its failure to comply with laws, regulations, self-regulatory organisational rules and standards/controls and codes of conduct applicable to its banking activities.

Compliance risk is managed by the Chief Compliance Officer, reporting to the Chief Executive Officer assisted by the Board Risk Committee and Management Risk Committee.

OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. The Group endeavours to manage and mitigate operational risk effectively through a robust and effective control environment across the organisation.

Operational risk is managed by the Group's Head of Operational Risk, its internal controls function and its business continuity management function reporting to the Chief Risk Officer. The Group has a formal operational risk management governance structure established under the aegis of the Management Risk Committee and the Board Risk Committee, which provides the strategic direction of, and oversight over, operational risk management activities.

IT risk

The Group has a dedicated IT risk and fraud prevention unit managed by an individual appointed Director of IT Risk and Fraud Prevention who reports to the Chief Risk Officer. This unit manages security risk assessments, perimeter security monitoring, compliance with technical regulatory requirements and overarching governance for compliance with the Group's IT risk policy.

Fraud risk

The Group's fraud prevention and detection units are managed by an individual appointed Director of IT Risk and Fraud Prevention who reports to the Chief Risk Officer. The Group has adopted a fraud risk management framework the objective of which is to implement an effective fraud risk management policy and processes across the Group.

INSURANCE RISK

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and, therefore, unpredictable. The Group writes the general, medical and life insurance contracts utilised within the Group.

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of

the Group is to ensure that sufficient reserves are available to cover these liabilities. For further information regarding the Group's insurance risk management and underwriting strategy, see note 42 to the 2022 Annual Financial Statements.

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

According to data published by the UAE Central Bank, as at 31 March 2023, there were a total of 50 commercial banks (22 locally incorporated commercial banks and 28 foreign commercial banks) licensed to operate in the UAE. 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 in March 2017, which created First Abu Dhabi Bank, one of the largest banks in the MENA region by assets, stimulated further movement towards greater consolidation among UAE banks (see "*Characteristics of the Banking System—Historic lack of consolidation*" below).

The UAE's membership of the 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 Ras Al Khaimah Statistics Center (source: Statistical Yearbook 2022), the financial and insurance sectors in Ras Al-Khaimah contributed approximately 4.2 per cent. to Ras Al-Khaimah's GDP at current prices in 2020. Within the UAE as a whole, the financial and insurance sector was estimated to have contributed approximately 7.25 per cent. of GDP (at current prices) in 2021 (source: FCSC National Account information for 2012-2021).

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 rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see "*Recent Trends in Banking—Liquidity*" below).

In response to the COVID-19 outbreak, effective from 15 March 2020, the UAE Central Bank implemented a "Targeted Economic Support Scheme" known as "TESS", which included a range of measures aimed at mitigating the economic effects of COVID-19 on the UAE economy (see "*Risk Factors—Risks relating to the Bank and the Group—Risks relating to the global economic environment—The global economy has been materially affected by the COVID-19 pandemic*"). 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.;
- 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 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.

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 (comprising 22 locally incorporated commercial banks and 28 foreign commercial banks) and 11 wholesale

banks licensed to operate inside the UAE as at 30 June 2023 (source: UAE Central Bank Statistical Bulletin June 2023), serving a population estimated to be in the region of approximately 9.6 million people at the end of 2021 (source: OPEC Annual Statistical Bulletin 2022).

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 which created First Abu Dhabi Bank 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.

In 2002, the Government of Dubai issued a decree establishing the Dubai International Financial Centre (also known as the DIFC). The Dubai International Financial Centre, 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 Dubai International Financial Centre has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the Dubai International Financial Centre has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the marketplace.

In 2013, the Federal Government sought to replicate the success of the Dubai International Financial Centre by announcing its intention to establish 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 Offering Circular, 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 30 June 2023, 85.8 per cent. of the Bank's shares were 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—Risks relating to the Bank and the Group—Risks relating 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

Sharia (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 PJSC, Tamweel and Amlak Finance. In addition, conventional financial institutions often offer Sharia-compliant products. In addition, the majority of local and international conventional financial institutions that operate in the UAE also offer Sharia-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) Sharia 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:

- 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 the 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—Risks relating to the Bank and the Group—Risks relating to the UAE and the Middle East—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 the Bank to U.S. dollar foreign exchange movements against the UAE dirham or other such currencies*".

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 Dubai International Financial Centre, 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 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 Dubai International Financial Centre, 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, DFM announced that it had made an offer to Borse Dubai Limited and the Nasdaq OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the 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

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 sukuku 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 "Emiratization", UAE 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 "**Emiratization 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 Emiratization 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 Emiratization Circular.

As at 31 December 2022, the Bank's Emiratization percentage stood at 19 per cent. of its workforce, equating to 604 UAE nationals employed in positions at different levels across the Bank. In line with the Emiratization Circular, the Bank has made a commitment to employing and training UAE nationals. The Bank's Emiratization strategy supports the Bank's position as a nationalisation leader across the UAE. The

Bank's Emiratization strategy, implemented through recruitment and employee selection as well as training programmes, enjoys the support and commitment of business heads and management across all business areas of the Bank.

