

Base Prospectus dated 11 October 2018



Commercial Bank of Dubai P.S.C.

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

and

CBD (Cayman) Limited

(an exempted company incorporated with limited liability in the Cayman Islands)

and in the case of Notes issued by CBD (Cayman) Limited unconditionally and irrevocably guaranteed by

Commercial Bank of Dubai P.S.C.

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

U.S.\$3,000,000,000

Euro Medium Term Note Programme

Under this U.S.\$3,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), CBD (Cayman) Limited (the “**Cayman Issuer**”) and Commercial Bank of Dubai P.S.C. (“**CBD**” or the “**Bank**”, and together with the Cayman Issuer, each an “**Issuer**” and together the “**Issuers**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer. The obligations of the Cayman Issuer in respect of Notes issued by it are unconditionally and irrevocably guaranteed by CBD (in such capacity, the “**Guarantor**”). References in this Base Prospectus to the “**Obligors**” are to the Cayman Issuer and CBD, and references to the “**relevant Obligors**” shall be a reference to, in the case of an issue of Notes by CBD, CBD, and in the case of an issue of Notes by the Cayman Issuer, to each of the Cayman Issuer and the Guarantor and “**relevant Obligor**” shall be a reference to either of them, as the context may require.

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

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

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

This Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank of Ireland**”) as competent authority under the Prospectus Directive (as defined below). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (the “**EU**”) law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) (each such regulated market being a “**MiFID Regulated Market**”) and/or which are to be offered to the public in any member state of the European Economic Area (each a “**Member State**”).

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

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

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

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

CBD has been assigned long-term issuer ratings of A3 and A- by Moody’s Investors Service Cyprus Ltd. (“**Moody’s**”) and Fitch Ratings Ltd (“**Fitch**”), respectively. The Programme has been assigned senior unsecured ratings of P(Baa1) by Moody’s in connection with Notes issued by CBD and P(Baa1) by Moody’s in connection with Notes issued by the Cayman Issuer and A- long-term and F2 short-term by Fitch in connection with Notes issued by CBD and A- long-term and F2 short-term by Fitch in connection with Notes issued by the Cayman Issuer. Each of Moody’s and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, LIBID, LIBOR, LIMEAN, SHIBOR, HIBOR, SIBOR, KLIBOR, EIBOR, SAIBOR, BBSW, JPY LIBOR, PRIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR or TIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR, JPY LIBOR and SAIBOR are included in the register of administrators of the European Securities and Markets Authority (“**ESMA**”) under Article 36 of the Regulation (EU) No. 2016/1011 (the “**Benchmarks Regulation**”). As at the date of this Base Prospectus, the administrators of EURIBOR, LIBID, LIMEAN, SHIBOR, HIBOR, SIBOR, EIBOR, BBSW, PRIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR and TIBOR are not included in ESMA’s register of administrators under the Benchmarks Regulation. As far as CBD is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute, the Treasury Markets Association of Banks, the Association of Banks in Singapore, the UAE Central Bank, ASX Limited, the Czech Financial Benchmark Facility s.r.o., the Banks Association of Turkey, the JBA TIBOR Administration, the New Zealand Financial Markets Association and the Financial Benchmarks India Private Ltd, are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arrangers

HSBC

BANK ABC
CITIGROUP
FIRST ABU DHABI BANK P.J.S.C.
J.P. MORGAN

Dealers

STANDARD CHARTERED BANK

BANCA IMI
COMMERZBANK
HSBC
STANDARD CHARTERED BANK

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”).

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

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

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

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

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

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

Copies of applicable Final Terms will be available from the registered office of CBD and the specified office set out below of each of the Paying Agents (as defined below).

The Dealers have not independently verified the information contained herein. Accordingly, to the fullest extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by either Obligor in connection with the Programme, or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with the Obligors, or the issue and offering of the Notes and the Dealers accept no liability or responsibility for any acts or omissions of the Obligors or any other person in connection with this Base Prospectus or the issue and offering of Notes under the Programme. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus, the issue and offering of Notes under the Programme or any such statement.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by either Obligor or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own

independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Obligors. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Obligors or any of the Dealers to any person to subscribe for or to purchase any Notes.

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

The Notes and the Guarantee (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and the Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

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

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State of Notes may only do so in circumstances in which no obligation arises for either Obligor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Obligors or any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for an Obligor or any Dealer to publish or supplement a prospectus for such offer.

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

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;**
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**
- (d) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and**
- (e) is 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 the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) 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.

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

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

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

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

PRESENTATION OF FINANCIAL INFORMATION

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

- unaudited condensed consolidated interim financial statements as at and for the six month period ended 30 June 2018 including comparative information as at and for the six month period ended 30 June 2017 (the “**2018 Interim Financial Statements**”);
- audited consolidated financial statements as at and for the financial year ended 31 December 2017 including comparative information as at and for the financial year ended 31 December 2016 (the “**2017 Financial Statements**”); and
- audited consolidated financial statements as at and for the financial year ended 31 December 2016 including comparative information as at and for the financial year ended 31 December 2015 (the “**2016 Financial Statements**” and, together with the 2017 Financial Statements, the “**Annual Financial Statements**”).

The financial information included in this Base Prospectus corresponding to: (i) the six month period ended and as at 30 June 2017 has been extracted from the 2018 Interim Financial Statements; (ii) the financial year ended and as at 31 December 2016 has been extracted from the 2017 Financial Statements; and (iii) the financial year ended and as at 31 December 2015 has been extracted from the 2016 Financial Statements (where, in each case, such information is presented for comparative purposes).

Each of the Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (the “**IASB**”). The 2018 Interim Financial Statements have been prepared in accordance with IAS 34. The Annual Financial Statements have been audited in accordance with International Standards on Auditing by Ernst & Young Middle East (Dubai Br.) (“**Ernst & Young**”), independent auditors, as stated in their report incorporated by reference herein. The 2018 Interim Financial Statements have been subject to limited review by KPMG Lower Gulf Limited (Dubai Branch) (“**KPMG**”) in accordance with the International Standard of Review Engagements 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” by KPMG, as stated in their report incorporated by reference herein (see “*Documents Incorporated by Reference*”). Any reference herein to a figure as at or for the six month period ended 30 June 2018 or 30 June 2017 is unaudited.

CBD publishes its financial statements in UAE dirham.

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

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

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

PRESENTATION OF UAE STATISTICAL INFORMATION

The statistical information in the section entitled “*Overview of the United Arab Emirates*” has been accurately reproduced from a number of different identified sources. All statistical information provided in that section may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. Gross domestic product (“**GDP**”) data is not final and may be subject to revision in future periods and certain other historical GDP data set out in that section may also be subject to future adjustment.

PRESENTATION OF OTHER INFORMATION

In this document, references to:

- “**Group**” are to the Cayman Issuer, CBD and CBD’s consolidated subsidiaries and associates taken as a whole;
- the “**UAE**” are to the United Arab Emirates; and
- the “**GCC**” are to the Cooperation Council of the Arab States of the Gulf (otherwise known as the Gulf Co-operation Council).

PRESENTATION OF ALTERNATIVE PERFORMANCE MEASURES

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

Metric	Definition and method of calculation	Rationale for inclusion
Return on average assets	Net profit divided by the average balance of total assets calculated as a simple average of the opening and closing balances for the relevant period.	Performance measure. The ratio shows how many AED of earnings CBD derives from each AED of assets it controls.
Return on average equity	Net profit divided by the average equity calculated as a simple average of the opening and closing balances for the relevant period.	Performance measure. The ratio is a measure of the profitability of the Bank's business in relation to the book value of shareholders equity, also known as net assets or assets minus liabilities. The ratio is a measure of how well the Bank uses shareholders' equity to generate earnings growth.
Cost to Income ratio	Total operating expenses divided by total operating income.	Performance measure. A lower percentage indicates that operating expenses are low relative to operating income.
Non-performing loans ratio	Impaired loans, advances and Islamic financing divided by gross loans, advances and Islamic financing.	Asset quality measure.
Provision coverage ratio	Provisions for impaired loans, advances and Islamic financing divided by impaired loans, advances and Islamic financing.	Asset quality measure. The ratio shows total provisions which the Bank has built in respect of its impaired loans, advances and Islamic financing.
Loan to deposit ratio	Net loans and Islamic financing divided by customer deposits and Islamic customer deposits.	Liquidity measure. The loan to deposit ratio is used to calculate the Bank's ability to make payments to customers withdrawing their deposits. A ratio of less than one implies that the Bank has relied on funds deposited by customers to make loans, advances and Islamic financing. A ratio of more than one, implies that the Bank has extended loans, advances and Islamic financing from funds borrowed by it in addition to deposits.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

These forward-looking statements speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws, each of the Obligors expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based.

All references in this Base Prospectus to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars; all references to *Renminbi*, *RMB* or *CNY* are to the lawful currency of the PRC (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan); and all references to *AED* and *dirham* are to the lawful currency of the United Arab Emirates. The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. All references to *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In addition, all references in this document to Dubai are to the Emirate of Dubai.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “Capital Market Authority”).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information

relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.

CAYMAN ISLANDS NOTICE

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

BAHRAIN NOTICE

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

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

The CBB has not reviewed, approved or registered the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be 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 document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

QATARI NOTICE

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

MALAYSIA NOTICE

The Notes may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Notes in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Schedule 6 or Section 229(1)(b), 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 Capital Market and Services Act 2007 of Malaysia, 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.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Obligors and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant 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. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) on behalf of any Stabilisation Managers(s)) in accordance with all applicable laws and rules.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The Final Terms in respect of any Notes may include a legend entitled “Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to “relevant persons” for purposes of section 309B(1)(c) of the SFA.

Unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the “**MAS**”) Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms in respect of any 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, with effect from such date, 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 MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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RISK FACTORS

Each of the Obligors believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes issued under the Programme or under the Guarantee, as the case may be. Most of these factors are contingencies that may or may not occur and neither Obligor is in a position to express a view on the likelihood of any such contingency occurring.

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

Each of the Obligors believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of either Obligor to pay interest, principal or other amounts on or in respect of the Notes may occur for other reasons which may not be considered significant risks by the Obligors based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

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

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

Risks relating to CBD's business

In the course of its business activities, CBD is exposed to a variety of risks, the most significant of which are credit risk, market risk, settlement risk, liquidity risk, operational risk and legal risk (each of which is described below). Investors should note that any failure to adequately control these risks could result in adverse effects on CBD's financial condition and reputation.

Credit Risk

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

As at 31 December 2017 and at 31 December 2016, impaired loans represented 7 per cent. of CBD's gross loans and advances and Islamic financing. Specific and general provision on loans and advances and Islamic financing covered 95 per cent. of CBD's impaired loans as at 30 June 2018 (compared to 89 per cent. as at 31 December 2017 and 102 per cent. as at 31 December 2016). CBD's restructured performing loans and loans under restructuring were AED 0.5 billion as at 31 December 2017 and AED 0.6 billion as at 31 December 2016.

CBD establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. As at 30 June 2018, impairment allowances on loans and advances and Islamic financing increased by 25 per cent. to AED 3.6 billion, compared to the position at 31 December 2017. This increase was due, in part, to the implementation of IFRS 9 Financial Instruments ("IFRS 9") from 1 January 2018, and the continued implementation by CBD of its prudent provisioning policy. For more information on the impact of IFRS 9, please see Note 3 to the 2017 Financial Statements.

As at 31 December 2017, CBD had AED 3.3 billion of impaired loans and carried impairment allowances of AED 2.9 billion to cover potential loan losses (compared with impaired loans of AED 3.1 billion and impairment allowances of AED 3.2 billion as at 31 December 2016). In accordance with IFRS, CBD is required to reflect the impairment calculated as a charge to the income statement. However, the actual loan losses could be materially different from the loan impairment allowances. CBD's management believes that the level of impairment allowances for impaired loans and loans under stress are adequate as at 30 June 2018. Collateral held as security against impaired loans primarily relates to commercial and residential property and pledged deposits.

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

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

Market Risk

Market risk is defined as the risk that changes in market prices will affect CBD's income and/or the value of a financial instrument. The most significant market risks to which CBD is exposed are interest rate, equity price, foreign exchange rate and credit spread risks associated with its trading, investment and asset and liability management activities. Changes in interest rate levels, yield curves and spread may affect the interest rate margin realised between CBD's lending and investment activities and its borrowing costs, and the values of assets that are sensitive to interest rate and spread changes. Changes in equity prices may affect the values of CBD's investment and trading portfolios. Changes in foreign exchange rates may affect the values of assets and liabilities denominated in foreign currencies and the income from foreign exchange dealing. CBD carries out regular stress tests under various anticipated scenarios however it is difficult to predict changes in economic and market conditions accurately and to anticipate the effects that such changes could have on CBD's financial performance and business operations.