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 commercial banks, also known as "national" banks, of which there were 22 as at 30 June 2023 (source: UAE Central Bank Statistical Bulletin June 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 30 June 2023 (comprising 28 commercial banks and 11 wholesale banks) (source: UAE Central Bank Statistical Bulletin June 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 10,188.6 at 30 December 2022 (source: ADX website), and the DFM index increasing from 1,662.5 at 31 December 2012 to 3,336.1 at 30 December 2022 (source: DFM 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 June 2023, according to preliminary data made available by the UAE Central Bank;

- demand and time deposits constituted approximately 85.4 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 91.1 per cent. of total deposits of all banks with approximately 39.8 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); and

- non-resident sources constituted approximately 8.9 per cent. of total deposits of all banks with approximately 53.0 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 June 2023).

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 the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market-wide) as per the below.

	<u>Ratio</u>	<u>Applicability</u>
Interim ratios.....	Eligible Liquid Assets Ratio (ELAR \geq 10%)	Until LCR implementation for approved banks
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	Until LCR implementation for approved banks
Basel III ratios.....	LCR (LCR \geq 100%)	From 1 January 2019 for approved banks
	NSFR (NSFR \geq 100%)	From 1 January 2018 for approved banks

The UAE Central Bank's 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 LCR represents a 30 days stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high-quality liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible high-quality liquid assets for this purpose. See "*Risk Factors—Risks relating to the Bank and the Group—Liquidity risks—The Group's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*" and "*Risk Management*" for more information.

The ASRR is an interim ratio which applies to UAE banks until they become subject to the net stable funding ratio ("**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.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities. The NSFR in the UAE mirrors the Basel III standards. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE bank. 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 market-wide stress. Both factors will follow the Basel III standards. The NSFR minimum is 100 per cent.

As of the date of this Base Offering Circular, the Bank reports its liquidity position to the UAE Central Bank using the interim ratios of ELAR and ASRR, pending UAE Central Bank approval to transition to using the Basel III ratios of LCR and NSFR.

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, which performs the same function.

The UAE Central Bank accepts a range of tradeable securities and foreign exchange as eligible collateral for the purposes of accessing the Marginal Lending Facility, 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 Marginal Lending Facility. Banks accessing the Marginal Lending Facility 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 the bank, 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.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks denominated in their respective domestic currencies are risk-weighted at zero per cent. 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 Basel III, 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**") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 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 1 and Tier 2 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 firm 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 firm would have become non-viable, 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 Offering Circular.

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, 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 "**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 published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSN/2020/4980 (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—Risks relating to the Bank and the Group—Regulatory risks—The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Bank's business*").

The minimum total capital adequacy ratio prescribed by the UAE Central Bank for the Bank in 2023 is 13 per cent.

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.

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 the UAE Central Bank Board of Directors Resolution No. 96/2019 and UAE Central Bank Board of Directors Resolution No. 31/2/2020 (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**") introducing limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the limits introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

Cap as percentage of capital base

	<u>Aggregate percentage</u>	<u>Individual percentage</u>
UAE federal government.....	Not applicable	Not applicable
UAE local governments and their non-commercial entities	100%	No cap for UAE local governments; 25% for each non-commercial entity
Commercial entities of UAE federal government and UAE local governments.....	100%	25%
A single borrower or a group of related borrowers	Not applicable	25%
Shareholders who own 5 per cent. or more of the bank's capital and their related entities	50%	20%
Domestic interbank exposures (over one year).....	Not applicable	30%
Overseas interbank exposures	Not applicable	30%
Bank's subsidiaries and affiliates.....	25%	10%
Board members	25%	5%
Bank's employees.....	3%	Maximum 20 month's salary
Bank's external auditors, consultants and lawyers	Not allowed	Not allowed

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 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).

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.

Establishing a credit bureau in the UAE

Al Etihad Credit Bureau is a federal government company specialised in providing UAE-based credit reports and other financial information. Al Etihad Credit Bureau commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. Al Etihad Credit Bureau 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 Al Etihad Credit Bureau by the time Al Etihad Credit Bureau commenced operations. As at the date of this Base Offering Circular, the Bank has entered into a data and credit information supply agreement with Al Etihad Credit Bureau.

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.

Sharia 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 UAE Central Bank Higher Shari'ah Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the UAE Central Bank Higher Shari'ah 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

The following summary of certain UAE, United States and EU tax consequences consequences of ownership of Notes is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Base Offering Circular. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Notes. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Notes. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the acquisition, ownership and disposition of Notes, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Base Offering Circular, and of any actual changes in applicable tax laws after such date.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Base Offering Circular, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the legislation of certain Emirates a general corporate taxation regime (such as the Sharjah Income Tax Act of 1968 (as amended), the Fujairah Income Tax Decree of 1966 (as amended), the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the oil industry and some related service industries. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Branches of foreign banks operating in the UAE are also taxed under specific regulations at the Emirates level. Under current legislation, there is no requirement for withholding or deduction for or on account of taxation in the UAE in respect of payments made under the Notes. In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future, and how any future federal tax laws will interact with the ones existing in the Emirates.

The UAE has entered into double taxation arrangements with certain other countries.

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "FATCA", a foreign financial institution may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 the 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 any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless

materially modified after such date. However, if additional Notes (as described in Condition 20 (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. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. An issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the 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 Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 10 October 2023 (the "**Dealer Agreement**") and made between the Issuer, the Arrangers and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder. The relevant Pricing Supplement will identify whether TEFRA C or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement 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 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 Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory provisions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (i) to "**professional investors**" within the meaning of the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" within the meaning of the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No.228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("CMSA"); and
- (b) accordingly, the Notes have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under part I Schedule 6 or Section 229(1)(b), part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the 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.

Singapore

This Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular 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:

- (a) to an institutional investor (as defined in Section 4A of the SFA (Chapter 2001 (2020 Revised Edition) of Singapore)) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- (c) securities or securities based derivatives contracts (each term as defined in Section 2 (1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;
 - (iv) as specified in Section 276(7) of the SFA; or
 - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

The United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "DFSA") Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business (COB) Module of the DFSA Rulebook.

State of Kuwait

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, marketed and/or sold by it in Kuwait, except through a licensed person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its executive bylaws (each as amended) (the "CML Rules") and unless all necessary approvals from the CMA pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature or type), or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing and/or sale of Notes.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "accredited investor" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;

- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of any Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the CMA resolution number 3-123-2017 dated 27 December 2017, as amended by CMA resolution number 8-5-2023 dated 18 January 2023 (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

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.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular, any other offering material or any Pricing Supplement 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 none of the Issuer and any of the other Dealers shall have any responsibility therefor.

None of the Issuer and 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.

The Dealer Agreement provides that the Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph entitled "*General*" above.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes thereunder has been duly authorised by a resolution of the board of directors of the Issuer dated 9 June 2014. The update of the Programme has been duly authorised by a resolution of the board of directors of the Issuer dated 20 June 2023.

Listing

Application has been made to the ISM for Notes, issued under the Programme during the 12 months from the date of this Base Offering Circular, to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of the UK Prospectus Regulation. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. It is expected that each Tranche of the Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of a Global Note (or one or more Notes) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or about 10 October 2023. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the ISM in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Bearer Notes

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "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".

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Litigation

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Base Offering Circular a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

No Significant Change

There has been no significant change in the financial position or financial performance of the Group and its subsidiaries since 30 June 2023 and there has been no material adverse change in the prospects of the Group since 31 December 2022.

Auditors

The current auditors of the Issuer are PricewaterhouseCoopers (Ras Al-Khaimah Branch Branch). PwC is a registered audit firm in the UAE, operating under professional licences issued by the Dubai Economic Department and the UAE Ministry of Economy. There is no professional institute of auditors in the UAE and, accordingly, PwC is not a member of a professional body in the UAE. All PwC professionals and

partners directly involved in the audit are members of the institutes from where they received their professional qualifications. The address of PwC is Julphar Towers, Level 24, Office no. 2402, Ras Al-Khaimah, United Arab Emirates. PwC has audited, without qualification, the Annual Financial Statements in accordance with International Standards on Auditing, as stated in their Independent Auditor's Report included herein. PwC has reviewed, without qualification, the Interim Financial Statements in accordance with International Standard on Review Engagements 2410 "*Review of interim financial information performed by the independent auditor of the entity*".

Documents Available for Inspection

For the period of 12 months following the date of this Base Offering Circular, copies of the following documents (in physical form) may be inspected during normal business hours at the specified office of the Fiscal Agent and from the registered office of the Issuer, namely:

- (i) the constitutive documents of the Issuer (with an English translation thereof);
- (ii) the Agency Agreement;
- (iii) the Deed of Covenant;
- (iv) the most recent publicly available audited consolidated annual financial statements of the Issuer beginning with the 2021 Annual Financial Statements and the 2021 Annual Financial Statements and the most recent publicly available condensed consolidated interim financial statements of the Issuer beginning with the 2023 Interim Financial Information;
- (v) this Base Offering Circular; and
- (vi) any future base offering circulars, supplements and relevant Pricing Supplement.

Dealers and Arrangers Transacting with the Issuer

In the ordinary course of their business activities, the Arrangers, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/ or instruments of the Issuer or their respective affiliates. Certain of the Dealers, the Arrangers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers, Arrangers and their respective 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, the Arrangers and their respective 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.

Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 254900CDNPJRAT391Y16.

REGISTERED OFFICE OF THE ISSUER

The National Bank of Ras Al- Khaimah (P.S.C.)

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United Arab Emirates

ARRANGERS AND DEALERS

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**FISCAL AGENT, PAYING AGENT,
TRANSFER AGENT AND CALCULATION
AGENT**

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**REGISTRAR, TRANSFER AGENT AND
PAYING AGENT**

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LEGAL ADVISERS

To the Arrangers and the Dealers as to English and UAE law:

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To the Issuer as to English law and UAE law

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United Arab Emirates

AUDITORS TO THE ISSUER

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