The amounts of gains and losses on debt and equity investments may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of securities, which in turn may vary considerably. For the six month period ended 30 June 2018, CBD's realised gains on sale of investments (classified as at fair value through profit or loss and at fair value through other comprehensive income) amounted to AED 3 million compared to AED 11 million for the six month period ended 30 June 2017. CBD's realised gains on sale of investments amounted to AED 24 million and AED 58 million for the years ended 31 December 2017 and 31 December 2016, respectively. CBD's fair value deficit / reserve amounted to a deficit of AED 157 million as at 30 June 2018, a deficit of AED 11 million as at 31 December 2017, and a reserve of AED 18 million as at 31 December 2016. CBD cannot predict the amount of realised or unrealised gain or loss for any future period and variations from period to period are not indicative of future

performance. Gains in CBD's investment portfolio may not continue to contribute to net income at levels consistent with those recent periods or at all.

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

Between July 2014 and January 2016, international crude oil prices declined dramatically, falling by approximately 75 per cent. Notwithstanding the partial correction in global crude oil prices through 2016 and 2017, the economies of the oil-revenue dependent GCC states have continued to be adversely affected with greater budget deficits, a decrease in fiscal revenues and consequent lower public spending seen in 2016 and 2017. Government fiscal deficits have resulted in weakened net asset positions, larger external financing needs and continued lower government spending.

In the UAE, the significant fiscal reforms implemented by the federal government in response to the low oil price environment since 2015 have had, and are expected to continue to have, a positive effect on the UAE economy. The UAE Federal Government has scaled back capital transfers to government-related entities, cut government investment, raised electricity and water tariffs, introduced a value-added tax regime and removed fuel subsidies.

Furthermore, the impact of political events (such as the United Kingdom's "Brexit" vote and increasing trade disputes, such as between the United States and China) has caused volatility in international financial markets and investor sentiment generally.

These extremely volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. Since December 2015, the U.S. Federal Reserve has increased U.S. overnight interest rates by an aggregate 175 basis points (in seven separate increments of 25 basis points each). The U.S. Federal Reserve is expected to continue raising U.S. overnight interest rates in 2018 and 2019. A continued increase in such rates will likely further exacerbate the reduced liquidity environment and, if the pace of U.S. overnight interest rate movements develops as expected, will adversely impact CBD's net interest margins and borrowing costs, if CBD is unable to pass these increased costs on to its customers.

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

CBD maintains its accounts, and reports its results, in UAE dirham. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Base Prospectus. In response to the volatility of oil prices internationally through 2015, certain regional oil producing countries that have traditionally "pegged" their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange "pegs". As at the date of this Base Prospectus, each of Kazakhstan and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear (the UAE Central Bank has, most recently in June 2016, re-iterated its intention to retain the UAE dirham peg against the U.S. dollar), there remains a risk that any such future de-pegging by the GCC states (in the event that the current challenging market conditions persist for a prolonged period) would pose a systemic risk to the regional banking systems by virtue of the inevitable devaluation of any such de-pegged currency against the U.S. dollar and the impact this would have on the open cross-currency positions held by regional banks, including CBD.

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

Settlement Risk

Settlement risk is the risk of loss due to the failure of a counterparty to an agreement to honour its obligations to deliver cash, securities or other assets as contractually due. CBD's activities may give rise to risk at the time of settlement of transactions and trades. Failure to manage settlement risk effectively could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Liquidity Risk

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

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

In common with other banks in the United Arab Emirates, many of CBD's liabilities are demand and time deposits, whereas it has medium and long-term assets (such as loans and mortgages). If a substantial portion of CBD's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity or CBD fails to refinance some of its large short- to medium-term borrowings, CBD may need to access more expensive sources to meet its funding requirements. No assurance can be given that CBD will be able to obtain additional funding on commercially reasonable terms as and when required, or at all.

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

Operational Risk

Operational risk is the risk of loss resulting from inadequate or ineffective internal controls or from external events. CBD faces a risk of losses resulting from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of CBD's counterparties or vendors). Although CBD has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to eliminate entirely each of the operational risks. CBD therefore remains exposed to operational risk that could have a material adverse effect on CBD's business, results of operations, financial condition and prospects. CBD has adopted the Basic Indicator Approach for calculation of the risk charge for operational risk in accordance with the Basel III Accord.

Legal Risk

Legal risk is the risk of losses occurring due to legal or regulatory action that invalidates or otherwise precludes performance by CBD or any of its counterparties under the terms of contractual agreements. CBD seeks to mitigate this risk through the use of properly reviewed standardised documentation and obtaining appropriate legal advice in relation to its non-standard documentation. CBD is subject to proceedings and adjudications in the UAE. Notwithstanding CBD's reliance on advice from internal and external legal

advisors, it is possible that claims, judgments and adjudications could be awarded against CBD and this could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Loan Portfolio Concentration

CBD's loan portfolio is concentrated, geographically, in the UAE, where certain sectors (including the real estate sector) and certain regions (including Dubai) have been more significantly affected than others by the global financial crisis that commenced in early 2008. See “– *Economic, political and related considerations*”.

CBD's loans and advances and Islamic financing, net constituted 69 per cent. of its total assets, or AED 47.2 billion as at 30 June 2018. CBD's loan portfolio is concentrated in particular economic sectors. As at 30 June 2018, the real estate sector accounted for 31 per cent. of CBD's total gross loans and advances and Islamic financing while the trade sector and the financial and insurance activities sector each accounted for 10 per cent.

98 per cent. of CBD's gross loans and advances and Islamic financing were located in the UAE as at 31 December 2017, with less than 1 per cent. located in other GCC countries and the remaining located in other regions. CBD's 20 largest loans and advances and Islamic financing customers constituted 20 per cent. of CBD's total funded and non-funded exposures as at 30 June 2018 and as at 31 December 2017.

As a result of the concentration of CBD's gross loans and advances and Islamic financing in the UAE, any deterioration in general economic conditions in the UAE or any failure of CBD to manage its risk concentrations effectively could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Competition

CBD faces competition in all of its business areas from locally incorporated and foreign banks (Islamic banks and conventional banks). According to data published by the UAE Central Bank, there were a total of 49 banks (22 locally incorporated banks and 27 foreign banks) licensed to operate in the UAE as at 30 June 2018 (excluding the Dubai International Financial Centre (the “**DIFC**”)) (*source*: UAE Central Bank). CBD's key competitors are primarily UAE banks such as Emirates NBD, Mashreq Bank, Union National Bank, Abu Dhabi Commercial Bank, First Abu Dhabi Bank P.J.S.C., and the National Bank of Ras Al Khaimah, as well as international banks such as Citibank and HSBC.

As at 30 June 2018 and 31 December 2017, CBD had 3 per cent. of the UAE market share in terms of loans and advances and 3 per cent. of the UAE market share in terms of customer deposits (*source*: UAE Central Bank Monthly Banking Indicators).

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

Ownership

The Government of Dubai, through its investment entity the Investment Corporation of Dubai (“**ICD**”), owns 20 per cent. of the issued share capital of CBD with the remainder owned by nationals of the UAE. Neither the Government of Dubai nor the ICD have any legal obligations to provide additional funding for CBD's future operations. There can be no assurance, further, that CBD's shareholders will continue to maintain the existing levels of their ownership of the shares of CBD. CBD may not receive future support from the Dubai

or UAE federal governments or it may not receive future support that is commensurate with support it has received in the past.

Dependence on Key Personnel

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

CBD is guided in its human resources decisions by the UAE Federal Government's recommended policy that companies operating in the UAE recruit UAE nationals representing at least 40 per cent. of their total employees each year. The UAE Federal Government's policy supporting the recruitment of UAE nationals does not set any upper limit at which the policy would no longer be applicable. CBD continues to hire UAE nationals and is on track to meet the required ratio. If CBD is not able to meet or exceed the UAE Federal Government's recommended policy for recruiting UAE nationals, it may be subject to legal penalties, including with respect to its current licenses, and it may be prevented from obtaining additional licenses necessary in order to allow it to expand its business.

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

In July 2014, IASB issued IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. IFRS 9 introduces new rules for financial instruments on classification and measurement, impairment (with a new expected credit loss impairment approach) and hedge accounting and which, among other things, introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Any significant increase in impairment allowances for loan losses or a significant change in CBD's estimate of the risk of loss inherent in its portfolio of non-impaired loans and advances to customers, as well as the occurrence of loan losses in excess of the impairment allowances allocated with respect thereto, may have an adverse effect on CBD's business, results of operations and financial condition.

Information Technology and Cybersecurity

CBD relies heavily upon its information technology systems and operations infrastructure to conduct its business. CBD has invested in a number of digital initiatives and in 2017 CBD completed 84 key projects and more than 740 smaller initiatives. CBD regards these systems and initiatives as critical to improving productivity and enhancing CBD's competitive edge.

Any failure or breach in security of these systems could result in failures or interruptions in CBD's risk management, general ledger, deposit servicing, loan organisation and/or other important systems. If CBD's information technology systems failed, even for a short period of time, then it could be unable to serve some or all of its customers' needs on a timely basis which could result in loss of business. In addition, a temporary shutdown of CBD's information technology systems could result in costs that are required for information retrieval and verification. CBD has developed business continuity plans, however no assurance can be given that failures or interruptions will not occur or that CBD will be able to address them adequately if they do occur.

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

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

Risk Management Systems

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

CBD's risk management processes may not be fully effective or consistently implemented in mitigating its exposure in all market environments or all types of risk that are unidentified or unanticipated. Some of CBD's methods of managing risk are based upon its use of historical market behaviour and stress scenarios. As evidenced by the global financial crisis, these methods may not always predict future risk exposures which could be significantly higher or lower than historical measures or stress scenarios indicate. Any material deficiency in CBD's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Downgrade in Credit Ratings

CBD's credit ratings affect the cost and other terms upon which CBD is able to obtain funding. Rating agencies regularly evaluate CBD and their ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on CBD's credit rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

As at the date of this Base Prospectus, CBD has been assigned long-term issuer ratings of A3 and A- by Moody's and Fitch, respectively. On 1 October 2018, Moody's placed CBD's long-term issuer rating of A3 under review for downgrade, citing an increase in the level of CBD's non-performing loans. This increase in the level of non-performing loans was driven, in part, by slower economic growth in the UAE (see "*Economic, Political and Related Considerations – Economic Developments*"), and in part by the adoption by CBD of a more conservative classification approach under IFRS 9 accounting standards. For more information on the impact of IFRS 9, please see Note 3 to the 2017 Financial Statements.

On 25 May 2017, Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") reaffirmed the UAE's Aa2 Government bond and issuer ratings and assigned a stable outlook. A downgrade or potential downgrade of the UAE rating or a change in rating agency methodologies relating to systemic support provided by the UAE could also negatively affect the perception by rating agencies of CBD's rating.

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

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

CBD is required to comply with applicable anti-money laundering (“**AML**”), anti-terrorism financing laws and other regulations. These laws and regulations require CBD, among other things, to adopt and enforce “know your customer” (“**KYC**”) policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. CBD has adopted KYC/AML policies and procedures and reviews them regularly in light of any relevant regulatory and market developments. To the extent CBD may fail to fully comply with applicable laws and regulations, the relevant UAE Government agencies to which it reports have the power and authority to impose fines and other penalties on CBD. In addition, CBD's business and reputation could suffer if customers use CBD for money laundering or illegal purposes. This could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Regulatory Risks

Impact of Regulatory Changes

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

Although CBD works closely with its regulators and continuously monitors the situation, future changes in regulatory, fiscal or other policies cannot be predicted and are beyond the control of CBD. For example, see “*The United Arab Emirates Banking Sector and Regulations – Capital Management*”.

By a circular dated 23 February 2011 (the “**Retail Circular**”) on retail banking and notice no. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the “**Official Gazette**”) on 28 November 2013 and entered into force on 28 December 2013) (the “**Mortgage Regulations**”), the UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. The Mortgage Regulations, which supersede UAE Central Bank notice no. 3871/2012 dated 30 December 2012, provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than or equal to AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

In November 2013, the UAE Central Bank issued a circular amending certain large exposure limits. The circular also introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit for any single such borrower (see “*The United Arab Emirates Banking Sector and Regulation – Recent trends in Banking – Large Exposures*”). CBD is presently in compliance with these limits.

In August 2017, the UAE Ministry of Finance issued Federal Decree-Law No. (8) of 2017 on Value Added Tax (“VAT”) which took effect from 1 January 2018. Pursuant to this, a standard rate of 5 per cent. VAT has been introduced on the value of any supply or import of goods and services.

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

Risks related to the UAE and the Middle East

Majority of Business in the UAE

CBD is a bank, headquartered in Dubai, UAE, which is primarily focused on the financial markets of the UAE. As at 31 December 2017, 92 per cent. of CBD's total assets were located within the UAE, including the majority of its loans and advances and Islamic financing, net and CBD derives the majority of its customer deposits and Islamic customer deposits from within the UAE. As at 31 December 2017, approximately 83 per cent. of CBD's total liabilities were derived from UAE sources. As CBD has its operations and the majority of its assets located in the UAE, its business is and will continue to be affected by the economic, political and related conditions prevailing from time to time in the UAE and/or the Middle East generally (see “*Economic, Political and Related Considerations*”).

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

Economic, Political and Related Considerations

The UAE has enjoyed economic growth and relative political stability in recent years. There can be no assurance that such growth or stability will continue. Moreover, while the UAE Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. Political and economic developments in or affecting the UAE and the Middle East could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

Economic Developments

This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been previously experienced by many countries within the GCC and the UAE, especially in Dubai. Consequently, certain sectors of the GCC economy that had benefitted from such high growth rates, such as financial institutions, could be adversely affected by any future crisis.

Along with other banks in the GCC region, CBD suffered a deterioration in its portfolio, principally manifested in the form of increases in non-performing loan levels, as a result of such adverse economic conditions. As a consequence of having its operations in the UAE, CBD's operations have been and may in the future be affected by economic developments impacting the UAE, in particular, the level of economic activity.

While the UAE has seen significant economic growth since 2000, there is no assurance that such growth will continue particularly in light of significant adverse financial and economic conditions experienced worldwide which commenced in early 2008. Since then, global credit markets, particularly in the United States and Europe, have experienced difficult conditions of varying intensity. These challenging market conditions have resulted at times in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit and capital markets and there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the GCC and the UAE. In addition, since late 2008, property and construction markets in the UAE and a number of other countries in the MENA region have been significantly adversely affected. Consequently, certain sectors of the GCC economy, such as real estate, construction and financial institutions, have been materially adversely affected by the crisis, in

particular, due to the volatility of the price of oil. Moreover, while the UAE Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained or that the UAE Government will not implement regulations, fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on CBD's business, reputation, financial condition, results of operations or prospects and thereby affect its ability to make payments in respect of the Notes issued by it under the Programme or its obligations as Guarantor under the Guarantee.

Like many economies in the Middle East and North Africa (“MENA”) region, oil and gas and related industries, as well as the prices and production quantities of these commodities, play a prominent role in the UAE economy. Oil prices have however been volatile in recent years, declining sharply in mid-2014, before partially recovering in 2017. If this volatility persists, and results in declining economic conditions which negatively impact CBD's borrowers and contractual counterparties, it could have a material adverse effect on the Group. See “—*Loan Portfolio Concentration*”.

Political Developments

CBD's business may be affected if there are geo-political events that prevent CBD from delivering its services. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Libya, Oman, Iraq, Syria, Saudi Arabia, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (which is still ongoing in Syria as at the date of this Base Prospectus) and has given rise to increased political uncertainty across the region and, in certain cases, regime changes. Additionally, during 2014, a group operating in the name of the Islamic State of Iraq, commonly referred to as “ISIS”, “ISIL” or “DAESH”, has been mounting challenges against the governments and the population of Iraq and Syria. Regional governments are privy to the challenges created by ISIS and are working towards strengthening internal security and collaborating with other regional governments in the GCC. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. CBD does not have operations in any of these countries. It is not possible to predict the occurrence of events or circumstances such as, or similar to, a war or the impact of such occurrences and no assurance can be given that CBD would be able to sustain its current profit levels if such events or circumstances were to occur. A general downturn or sustained deterioration in the economy of the UAE, instability in certain sectors of the UAE or regional economy, or major political upheaval therein could have a material adverse effect on CBD's business, results of operations, financial condition and prospects.

UAE Bankruptcy Law

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

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

As described above, the UAE courts are unlikely to enforce an English judgment without re-examining the merits of the claim, including the validity of the obligations of the parties contained in the underlying documentation. If a Dubai court were to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, notwithstanding that the Guarantee is governed by English law, the UAE court may interpret the Guarantee in light of UAE law principles rather than English law principles. In order to enforce a guarantee under the laws of the UAE, the underlying debt obligation for which such guarantee has

been granted may need to be proved before the UAE courts. In addition, under the laws of the UAE, the obligation of a guarantor is incidental to the obligations of the principal debtor, and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor (notwithstanding anything to the contrary included in the relevant guarantee). The laws of the UAE do not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplate a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the UAE courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform. Consequently, were a UAE court to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, if the Cayman Issuer's obligation to make payment under its Notes cannot be proven to the satisfaction of the UAE court, the court may conclude that there is no obligation on the Guarantor to make payment in the full amount claimed under the Guarantee. Furthermore, notwithstanding that the Notes and the Guarantee are governed by English law, if a UAE court were to apply UAE law principles when assessing a claim in respect of the Guarantee, the Guarantor may be released from its obligations under the Guarantee if the relevant claim is not made within six months of payment becoming due under the Guarantee.

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

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

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes as provided or referred to in Condition 9 or if the Guarantor is unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) 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 of the Notes.

In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the Early Redemption Amount. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

Upon the occurrence and continuation of a Regulatory Redemption Event, the Subordinated Notes may be redeemed, together with any accrued but unpaid interest, in accordance with the Conditions but without the consent of the Noteholders (as more particularly described in Condition 8.3). In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of

return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the Regulatory Redemption Amount. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

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

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

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

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

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

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by accompanying standards (the "**Accompanying Standards**") which were published by the UAE Central Bank on 17 January 2018 and which elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements.

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

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

As at the date of this Base Prospectus, the UAE has not implemented a law that would require loss absorbency for bank capital instruments on the occurrence of a Non-Viability Event. While the February 2017 Regulations and the Accompanying Standards confirm that any capital instruments issued by UAE banks must contain a loss absorption feature on the occurrence of a Non-Viability Event in order to achieve Regulatory Capital classification from the UAE Central Bank, this loss absorption feature must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus. To the extent that the UAE introduces a statutory resolution regime to implement loss absorbency upon the occurrence of a Non-Viability Event, either through the writing off of the principal amount of the instruments or the conversion of such instruments into ordinary shares, it is unclear how such a regime will apply to banks in the UAE or how it may be interpreted within the UAE and whether and to what extent it will affect any Subordinated Notes issued from time to time under the Programme.

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

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

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

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

Notes may be redeemed prior to their final maturity date due to the occurrence of a Regulatory Redemption Event”.

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

Fixed/Floating Rate Notes

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

Risks related to Notes which are linked to “benchmarks”

The London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rates or other types of rates and indices which are deemed to be “benchmarks” (including LIBID, LIMEAN, SHIBOR, HIBOR, SIBOR, KLIBOR, EIBOR, SAIBOR, BBSW, JPY LIBOR, PRIBOR, CNH HIBOR, TRLIBOR or TRYLIBOR and TIBOR) are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the interest rate on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the terms and conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in a preceding Interest Period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

In addition to the announcement made in relation to LIBOR, there have been other recent national and international regulatory guidance and proposals for reform of rates and indices which are deemed to be “benchmarks”, including LIBOR and EURIBOR. Some of these reforms are already effective whilst others are still to be implemented. These reforms could include, among other things, reforms to other “benchmarks” similar to those reforms announced in relation to LIBOR, and any such 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 the value or liquidity of, and return on, any Floating Rate Notes which are linked to or reference a “benchmark”.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require

benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms (including those announced in relation to LIBOR and the application of any similar reforms to other “benchmarks”), 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 a “benchmark”.

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

Notes issued at a substantial discount or premium

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

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

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

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

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

“**Senior Creditors**” means all creditors of the relevant Obligor, (including, in respect of CBD only, depositors of CBD) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of Subordinated Notes; and “**solvent**” means, in respect of the relevant Obligor, as the case maybe, that (a) it is able to pay its debts as they fall due and (b) its Assets exceed its Liabilities (each as defined in Condition 3.2) (other than its Liabilities to persons who are not Senior Creditors). If any of the relevant Obligors was wound up, liquidated or dissolved (or any other analogous action was taken), the liquidator (or

analogous insolvency official) appointed in relation to such Obligor, would apply the assets of such Obligor to satisfy the Senior Creditors. In such a situation, and if the condition as to solvency set out above is not satisfied the holders of the Subordinated Notes shall not be entitled to receive any amounts under the Subordinated Notes or, where relevant, the Guarantee.

Risks relating to Notes denominated in Renminbi

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

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

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

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

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

Although on 1 October 2016, the Renminbi was added to the Special Drawing Rights basket created by the IMF, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Obligor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

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

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

While the People's Bank of China (the “**PBOC**”) has established Renminbi clearing and settlement mechanisms for participating banks in various countries, through settlement agreements on the clearing of Renminbi business (the “**Settlement Agreements**”) with financial institutions in a number of financial centres and cities (each, a “**Renminbi Clearing Bank**”), the current size of Renminbi-denominated financial assets outside the PRC is limited.

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

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside

the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Notes denominated in Renminbi. To the extent the relevant Obligor is required to source Renminbi outside the PRC to service Notes denominated in Renminbi, there is no assurance that the relevant Obligor will be able to source such Renminbi on satisfactory terms, if at all.

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

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. All payments of interest and principal with respect to Notes denominated in Renminbi will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in Notes denominated in Renminbi in U.S. dollar or other applicable foreign currency terms will decline.

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

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Notes denominated in Renminbi may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with fluctuations in Renminbi interest rates. If a holder of Notes denominated in Renminbi tries to sell such Notes before their maturity, they may receive an offer that is less than the amount invested.

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

Investors may be required to provide certification and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the RMB Settlement Centre(s) (as defined below). Except in the limited circumstances stipulated in Condition 7.8 (as set out in the RMB provisions below), all Renminbi payments to investors in respect of Notes denominated in Renminbi will be made solely: (i) for so long as such Notes are represented by a Temporary Bearer Global Note, a Permanent Bearer Global Note or a Registered Global Note held with the common depositary, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system; or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in the Conditions, the relevant Obligors cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

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

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

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

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

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

Risks related to Notes generally

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

Modification

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

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. 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 Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Notes where denominations involve integral multiples: definitive Notes

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

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

Trading in the clearing systems

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the relevant Obligor will discharge its payment obligation under the Notes or, where relevant, under the Guarantee by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant

clearing system and its participants to receive payments under the Notes. The relevant Obligor has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Exchange rate risks and exchange controls

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

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

Interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the relevant Obligor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the

status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

General

Enforcing arbitration awards and foreign judgments in Dubai

Under the Conditions of the Notes, any dispute arising from the Notes may be referred to arbitration in London under the rules of arbitration of the LCIA (formerly known as the London Court of International Arbitration). The New York Convention on the Recognition and Enforcement of Arbitral Awards 1958 (the “**New York Convention**”) entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts found 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 have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation was a final decision. The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force within other Emirates. There is therefore no guarantee that the Dubai courts will take the same approach in similar proceedings in the future. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of the Civil Procedure Law. Article 238 provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the Dubai courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. Therefore, there remains a risk that when faced with an action for enforcement of a foreign arbitration award under the New York Convention the Dubai courts might continue to ignore Article 238 of the Civil Procedure Law and instead apply Articles 235 to 237. If Article 238 is ignored, there is a risk that a foreign arbitration award will be refused enforcement by the Dubai courts.

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the independent auditors' report and audited consolidated annual financial statements as at and for the year ended 31 December 2016 of CBD including the information set out at the following pages in particular:

Report of the independent auditors.....	Pages 1 to 6
Consolidated statement of financial position.....	Page 7
Consolidated income statement.....	Page 8
Consolidated statement of comprehensive income	Page 9
Consolidated statement of changes in equity	Page 10
Consolidated statement of cash flows	Page 11
Notes to the consolidated financial statements.....	Pages 12 to 81

the independent auditors' report and audited consolidated annual financial statements as at and for the year ended 31 December 2017 of CBD including the information set out at the following pages in particular:

Report of the independent auditors.....	Pages 1 to 6
Consolidated statement of financial position.....	Page 7
Consolidated income statement.....	Page 8
Consolidated statement of comprehensive income	Page 9
Consolidated statement of changes in equity	Page 10
Consolidated statement of cash flows	Page 11
Notes to the consolidated financial statements.....	Pages 12 to 75

the independent auditors' report and unaudited condensed consolidated interim financial statements as at and for the six month period ended 30 June 2018 of CBD including the information set out at the following pages in particular:

Independent auditors' report on review of consolidated interim financial information	Pages 1 to 2
Consolidated interim statement of financial position	Page 3
Consolidated interim statement of profit or loss	Page 4
Consolidated interim statement of profit or loss and other comprehensive income	Page 5
Consolidated interim statement of changes in equity	Page 6
Consolidated interim statement of cash flows.....	Page 7
Notes to the condensed consolidated interim financial statements	Pages 8 to 26

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

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

- (b) the Terms and Conditions of the Notes contained in the previous Base Prospectuses dated 26 September 2017, pages 40 to 75 (inclusive), 9 January 2017, pages 38 to 73 (inclusive), 17 June 2015, pages 51 to 89 (inclusive) and 2 May 2013, pages 43 to 77 (inclusive) prepared by CBD in connection with the Programme (the Base Prospectus dated 26 September 2017 can be found at http://www.ise.ie/debt_documents/Base%20Prospectus_8b09f140-2fa1-41a6-966a-c8ef4fd0fccb.PDF, the Base Prospectus dated 9 January 2017 can be found at http://www.ise.ie/debt_documents/Base%20Prospectus_bacd3396-62ee-40df-abc0-d589965f3499.PDF, the Base Prospectus dated 17 June 2015 can be found at http://www.ise.ie/debt_documents/Base%20Prospectus_9d262de0-2304-4e2b-a632-080c265fe2ee.PDF and the Base Prospectus dated 2 May 2013 can be found at http://www.ise.ie/debt_documents/Base%20Prospectus_8cf9b404-58d3-4611-8553-af5e8fd82ac2.PDF).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

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

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

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

OVERVIEW OF THE PROGRAMME

The following overview must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in any Notes should be based on a consideration of this Base Prospectus as a whole. This overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The relevant Obligors and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the “**Prospectus Regulation**”).

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

Issuers	<p>CBD (Cayman) Limited (Legal Entity Identifier: 6354001ANEED7OVAYU98) Commercial Bank of Dubai P.S.C. (Legal Entity Identifier: 2138002DQL2YD4S8HE87)</p>
Guarantor in respect of Notes issued by CBD (Cayman) limited	Commercial Bank of Dubai P.S.C.
Risk Factors	There are certain factors that may affect the Cayman Issuer’s ability to fulfil its obligations under Notes issued by it under the Programme and CBD’s ability to fulfil its obligations under the Notes issued by it and the Guarantee. These are set out under “ <i>Risk Factors</i> ”. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description	Euro Medium Term Note Programme.
Arrangers	HSBC Bank plc and Standard Chartered Bank.
Dealers	<p>Arab Banking Corporation B.S.C. Banca IMI S.p.A. Citigroup Global Markets Limited Commerzbank Aktiengesellschaft First Abu Dhabi Bank P.J.S.C. HSBC Bank plc J.P. Morgan Securities plc Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.</p>
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with

such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

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

Issuing and Principal Paying Agent	Citibank N.A., London Branch.
Registrar	Citigroup Global Markets Europe AG
Programme Size	Up to U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Obligors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non- syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Obligors and the relevant Dealer.
Redenomination	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities	The Notes will have such maturities as may be agreed between the relevant Obligors and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Obligors or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes	Fixed interest will be payable on such date or dates as may be agreed between the relevant Obligors and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Obligors and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> (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., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Final

Terms.

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

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

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Obligors and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Obligors and the relevant Dealer.

Reset Notes	<p>Reset Notes will bear interest:</p> <ul style="list-style-type: none">(a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the First Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and(b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Principle Paying Agent on the relevant Reset Determination Date in accordance with Condition 6.3(a), <p>payable, in each case, in arrear on the Interest Payment Date(s) (as specified in the applicable Final Terms).</p>
Zero Coupon Notes.....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Obligors, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Obligors and the relevant Dealer.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions - Notes having a maturity of less than one year</i>” above.</p>
Denomination of Notes	The Notes will be issued in such denominations as may be agreed between the relevant Obligors and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions - Notes having a maturity of less than one year</i> ” above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation.....	All payments in respect of the Notes and the Guarantee will be made without withholding or deduction for or on account of taxes imposed by any Tax Jurisdiction, as provided in Condition 9. In the event that any such

	withholding or deduction is made, the relevant Obligors will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default	The terms of the Senior Notes will contain a cross default provision as further described in Condition 11.
Status of the Senior Notes	The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.
Status of the Guarantee in respect of the Senior Notes issued by the Cayman Issuer	The obligations of the Guarantor under the Guarantee in respect of Senior Notes issued by the Cayman Issuer will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Status and subordination of the Subordinated Notes	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3.2.
Status of the Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer	The Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer is a direct, unsecured and subordinated obligation of the Guarantor. The rights and claims of the Noteholders against the Guarantor under the Guarantee in respect of the Subordinated Notes issued by the Cayman Issuer will be subordinated as described in Condition 3.4.
Rating	The Programme has been assigned senior unsecured ratings of P(Baa1) by Moody's in connection with Notes issued by CBD and P(Baa1) by Moody's in connection with Notes issued by the Cayman Issuer and A- long-term and F2 short-term by Fitch in connection with Notes issued by CBD and A-long-term and F2 short-term by Fitch in connection with Notes issued by the Cayman Issuer. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and admission to trading	<p>Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and for such Notes to be admitted to trading on the Main Securities Market.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Obligors and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>

Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and Italy), Japan, Hong Kong, Singapore, the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Cayman Islands, the Kingdom of Bahrain, Qatar (including the Qatar Financial Centre), Malaysia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “ <i>Subscription and Sale</i> ”.
United States Selling Restrictions.....	Regulation S, Category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

FORM OF THE NOTES

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

Bearer Notes

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

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

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

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

Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

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

Registered Notes

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

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

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

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

General

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

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

accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 11 October 2018 and executed by each of the Issuers.

APPLICABLE FINAL TERMS

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

[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, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[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 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)] – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Notes to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Singapore Monetary Authority (the MAS) Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

[Date]

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

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

[Unconditionally and irrevocably guaranteed by

Commercial Bank of Dubai P.S.C.]

PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 11 October 2018 [and the supplements] to it dated [insert date] [and [insert date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of [the Prospectus Directive] / [Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”).]
[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the

¹ Legend to be included on front of the Final Terms if the Notes (i) are being sold into Singapore; (ii) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]]². Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [, any supplements thereto] and these Final Terms are available for viewing at the registered office of Commercial Bank of Dubai P.S.C. at Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates during normal business hours and copies may be obtained from those offices and the specified office of the Principal Paying Agent. The Base Prospectus [, any supplements thereto] and these Final Terms have been published on the Central Bank of Ireland's website.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. N.B. when using a post - 1 July 2012 approved Base Prospectus to tap a previous issue under a pre - 1 July 2012 approved Base Prospectus, the final terms in the post - 1 July 2012 Base Prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [2 May 2013][17 June 2015 and the supplement to it dated 30 October 2015][9 January 2017][26 September 2017] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplements to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [, any supplements thereto] and these Final Terms have been published on the Central Bank of Ireland's website.]

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

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

1. (a) Issuer: [CBD (Cayman) Limited]/[Commercial Bank of Dubai P.S.C.]
- (b) Guarantor: [N/A]/[Commercial Bank of Dubai P.S.C.]
2. (a) Series Number: [●]
- (b) Tranche Number: [●]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [24] below, which is expected to occur on or about [date]] [Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
 - (a) Series: [●]

² Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

	(b) Tranche:	[●]
5.	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6.	(a) Specified Denominations: <i>(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)</i>	[●] <i>(Note - For an issue in bearer form, where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above [€199,000].”) (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€100,000] minimum denomination is not required.)</i>
	(b) Calculation Amount:	[●] <i>(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.)</i>
7.	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[specify/Issue Date/Not Applicable] <i>(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)</i>
8.	Maturity Date:	[Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to <i>[specify month]</i>]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [[[●] month LIBOR/EURIBOR/EIBOR/LIBID/LIMEAN/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/SIBOR/KLIBOR/TIBOR/SAIBOR/BBSW/JPYLIBOR/PRIBOR] +/- [●] per cent. Floating Rate] [Zero Coupon] (see paragraph [15][17][18] below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11.	Change of Interest Basis:	[Specify the date when any fixed to floating rate change occurs cross refer to paragraphs 14 and 15 below and identify there] [Not Applicable]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [Regulatory Call] <i>[only applicable to Subordinated Notes]</i> [(see paragraphs [18] [19] below)]
13.	(a) Status of the Notes:	[Senior/Subordinated] Notes

- | | | |
|-------|--|---|
| [(b)] | Status of the Guarantee: | [Senior/Subordinated] |
| [(c)] | [Date [Board] approval for issuance of Notes and Guarantee obtained: | [●] [and [●], respectively] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)] |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---|---|
| 14. | Fixed Rate Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (a) | Rate(s) of Interest: | [●] per cent. per annum payable in arrear |
| (b) | Interest Payment Date(s): | [[●] in each year up to and including the Maturity Date] |
| (c) | Fixed Coupon Amount(s):
<i>(Applicable to Notes in definitive form)</i> | [●] per Calculation Amount |
| (d) | Broken Amount(s): <i>(Applicable to Notes in definitive form)</i> | [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable] |
| (e) | Day Count Fraction: | [30/360] [Actual/Actual (ICMA)] |
| (f) | Determination Date(s): | [[●] in each year] [Not Applicable]
<i>[(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)]</i> |
| 15. | Floating Rate Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (a) | Specified Period(s)/Specified Interest Payment Dates: | [●] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable] |
| (b) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable] |
| (c) | Additional Business Centre(s): | [●] |
| (d) | Manner in which the Rate of Interest and Interest Amount is to be determined: | [Screen Rate Determination/ISDA Determination] |
| (e) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): | [●] |
| (f) | Screen Rate Determination: | |
| | • Reference Rate: | [●] month [LIBOR/EURIBOR/EIBOR/LIBID/LIMEAN/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/SIBOR/KLIBOR/TIBOR/SAIBOR/BBSW/JPYLIBOR/PRIBOR] |
| | • Interest Determination Date(s): | [●] |

(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and second Dubai business day prior to the start of each Interest Period if EIBOR)

- Relevant Screen Page: [●]
- Relevant Financial Centre: [●]
- Relevant Time: [●]
- (g) ISDA Determination:
 - Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]

(In the case of a LIBOR, EURIBOR or EIBOR based option, the first day of the Interest Period)
- (h) 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*)]
- (i) Margin(s): [+/-][●] per cent. per annum
- (j) Minimum Rate of Interest: [●] per cent. per annum
- (k) Maximum Rate of Interest: [●] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]
30E/360 (ISDA)
- 16. Reset Note Provisions: [Applicable/Not Applicable]
 - (a) Initial Rate of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
 - (b) Interest Payment Date(s): [●] [and [●]] in each year [up to and including the Maturity Date]
 - (c) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
 - (d) Determination Date(s): [[●] in each year/Not Applicable]
 - (e) Reset Date(s): [●]
 - (f) Subsequent Reset Reference Rate(s) and Relevant Finance Centre: Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond]

Relevant Financial Centre: [●]

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

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 8.2: Minimum period: [●] days
Maximum period: [●] days³
19. Notice periods for Condition 8.3: Minimum period: [●] days²
Maximum period: [●] days
20. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
 - (b) Optional Redemption Amount: [[●] per Calculation Amount]
 - (c) If redeemable in part: [●] [●]
 - (i) Minimum Redemption Amount: [●]
 - (ii) Maximum Redemption Amount: [●]
 - (d) Notice periods: Minimum period: [●] days
Maximum period: [●] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21. Investor Put: [Applicable/Not Applicable]

³ When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent.

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

- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [[●] per Calculation Amount]
- (c) Notice periods: Minimum period: [●] days
Maximum period: [●] days

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

- 22. Final Redemption Amount [[●] per Calculation Amount]
- 23. Early Redemption Amount payable on redemption for taxation reasons, regulatory reasons or on event of default: [●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24. Form of Notes: [Bearer Notes:
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]
[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]]
[Registered Notes:
Registered Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]
(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes)
- 25. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not Interest Period end dates to which item 15(c) relates)

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

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor]

By:

Duly authorized

By:

Duly authorized]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

- (a) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example, Euronext Dublin's Main Securities Market)*] and, if relevant, listing on an official list (for example, the Official List of Euronext Dublin)] with effect from [●].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example, Euronext Dublin's Main Securities Market)*] and, if relevant, listing on an official list (for example, the Official List of Euronext Dublin)] with effect from [●].]
- [Not Applicable.]
- (b) Estimate of total expenses related to admission to trading:

2. RATINGS

Ratings:

- [●]
- [The Notes to be issued [[have been]/[are expected to be]] rated] [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].
- Each of [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”)
- A rating is not a recommendation by any rating organisation to buy, sell or hold Notes and maybe subject to revision or withdrawal at any time by the assigning rating organisation.
- (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

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

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

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

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

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

[●]

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

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

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

6. OPERATIONAL INFORMATION

- | | | |
|-----|--|---|
| (a) | ISIN Code: | [●] |
| (b) | Common Code: | [●] |
| (c) | [FISN Code: | [●]] |
| (d) | [CFI Code: | [●]] |
| (e) | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [Not Applicable]/[give <i>name(s)</i> , <i>address(es)</i> and <i>number(s)</i>] |
| (f) | Delivery: | Delivery [against/free of] payment |
| (g) | Names and addresses of additional Paying Agent(s) (if any): | [●] |
| (h) | Deemed delivery of clearing system notices for the purposes of Condition 15: | Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg. |

7. DISTRIBUTION

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

TERMS AND CONDITIONS OF THE NOTES

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

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

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

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

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (the “**Agency Agreement**”, which expression includes the same as it may be amended, supplemented or restated from time to time) dated 11 October 2018 and made between CBD (Cayman) Limited (the “**Cayman Issuer**”) as an issuer, Commercial Bank of Dubai P.S.C. (“**CBD**”) as an issuer and as guarantor of Notes issued by the Cayman Issuer (CBD in such capacity, the “**Guarantor**”), Citibank N.A., London Branch as issuing and principal paying agent and agent bank (the “**Principal Paying Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as transfer agent and the other transfer agents named therein (if any) (the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents) and Citigroup Global Markets Europe AG as registrar (the “**Registrar**”, which expression shall include any successor registrar).

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

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

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

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

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

If the Issuer is the Cayman Issuer, the payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a deed of guarantee (such deed of guarantee as modified and/or supplemented and/or restated from time to time) (the “**Guarantee**”) dated 11 October 2018 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

The Noteholders and the Couponholders are entitled to the benefit of a deed of covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 11 October 2018 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent, the Registrar and each of the Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “**Agents**”). Copies of the applicable Final Terms are available for viewing at the registered office of Commercial Bank of Dubai P.S.C. at Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, the Guarantee and the Deed of Covenant.

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

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

1. FORM, DENOMINATION AND TITLE

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

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

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

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

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any

notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

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

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

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

2.2 Transfers of Registered Notes in definitive form

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

Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the

Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

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

2.4 Costs of registration

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

3. STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Senior Notes

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

3.2 Status of the Guarantee in respect of the Senior Notes

This Condition 3.2 only applies to Senior Notes issued by the Cayman Issuer.

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

3.3 Status of the Subordinated Notes

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

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

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in

connection with other indebtedness of the Issuer shall not secure the Issuer's payment obligations under the Subordinated Notes.

For this purpose and as used in these Conditions:

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

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

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

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

3.4 Status of the Guarantee in respect of the Subordinated Notes

This Condition 3.4 only applies to Subordinated Notes issued by the Cayman Issuer.

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

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

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

4. NEGATIVE PLEDGE

This Condition 4 only applies to Senior Notes.

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

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

For the purposes of these Conditions:

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

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

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

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

“**Subsidiary**” means in relation to any Person (the “**first person**”) at any particular time, any other Person (the “**second person**”) whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; and

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

5. REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders, on giving prior notice to the Principal

Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, *provided that*, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denominations of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7; and (ii) in the case of Notes which are not Relevant Notes in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the “**Exchange Notice**”) that replacement euro-denominated Notes and Coupons are available for exchange (*provided that* such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

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

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

5.2 Definitions

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

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

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

“Relevant Notes” means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area.

6. INTEREST

6.1 Interest on Fixed Rate Notes

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

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

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

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

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

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market

convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

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

In the Conditions:

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

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

6.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **“Interest Payment Date”**) which falls the number of months or other period specified as the Specified Period in the applicable

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

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

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

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

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open.

(b) **Rate of Interest**

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

- (i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable

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

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

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

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

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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

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

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

As used in these Conditions:

“**Reference Rate**” means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (i) Euro-Zone interbank offered rate (EURIBOR);
- (ii) London interbank bid rate (LIBID);
- (iii) London interbank offered rate (LIBOR);

- (iv) London interbank mean rate (LIMEAN);
- (v) Shanghai interbank offered rate (SHIBOR);
- (vi) Hong Kong interbank offered rate (HIBOR);
- (vii) Singapore interbank offered rate (SIBOR);
- (viii) Kuala Lumpur interbank offered rate (KLIBOR);
- (ix) Emirates interbank offered rate (EIBOR);
- (x) Saudi Arabia interbank offered rate (SAIBOR);
- (xi) Australia Bank Bill Swap (BBSW);
- (xii) Japanese Yen LIBOR (JPY LIBOR);
- (xiii) Prague interbank offered rate (PRIBOR);
- (xiv) CNH Hong Kong interbank offered rate (CNH HIBOR);
- (xv) Turkish Lira interbank offered rate (TRLIBOR or TRYLIBOR); and
- (xvi) Tokyo interbank offered rate (TIBOR);

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

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

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

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

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

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

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

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

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

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

(e) **Linear Interpolation**

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

period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

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

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

(g) **Certificates to be final**

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

6.3 Interest on Reset Notes

(a) **Rates of Interest**

Each Reset Note bears interest:

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

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

As used in these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Subsequent Reset Reference Rate” means either:

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

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

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

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

“Day Count Fraction” and related definitions have the meanings given in Condition 6.1.

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

If the Subsequent Reset Rate Screen Page is not available, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Principal Paying Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the foregoing provisions of this paragraph, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

For the purposes of this Condition 6.3(b):

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

“Relevant Financial Centre” means the financial centre specified as such in the applicable Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London, (ii) in the case of a determination of EURIBOR, Brussels, (iii) in the case of determination of EIBOR, Dubai or Abu Dhabi, (iv) in the case of a determination of SIBOR, Singapore, (v) in

the case of a determination of TIBOR, Tokyo, (vi) in the case of a determination of HIBOR, Hong Kong or (vii) in the case of a determination of the Bank of England Base Rate, London.

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

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

6.4 Accrual of interest

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

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

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof) or (without prejudice to the provision of Condition 9) any law implementing an intergovernmental approach thereto.

7.2 Presentation of definitive Bearer Notes and Coupons

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

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

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

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

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

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

7.3 Payments in respect of Bearer Global Notes

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

7.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the

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

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

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

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

7.5 General provisions applicable to payments

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

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

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

7.6 Payment Day

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

7.7 Interpretation of principal and interest

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

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

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

7.8 RMB Currency Event

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

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

For the purpose of this Condition:

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

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

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

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

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

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

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

“**Spot Rate**” means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by

reference to the Relevant Spot Rate Screen Page (Deliverable Basis), or if no such rate is available, on a non-deliverable basis by reference to the Relevant Spot Rate Screen Page (Non-deliverable Basis). If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market.

7.9 RMB account

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

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

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

8.2 Redemption for tax reasons

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

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or, if applicable, the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, if applicable, the Guarantor taking reasonable measures available to it,

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

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

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

8.3 Redemption for regulatory reasons (Regulatory Call)

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

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

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

In this Condition 8.3:

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

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

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

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

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

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

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

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

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

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

8.6 Early Redemption Amounts

For the purpose of Condition 8.2 above, Condition 8.3 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

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

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

where:

“**RP**” means the Reference Price;

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

“**y**” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

8.7 Purchases

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

8.8 Cancellation

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

8.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, 8.2, 8.3, 8.4 or 8.5 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.6(c) above as

though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

9. TAXATION

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

- (a) presented for payment in a Tax Jurisdiction; or
- (b) a holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6).

As used herein:

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

10. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. EVENTS OF DEFAULT

11.1 Events of Default relating to Senior Notes

This Condition 11.1 only applies to Senior Notes and provisions of or claims under the Guarantee in respect of Senior Notes of Coupons pertaining thereto.

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

- (a) default is made in the payment of any principal or interest due in respect of the Notes or the Guarantee or any of them and the default continues for a period of at least seven days in the case of principal or at least 14 days in the case of interest; or
- (b) the Issuer or, if applicable, the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer or, as the case may be, the Guarantor of written notice requiring the same to be remedied; or
- (c) (i) any Indebtedness of the Issuer, the Guarantor (if applicable) or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of default (however described) or (iii) the Issuer, the Guarantor (if applicable) or any Material Subsidiary fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee of any Indebtedness, *provided that* each such event shall not constitute an Event of Default unless the aggregate amount of all such Indebtedness, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing, shall be more than U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or
- (d) one or more judgments or orders for the payment of any sum in excess of U.S.\$10,000,000 is rendered against the Issuer, the Guarantor (if applicable) or any of their respective Subsidiaries and continues unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 30 days after the date thereof; or
- (e) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor (if applicable) or any Material Subsidiary, save in connection with a Permitted Reorganisation; or
- (f) the Issuer, the Guarantor (if applicable) or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save in connection with a Permitted Reorganisation, or the Issuer, the Guarantor (if applicable) or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) (i) any court or other formal proceedings are initiated against the Issuer, the Guarantor (if applicable) or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer, the Guarantor (if applicable) or the relevant Material Subsidiary, as the case may be), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor (if applicable) or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (h) the Issuer, the Guarantor (if applicable) or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency,

composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save in connection with a Permitted Reorganisation; or

- (i) any event occurs which under the laws of the United Arab Emirates or any Emirate therein and, if applicable, the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (h) above; or
- (j) at any time (i) it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes, or, if applicable, for the Guarantor to perform or comply with any of its obligations under or in respect of the Guarantee or (ii) any of such material obligations of the Issuer or, if applicable, the Guarantor thereunder are not or cease to be legal, valid, binding or enforceable; or
- (k) if applicable, the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- (l) by or under the authority of any government (i) the management of the Issuer, the Guarantor (if applicable) or any Material Subsidiary is wholly or substantially displaced or the authority of the Issuer, the Guarantor (if applicable) or any Material Subsidiary in the conduct of its business is wholly or substantially curtailed or (ii) all or a majority of the issued share capital of the Issuer, the Guarantor (if applicable) or any Material Subsidiary or the whole or a substantial part of its revenues or assets are seized, nationalised, expropriated or compulsorily acquired,

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

11.2 Events of Default relating to Subordinated Notes

This Condition 11.2 only applies to Subordinated Notes and provisions of or claims under the Guarantee in respect of Subordinated Notes or Coupons pertaining thereto.

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

- (a) If default is made in the payment of any principal or interest due in respect of the Notes, the Guarantee or any of them and the default continues for a period of at least seven days in the case of principal and at least 14 days in the case of interest, while such default is continuing any Noteholder may institute proceedings for the dissolution and liquidation of the Issuer or the Guarantor in the United Arab Emirates or any Emirate therein or, as the case may be, in the Cayman Islands (but not elsewhere).
- (b) If any one or more of the following events shall occur and be continuing:
 - (i) the Issuer or the Guarantor (if applicable) takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or reorganisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Issuer or the Guarantor (if applicable) save (A) for the purposes of reorganisation on terms approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation and *provided that a bona fide disposal for full value on an arm's*

length basis of the whole or a substantial part of the business of the Issuer or the Guarantor (if applicable) shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or

- (ii) the Issuer or the Guarantor (if applicable) ceases to carry on the whole or a substantial part of its business save (A) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or (B) in connection with a Permitted Reorganisation and *provided that a bona fide* disposal for full value on an arm's length basis of the whole or a substantial part of the business of the Issuer or the Guarantor (if applicable) shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph; or
- (iii) the Issuer or the Guarantor (if applicable) is unable to pay its debts as they fall due or, save in connection with a Permitted Reorganisation, commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of its Indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or
- (iv) any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Issuer or the Guarantor (if applicable) or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Issuer or the Guarantor (if applicable); or
- (v) any event occurs which under the laws of the United Arab Emirates or any Emirate therein and, if applicable, the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in sub-paragraphs (i) to (iv) above,

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

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

11.3 Definitions

For the purposes of this Condition:

“guarantee” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;

- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

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

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

“Material Subsidiary” means at any relevant time a Subsidiary of CBD (regardless of whether CBD owns such Subsidiary directly or indirectly):

- (a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated financial statements, whose consolidated total assets or consolidated gross revenues, as the case may be) represents not less than 10 per cent., of the consolidated total assets or the consolidated gross revenues of CBD and its respective Subsidiaries, all as calculated by reference to the then latest audited financial statements (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated financial statements of CBD; or
- (b) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary; and

“Permitted Reorganisation” means:

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

12. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

The Issuer and the Guarantor (if applicable) are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, *provided that*:

- (a) there will at all times be a Principal Paying Agent and a Registrar; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer and the Guarantor (if applicable) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer and the Guarantor (if applicable) in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the Republic of Ireland (which is expected to be the *Irish Times*) or published on the website of Euronext Dublin (www.ise.ie) or, in either case such publication is not practicable, in a leading English Language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the

Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a manner which complies with those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor (if applicable) and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not, in the sole opinion of the Issuer prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19. GOVERNING LAW AND DISPUTE RESOLUTION

19.1 Governing law

The Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Coupons and these Conditions (including the remaining provisions of this Condition 19) and any non-contractual obligations arising out of or in connection thereto are governed by, and shall be construed in accordance with, English law.

19.2 Arbitration

Subject to Condition 19.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons and/or these Conditions (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “**Dispute**”) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the “**Rules**”), which Rules (as amended from time to time) are incorporated by reference into this Condition 19.2. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party hereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

19.3 Option to litigate

Notwithstanding Condition 19.2 above, any Noteholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer and (if applicable) the Guarantor:

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

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 19.4 and, subject as provided below, any arbitration commenced under Condition 19.2 in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the relevant Noteholder or Couponholder must also promptly give notice to the Registrar (as defined in the Rules) and to any arbitrator already appointed in relation to the Dispute that such

Dispute will be settled by the courts. Upon receipt of such notice by the Registrar, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

19.4 Jurisdiction of the courts

In the event that a notice pursuant to Condition 19.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England and the Dubai International Financial Centre (the “**DIFC**”) (at the option of the Noteholders and the Couponholders) shall have exclusive jurisdiction to settle any Dispute and the Issuer and the Guarantor each submits to the exclusive jurisdiction of such courts;
- (b) the Issuer and the Guarantor each waives any objection to the courts of either England or the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute; and
- (c) this Condition 19.4 is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding paragraph (a) above, any Noteholder or Couponholder may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

19.5 Appointment of Process Agent

Each of the Issuer and the Guarantor irrevocably appoints Process Servers Ltd at its registered office at 4 Marylebone High Street, London W1U 4NQ, United Kingdom as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Process Servers Ltd being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.6 Waiver of immunity

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

19.7 Other documents

Each of the Agency Agreement, the Guarantee and the Deed of Covenant contains governing law, arbitration, submission, process agent appointment and enforcement terms that are substantially similar to those set out above.

USE OF PROCEEDS

In the case of Notes issued by the Cayman Issuer, the net proceeds from each issue of Notes will be lent by the Cayman Issuer to CBD and, along with the net proceeds from each issue of Notes by CBD, will be applied by CBD for its general corporate purposes, which include making a profit.

DESCRIPTION OF THE CAYMAN ISSUER

The Cayman Issuer was incorporated in the Cayman Islands as an exempted company with limited liability on 12 May 2015 in accordance with the Companies Law of the Cayman Islands (as amended), with registration number 299778 and having its registered office at c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. Its telephone number is +1 345 814 7600.

The authorised share capital of the Cayman Issuer is US\$50,000.00 divided into 50,000 ordinary shares with a par value of US\$1.00 each. The issued share capital of the Cayman Issuer is 1 share, which is fully paid and held by CBD.

The Cayman Issuer has no subsidiaries.

The board of directors of the Cayman Issuer and their other principal activities at the date hereof are as follows:

Director	Other principal activities at Commercial Bank of Dubai P.S.C.
1. Bernardus van Linder	Chief Executive Officer
2. Darren William Clarke	Chief Financial Officer
3. Souhayel Tayeb	Head of Legal Department

The business address of each member of the board of directors is Head Office, Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates.

The Cayman Issuer has no employees other than those directors listed above and is not expected to have any employees in the future.

No member of the board of directors of the Cayman Issuer has any actual or potential conflict of interest between his duties to the Cayman Issuer, CBD and his private interests and/or other duties. As a matter of Cayman Islands law, each director is under a duty to act honestly and in good faith with a view to the best interests of the Cayman Issuer, regardless of any other directorships he may hold.

The objects of the Cayman Issuer, as referred to in its Memorandum of Association, are unrestricted and the Cayman Issuer has full power and authority under its Memorandum of Association to carry out any object which is not prohibited by the laws of the Cayman Islands. Permitted objects would accordingly include the issue of the Notes and the execution of the Programme Agreement, the Agency Agreement, the Deed of Covenant (the “**Transaction Documents**”) to which it is a party and other agreements necessary for the performance of its obligations under the transactions contemplated thereby and undertaking activities pursuant to, or that are not inconsistent with, the terms and conditions of the Notes.

Under the terms of the Transaction Documents, the Cayman Issuer is not restricted from issuing securities other than the Notes or otherwise incur indebtedness.

The Cayman Issuer has not audited or published, and does not propose to audit or publish, any accounts since it is not required to do so under the laws of the Cayman Islands. The Cayman Issuer’s non-audited financial statements are not published and are prepared only for internal purposes. The Cayman Issuer is, however, required to keep such books of account as are necessary to give a true and fair view of the Cayman Issuer’s affairs and to explain its transactions.

DESCRIPTION OF CBD

Overview

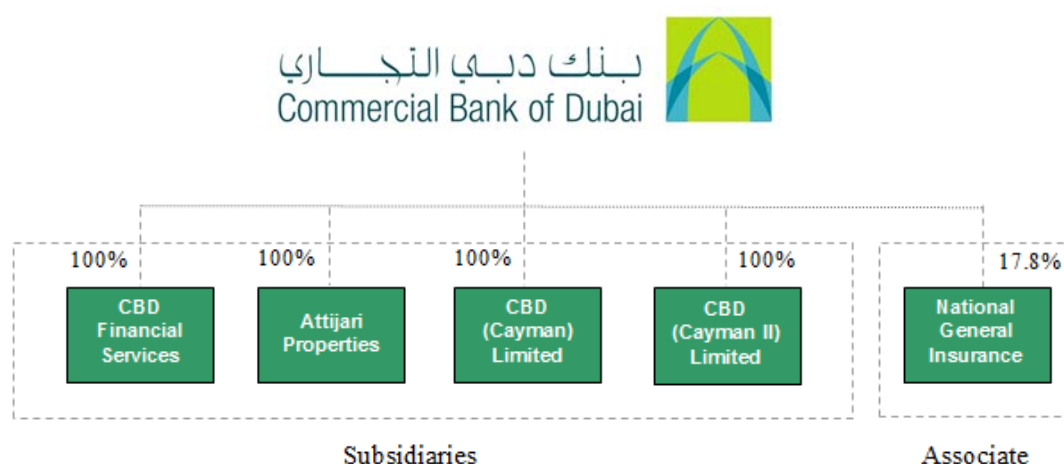
CBD was incorporated in Dubai, UAE, on 4 July 1969 pursuant to an Emiri Decree. CBD is registered as a public shareholding company in accordance with Federal Law No. 2 of 2015. CBD's commercial registration number is 1010121, its registered office is Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates and its telephone number is +971 4 2121000.

CBD offers a range of banking products and services in the UAE primarily to corporate and commercial customers, including loans, working capital financing, trade finance products and deposit accounts. CBD also offers personal banking products, including deposit accounts, personal loans and mortgage products to retail customers. Since 2008, CBD has provided Shari'a compliant financial services to corporate and retail customers through its "Attijari Al Islami" finance division. As at the date of this Base Prospectus, CBD has four wholly owned subsidiaries:

- CBD Financial Services LLC ("CBD Financial Services"), which provides brokerage facilities for local shares and bonds;
- Attijari Properties LLC ("Attijari Properties"), which provides self-owned property management services;
- the Cayman Issuer, a special purpose vehicle incorporated in May 2015, which may, among other things, issue Notes under the Programme; and
- CBD (Cayman II) Limited, a special purpose entity established and registered in the British Virgin Islands in 2016 in order to transact and negotiate derivative agreements.

CBD also has one associate, National General Insurance Co. PSC ("NGI") in which CBD holds a 17.8 per cent. shareholding. NGI underwrites life and general insurance business as well as certain reinsurance business. CBD, CBD Financial Services, Attijari Properties, the Cayman Issuer, CBD (Cayman II) Limited and NGI are collectively referred to herein as the "Group".

The following diagram summarises CBD's Group structure:



CBD categorises its business into five business segments: Corporate Banking, Commercial Banking, Business Banking, Personal Banking, and Treasury and Investment. As at 30 June 2018, the assets of the Corporate Banking and Commercial Banking segments together accounted for AED 46.1 billion, or 67 per cent. of CBD's total assets and their combined total liabilities amounted to AED 38.0 billion, or 63 per cent. of CBD's total liabilities. As at 31 December 2017, the assets of the Corporate Banking segment and Commercial Banking segment together accounted for AED 45.2 billion, or 64 per cent. of CBD's total assets and their combined total liabilities amounted to AED 39.1 billion, or 64 per cent. of CBD's total liabilities.

CBD operates across the UAE through a network of 22 branches (of which 13 are in Dubai) and one digital kiosk. CBD offers conventional as well as Shari'a compliant Islamic products through these branches. CBD also operates one sales office as well as 169 automated teller machines (“ATMs”) and cash deposit machines (“CDMs”). As at 30 June 2018, CBD employed 1,020 staff. As at 31 December 2017, CBD employed 1,069 staff.

As at and for the six month period ended 30 June 2018, CBD's net profit was AED 561 million (an increase of 69 per cent. compared to the six month period ended 30 June 2017). Its total assets amounted to AED 68.9 billion (a decrease of 2 per cent. compared to total assets as at 31 December 2017) and its total equity amounted to AED 8.6 billion (a decrease of 5 per cent. compared to total equity as at 31 December 2017). CBD's net profit was AED 1.0 billion for the years ended 31 December 2017 and 31 December 2016. As at 31 December 2017, CBD's total assets amounted to AED 70.4 billion, an increase of 10 per cent. compared to AED 64.1 billion as at 31 December 2016. CBD's total equity was AED 9.1 billion as at 31 December 2017, an increase of 5 per cent. from AED 8.7 billion as at 31 December 2016.

CBD's ordinary shares are listed on the Dubai Financial Market (“DFM”). As at the date of the Base Prospectus, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,802,733,968 ordinary shares of AED 1 each (compared to 2,802,733,968 ordinary shares of AED 1 each as at 31 December 2017 and as at 31 December 2016). For further information, see “*Share Capital and Shareholders*”.

CBD has a long term issuer rating of A- from Fitch and Baa1 from Moody's. Each of Fitch and Moody's is established in the European Union and registered under the CRA Regulations.

History and Development

Upon its incorporation, Chase Manhattan Bank N.A. (“**Chase Manhattan**”), Commerzbank Aktiengesellschaft (“**Commerzbank**”) and the Commercial Bank of Kuwait S.A.K. (“**CBK**”) each held 26 per cent. of the issued share capital of CBD, with the balance being held by a number of UAE shareholders. Chase Manhattan managed CBD from its incorporation until July 1977. In 1980, Chase Manhattan sold its shareholding to CBK. Shortly afterwards, Commerzbank sold its shareholding to Pearl Investment Co., a registered company in Bahrain controlled by CBK, thereby giving CBK a controlling interest of 78 per cent. of CBD's issued share capital. Following the introduction of restrictions on the foreign ownership of banking institutions in the UAE in 1982, CBK sold all of its shareholding in CBD to UAE nationals and to the Government of Dubai. The Government of Dubai's shareholding is currently registered in the name of its wholly owned investment entity, the Investment Corporation of Dubai (“**ICD**”).

Strategy

In December 2017, following a detailed review of its business, CBD approved a new three year strategic plan for the period 2018 to 2020. The strategic plan sets out CBD's growth and profitability aspirations for the period between 2018 to 2020 and the initiatives required to achieve them.

CBD's strategy is to diversify its income sources by selectively expanding the range of products and services it offers in its core business areas of Corporate and Commercial Banking, while seeking selective and measured growth in the Personal Banking segment and Islamic Banking.

Strengthening CBD's Corporate and Commercial Banking portfolios

The Corporate and Commercial Banking segments continue to support areas of key economic activity, specifically real estate, trade, education, hospitality, healthcare, services, and manufacturing sectors, and have seen growth from both existing and new clients in these sectors. CBD will seek to acquire new customers and strengthen existing client relationships with the aim of becoming its clients' primary banking partner.

As part of its strategic plan, CBD aims to increase fee and commission income from existing Corporate Banking and Commercial Banking clients, so that the fee and commission revenues received from a client

represent at least the same proportion as CBD's share of the client's total lending across banks. CBD intends to achieve this objective by focusing on the following initiatives:

- *Selectively expanding the range of corporate and commercial products and services offered to corporate and commercial customers.* In particular, CBD plans to expand its fee - generating products and services, by leveraging its existing portfolio of trade, treasury and transaction banking products and services to position CBD as banking partner for all client requirements. CBD continues to invest in iBusiness, an innovative corporate online banking platform that aims to provide corporate clients with a user-friendly online banking platform. iBusiness allows clients to view account balances, initiate online payments, apply for various trade products and manage daily liquidity positions.
- *Deepening client relationships.* CBD will seek to deepen existing client relationships by institutionalising within CBD client specific service teams. The members of each client service team will be drawn from various departments and levels of seniority within CBD and they will interact with the clients across different levels of client management.
- *Target the expatriate owned business market.* CBD will target businesses owned by expatriates with an established track record of operating in the UAE, particularly corporate and commercial entities operating in the UAE free zones and multinational corporations.

Measured growth in CBD's Personal Banking segment

CBD's strategic plan sets out growth in the Personal Banking segment as a strategic priority. CBD aims to accelerate revenue growth in the medium-term and have a positive impact on CBD's overall risk-return profile.

A separate comprehensive operational plan has been developed and approved by the Board with the intention of making CBD a leading financial services provider in the UAE for high net worth individuals ("HNWIs") and "affluent" customers. CBD will seek to compete in this market by offering products and services specifically tailored to its target market segments and, by providing a comprehensive and personalised service to its Personal Banking customers.

As part of its strategy of growing its Personal Banking business and improving client service, CBD will continue to develop innovative digital banking services in order to make banking simpler, easier and more personalised. A major initiative introduced in 2016 was "CBD Now" – the UAE's first digital-only bank targeting digitally connected customers. CBD Now seeks to reshape customer relationships through a series of innovative banking solutions by allowing customers to conduct most transactions entirely online.

CBD believes that the continued development and refinement of the Bank's data analytics and intelligence capabilities will be critical in order to enable CBD to maximise its ability to cross sell products and services to its Personal Banking clients, to enhance its credit decision making models and to comply with regulatory requirements.

Develop CBD's Islamic banking business

In light of increased demand for Islamic banking products, CBD plans to continue to grow its existing Islamic banking business by strengthening management and sales capabilities and investing in new products and services. CBD's Islamic banking business, managed under the Attijari Al Islami brand, offers a range of banking products and services for both commercial and personal banking clients including deposit accounts, investment deposits (Mudaraba short term, Wakalah and Commodity Murabaha), Mustaqbali Al Islami Wealth Builder (an investment-linked savings plan), Al Dana Al Islami Al Malaki (which offer customers bundled banking products and services with banking and lifestyle related advantages) and Al Dana Al Islami Sundus, Ijarah Home Lease, Absher Personal Finance Tawarruq through Equity Shares and Mudaraba Tasdeer Finance.

During the six month period ended 30 June 2018, the Islamic financing portfolio of Attijari Al Islami increased by 7 per cent. when compared with 31 December 2017, accounting for 15 per cent. of CBD's gross

loans and advances and Islamic financing, while customer deposits and Islamic customer deposits increased by 12 per cent. when compared with 31 December 2017, accounting for 18 per cent. of CBD's customer deposits and Islamic customer deposits.

To be recognised as an employer of choice

CBD aims to be recognised as an employer of choice in the UAE by fostering a motivational environment which rewards superior performance. CBD's performance management framework has recently been restructured with a reward and development programme that supports CBD's ambition to build a high performance culture across the Bank.

CBD pro-actively implements the Emiratisation initiative to recruit, train, develop and retain Emirati staff at all levels of the organisation. The appraisal process is transparent both in terms of setting of objectives as well as evaluation of performance and career progression is based on merit. CBD's incentive and reward programs are geared to recognise high performers. Employee welfare is addressed through various channels including a periodic anonymously conducted Employee Engagement Survey, which is undertaken by an independent survey agency. The findings are presented to management who may elect to set up focus groups to discuss solutions to any issues that become apparent from the survey.

Competition

Banks conducting business in the UAE face competition from the large number of both conventional and Islamic, UAE and foreign banks that are licensed to operate in the UAE. According to data published by the UAE Central Bank there were a total of 49 banks (22 locally incorporated banks and 27 foreign banks) licensed to operate in the UAE as at 30 June 2018 (excluding the DIFC (*source*: UAE Central Bank). See “*UAE Banking Sector Regulation*” for further information.

In relation to commercial banking, CBD has established a long-standing customer base of leading companies comprising of private corporate and government customers. CBD's key competitors are primarily UAE banks such as Emirates NBD, Mashreq Bank, Union National Bank, Abu Dhabi Commercial Bank, First Abu Dhabi Bank P.J.S.C., and the National Bank of Ras Al Khaimah, as well as international banks such as Citibank and HSBC.

Competitive Strengths

CBD believes that it has a strong market position which is based on competitive advantages such as:

Stable and low cost funding base: CBD's management believe that the Bank benefits from a consistently lower cost of funds than many of its competitors as a result of the high proportion of the Bank's total customer deposits which consist of stable current and savings accounts. As at 30 June 2018, current and savings accounts constituted 43 per cent. of total customer deposits and Islamic customer deposits compared to 40 per cent. as at 31 December 2017 and 44 per cent. as at 31 December 2016. The Bank's low cost funding has allowed CBD to achieve higher net interest margins.

Strong capital base: CBD calculates its risk asset ratio in accordance with capital adequacy guidelines established by the UAE Central Bank and the Basel Committee Guidelines in accordance with the Basel III accord. The current Tier I capital adequacy ratio stipulated by the UAE Central Bank is 10.38 per cent. CBD has consistently maintained a capital adequacy ratio and Tier I ratio in excess of the minimum requirements required by the UAE Central Bank. As at 30 June 2018, CBD had a Tier I capital adequacy ratio of 13.85 per cent. compared to 14.02 per cent. as at 31 December 2017 and 14.59 per cent. as at 31 December 2016.

Consistent profitability and returns: CBD has been consistently profitable, with levels of net profit, amounting to AED 561 million for the six month period ended 30 June 2018, and AED 332 million for the six month period ended 30 June 2017. CBD's net profit amounted to AED 1,002 million, AED 1,003 million, and AED 1,066 million for the years ended 31 December 2017, 2016 and 2015, respectively. The Bank has also maintained returns on average equity of 11 per cent., 12 per cent., and 13 per cent for the years ended 31 December 2017, 2016 and 2015, respectively. CBD's return on average equity was 13 per cent. for the six

month period ended 30 June 2018. Management estimates that CBD has one of the highest total returns to shareholders of UAE banks in the period from 2005 to 2017 (based on CBD's periodic analysis of UAE banks).

Fast growing Islamic financing banking franchise: The Islamic Banking business at CBD was launched in 2008 and is managed under the Attijari Al Islami brand, offering Shari'a compliant financial solutions to retail banking, corporate and commercial customers. The Bank rebranded its Islamic finance offering in 2015 and introduced a range of innovative Islamic products, including Sukuk custody and leverage on Sukuk products, as well as partnering with SALAMA Insurance to offer a diverse range of Takaful products. For the six month period ended 30 June 2018, gross Islamic financing increased by 7 per cent. to AED 7.5 billion from AED 7.1 billion as at 31 December 2017. For the six month period ended 30 June 2018, Islamic customer deposits increased by 12 per cent. to AED 8.7 billion from AED 7.8 billion as at 31 December 2017.

Strength of brand: CBD has a strong brand in the UAE, with a loyal customer base consisting primarily of Emirati owned businesses and customers with whom it has long standing relationships. A customer engagement survey carried by an external market research agency in 2017 revealed that 69 per cent. of CBD's Corporate customers, 69 per cent. of Commercial customers, 67 per cent. of Business Banking customers, 68 per cent. of Personal Banking customers, and 69 per cent. of Islamic Personal Banking customers surveyed reported that they felt engaged by CBD. These customers reported that they were satisfied with their banking relationship and were willing to continue with CBD and willing to recommend CBD.

Shareholder support: The main shareholders and directors are eminent local businessmen who are able to provide management with genuine commercial insights which assist CBD in meeting the needs of its customers. The shareholding structure of the top 5 shareholders has remained stable since 2007.

Quality of management: CBD's strategy is supported by the senior management's broad expertise in international, regional and national banks. Senior management have extensive experience in the banking sector in Dubai and the region.

Distribution network: CBD is able to distribute its products through a variety of channels, which include its distribution network of 22 branches, 1 digital kiosk, 1 cash office, 169 ATMs and CDMs, a direct sales force, supported by a 24/7 call centre as well as internet and mobile banking services.

Share Capital and Shareholders

As at the date of this Base Prospectus, the authorised, issued and fully paid-up ordinary share capital of CBD comprises 2,802,733,968 ordinary shares of AED 1 each (compared to 2,802,733,968 ordinary shares of AED 1 each as at 31 December 2017 and at 31 December 2016).

From 2013 to March 2018, CBD has distributed between 49 per cent. to 93 per cent. of its annual profits to its shareholders as dividends.

As at 30 June 2018, 20 per cent. of the issued share capital of CBD was registered in the name of the ICD on behalf of the Government of Dubai. Of the balance of 80 per cent., which constitutes the free float of CBD's equity, there are five shareholders with a total holding of 44 per cent. of the issued share capital, each holding in excess of 5 per cent. of CBD's share capital. These shareholders are Al Futtaim Private Co. (10.5 per cent.), Arab Orient Insurance Co. (8.8 per cent.), Abdulla Hamad Al Futtaim (7 per cent.), Ghobash Trading & Investment (6.4 per cent.), Abdul Wahed Al Rostamani (5.9 per cent.), and Al Majid Investments (5 per cent.).

In accordance with CBD's articles of association, the shares of CBD are currently owned and shall be owned by, and may only be acquired by, natural persons having UAE nationality or legal persons or corporations fully owned by UAE nationals.

Business Overview

CBD categorises its business into five business segments: Corporate Banking, Commercial Banking, Business Banking, Personal Banking, and Treasury and Investment. As at 30 June 2018, the assets of the Corporate

Banking and Commercial Banking segments together accounted for AED 46.1 billion, or 67 per cent. of CBD's total assets and their combined total liabilities amounted to AED 38.0 billion, or 63 per cent. of CBD's total liabilities. As at 31 December 2017, the assets of the Corporate Banking segments and Commercial Banking segment together accounted for AED 45.2 billion, or 64 per cent. of CBD's total assets and their combined total liabilities amounted to AED 39.1 billion, or 64 per cent. of CBD's total liabilities.

CBD has four wholly owned subsidiaries: CBD Financial Services, which provides brokerage facilities for local shares and bonds; Attijari Properties, which provides self-owned property management services; CBD (Cayman) Limited, which was incorporated in the Cayman Islands in 2015 to facilitate funding for CBD; and CBD (Cayman II) Limited, which was incorporated in the British Virgin Islands in 2016 to negotiate and transact derivative agreements. CBD also has one associate, NGI, which underwrites life and general insurance business as well as certain reinsurance business. In addition, CBD provides Shari'a compliant financial services to corporate and retail customers through its "Attijari Al Islami" finance division which it launched in 2008.

For each of the five business segments, the following table set out assets and liabilities as at 30 June 2018 and as at 31 December 2017 and total operating income for the six month periods ended 30 June 2018 and 30 June 2017.

Business Segments

	Assets		Liabilities	
	(AED million)	(%)	(AED million)	(%)
30 June 2018 ¹				
Corporate Banking	35,938	52.2	30,875	51.2
Commercial Banking	10,211	14.8	7,141	11.8
Business Banking	684	1.0	2,769	4.6
Personal Banking	7,052	10.2	13,481	22.4
Treasury & Investments	15,021	21.8	6,043	10.0
	68,906	100.0	60,309	100.0

¹ Unaudited

31 December 2017				
Corporate Banking	32,599	46.3	31,490	51.3
Commercial Banking	12,575	17.9	7,630	12.4
Business Banking	1,003	1.4	3,416	5.6
Personal Banking	6,993	9.9	11,830	19.3
Treasury & Investments	17,244	24.5	6,969	11.4
	70,414	100.0	61,333	100.0

	30 June 2018 ¹		30 June 2017 ¹	
	Total Operating Income (AED million)	(%)	Total Operating Income (AED million)	(%)
Corporate Banking	473	35.6	468	35.7
Commercial Banking	286	21.6	281	21.4
Business Banking	112	8.4	145	11.1
Personal Banking	309	23.3	272	20.7
Treasury & Investments	147	11.1	146	11.1
	1,328	100.0	1,313	100.0

¹ Unaudited

Corporate Banking

As at and for the six month period ended 30 June 2018, the Corporate Banking segment accounted for AED 35.9 billion or 52 per cent. of CBD's total assets (compared to AED 32.6 billion or 46 per cent. as at 31 December 2017) and AED 473 million, or 36 per cent., of CBD's total operating income (compared to AED 468 million, or 36 per cent., for the six month period ended 30 June 2017).

Corporate Banking provides a range of credit and non-credit banking products and services to large corporate clients (including government related entities). Corporate Banking clients have annual sales/turn-over greater than AED 750 million. Products offered to CBD's corporate clients include a wide range of traditional trade finance products which are designed to service their purchase procurement and export related credit requirements.

Corporate Banking also offers purchase financing products such as letters of credit, letters of credit refinancing, open account trade financing (including pre-shipment, post-shipment and advance payments) and loans against collection documents, trade bills discounting, avalisation (where CBD guarantees the obligations of a buyer to a seller in accordance with the relevant contractual terms) and bankers' acceptances. Export financing products such as Tasdeer Finance (involving pre/post shipment finance against export letters of credit and the negotiation of other export trade documents) are also offered to corporate customers and non-customers through a programme which is managed by CBD's Trade Sales Team. CBD also provides payables and receivables financing solutions to support the working capital needs of its clients.

Non-credit related products include payment services which enable corporate customers to transfer funds between accounts, initiate payments to government entities, initiate single or bulk third party payments and initiate trade transactions (such as letters of credit and guarantees). Corporate customers are also offered receivables management services, including cash and cheque collection services, as well as providing 24/7 cash and cheque deposit machines to deposit funds at the customer's convenience. CBD's liquidity management services assist customers in managing account balances across their organisations to consolidate cash flows and order to improve interest efficiency. CBD can also invest funds overnight or pay down revolving lines of credit. CBD also offers escrow services to corporate customers. CBD is a registered escrow agent with the Real Estate Regulatory Authority for developers who require an escrow account when launching new projects.

As part of its commitment to digitisation, CBD continues to invest in iBusiness, an innovative corporate online banking platform that aims to provide corporate clients with a user-friendly online banking platform. iBusiness allows clients to view account balances, initiate online payments, apply for various trade products and manage daily liquidity positions.

CBD's Payments and Cash Management team, which sits within the Corporate Banking segment, has received the "Best Cash Management Bank" award by Bankers Middle East for two consecutive years (2017 and 2018), in addition to the "Best Online Cash Management" award at the Global Finance 2018 World Best Digital Bank Awards in the Middle East.

Corporate Banking also offers a range of treasury products and services which can be tailored to suit a company's specific treasury needs. Some of the products offered by the treasury team are: foreign exchange and FX derivatives, interest rate hedging, commodity hedging, investment products and structured investment products.

A centralised team of experienced relationship managers, based at CBD's Head Office, is responsible for large corporations located in Dubai and the Northern Emirates. Abu Dhabi-based large corporate clientele are managed through a team based in Abu Dhabi.

In 2018, CBD identified the need for, and recognised the growth opportunity of, establishing a specialised relationship team with a specific mandate to cover and manage the contracting industry in Abu Dhabi, Dubai, and the northern Emirates. This initiative aims to mitigate risks by having a more comprehensive understanding of the contracting industry, grow and develop CBD's contracting portfolio, and provide technical support and market knowledge to CBD's customers.

CBD has also established a fully-fledged commodity finance team, with the aim to provide regional and international companies with comprehensive solutions for the financing of their local and international businesses, including a full range of standard and/or bespoke products.

Despite an increasingly competitive environment, CBD continues to expand and consolidate its relationships with clients from both the public and private sectors. The result has been an increased level of business volume across all of those customer segments (for both local and international companies) and products. CBD's Corporate Banking unit further expanded its relationships with existing clients and acquired new creditworthy clients within the UAE, in both the public and private sector.

The Debt Capital Markets Unit assists large corporate customers with issuing securities in the domestic debt capital markets.

Commercial Banking

As at and for the six month period ended 30 June 2018, the Commercial Banking segment accounted for AED 10.2 billion or 15 per cent. of CBD's total assets (compared to AED 12.6 billion or 18 per cent. as at 31 December 2017) and AED 286 million, or 22 per cent., of CBD's total operating income (compared to AED 281 million, or 21 per cent., for the six month period ended 30 June 2017).

Commercial Banking provides overdrafts, loans, working capital finance, trade finance, deposit products, payments and cash management products, and treasury products and services to commercial (mid-sized) clients with annual sales ranging between AED 100 million to AED 750 million.

Commercial clients are managed by relationship managers strategically located at commercial centres in the UAE. Clients are also serviced from CBD's branch network across the UAE. Product specialists from Treasury, Trade Finance and Payments and Cash Management teams work closely with relationship managers to propose tailor-made products to meet clients' needs.

Commercial Banking also seeks to expand its customer base by leveraging its Trade Finance, Cash Management and Treasury expertise. It has dedicated Cash Management, Treasury, and Trade Sales staff to provide product expertise and advice to commercial customers. CBD believes that this coordinated approach has enabled it to strengthen its relationships with its Commercial Banking customers, generate and increase business and offer additional channels of engagement through CBD's network of experienced product professionals.

The Commercial Banking segment offers a wide range of trade finance products to service the purchase/procurement related financial requirements of its commercial customers as well as their export-related credit requirements. It also offers purchase financing products such as letters of credit, letters of credit refinancing, open account trade financing (including pre-shipment, post-shipment and advance payments) and loans against collection documents.

As with corporate customers, export financing related products such as Tasdeer finance are also offered to commercial customers and non-customers. Supply chain financing is also available to commercial clients.

Commercial Banking offers the same range of treasury products and services which are available to corporate clients. Relationship managers and dedicated Payments and Cash Management specialists design and provide customised cash management solutions that meet client needs and address future strategic opportunities. Some of the products offered through Cash Management are: Wages Protection System (WPS), Escrow Services, Payments, Receivables and Liquidity Management, E-Commerce Solutions and Corporate Cards.

In addition to the above products and services, Commercial Banking also provides Syndication, Asset Management and Investment Advisory services to commercial customers.

Business Banking

The Business Banking segment was recognised as a separate operating segment in CBD's financial statements for the first time in March 2017. As at and for the six month period ended 30 June 2018, the Business Banking segment accounted for AED 0.7 billion or 1 per cent. of CBD's total assets (compared to AED 1.0 billion or 1 per cent. as at 31 December 2017) and AED 112 million, or 8 per cent. of CBD's total operating income (compared to AED 145 million, or 11 per cent., for the six month period ended 30 June 2017).

The Business Banking segment's clients are small and medium size business banking (SME) clients with annual sales ranging up to AED 100 million.

Personal Banking

As at and for the six month period ended 30 June 2018, the Personal Banking segment accounted for AED 7.1 billion or 10 per cent. of CBD's total assets (compared to AED 7.0 billion or 10 per cent. as at 31 December 2017) and AED 309 million, or 23 per cent., of CBD's total operating income (compared to AED 272 million, or 21 per cent., for the six month period ended 30 June 2017).

CBD's Personal Banking clients are divided into the following segments based on income and wealth:

- affluent clients (Al Dana), with monthly salaries of more than AED 40,000, or assets under management (“AUM”) of AED 400,000;
- private banking clients with AUM of USD 1 million;
- mid-tier clients (Personal), with monthly salaries of between AED 5,000 to 40,000; and
- modest income clients (Direct), with monthly salaries of less than AED 5,000.

CBD offers a range of products and services to its Personal Banking clients. It offers current and savings and e-Saving (Digital) accounts to eligible customers with free debit cards, as well as standing instruction, direct debit and safe deposit locker facilities. The Smartkidz savings program includes 3 recurring deposits, Mustaqbali (child savings) plan and Bonus Booster and Premium Saver, enabling parents and children to save and plan for the future. These savings plans have a term ranging from 18 months to 5 years and allow for monthly contributions. Principal amount is guaranteed for the term of the plans which also offer customers additional features. Personal loans are offered to eligible Personal Banking customers at competitive interest rates. Tasaheel is an overdraft facility that allows customers to overdraw their account up to a pre-approved limit at competitive interest rates. Tamweel is a car finance scheme that offers customers the car of their choice at competitive interest rates with repayment periods up to 60 months. CBD also offers mortgage finance to eligible customers for longer terms at competitive interest rates. An extensive range of card products are offered to Personal Banking customers with features designed to meet the needs of specific customer segments. CBD launched a range of bancassurance products in 2014 which have catered to the requirements of Personal Banking customers.

CBD also provides wealth management services to its high net worth personal customers through its Al Dana Wealth Management Centres and Private Banking Centre in Dubai.

CBD's strategic plan has identified growth in Personal Banking operations as a strategic priority for the Bank. CBD believes that expanding Personal Banking has the potential to accelerate growth in the Bank's revenues in the medium-term, to diversify balance sheet asset concentration risk away from corporate and commercial segments and to have a positive impact on CBD's overall risk-return profile, for example, by reducing CBD's overall cost funding and increasing its yield on its portfolio of loans and advances.

CBD continues its focus on growing its Personal Banking customer base by investing in its digital banking frameworks to enhance customers' experience by using state of the art technology, expanded distribution channels, new products and a relationship-driven approach. A major initiative introduced in 2016 was “CBD Now” – the UAE's first digital-only bank targeting digitally connected customers. In line with the identified strategy to become “default digital” the CBD Now offering has been integrated into CBD in August 2018.

Improving customer experience online has allowed the Bank to engage with customers better and provide a simple, fast and user-friendly banking experience. This helped CBD significantly expand its Personal Banking customer base since 2015, as well as the division's contribution to overall revenues. Total assets within Personal Banking increased by 1 per cent. as at 30 June 2018 compared to 31 December 2017, and by 12 per cent. as at 31 December 2017 compared to 31 December 2016. Operating income increased by 14 per cent for the six month period ended 30 June 2018 when compared with for the six month period ended 30 June 2017, and by 18 per cent. for the year ended 31 December 2017 when compared with for the year ended 31 December 2016. Personal Banking income constituted 23 per cent. of CBD's total operating income for the six month period ended 30 June 2018 and 19 per cent. of CBD's total operating income for the year ended 31 December 2017.

CBD provides back-end system and process support to a significant number of public sector payments in the UAE which has helped it to acquire new business from public sector entities. These are now serviced with CBD's cash online and e-commerce solutions.

CBD has assisted in fast-tracking the UAE's shift to cashless transactions through the launch of a range of solutions designed to meet the financial requirements of organisations and institutions in all sectors. CBD expanded its portfolio of cashless solutions by launching co-branded cards with local institutions like the Al-Ahli Football Club as well as the Bait Al-Khair Society. In addition, CBD also developed a pre-paid card for the Community Development Authority to disburse financial benefits in a cashless method.

CBD is actively involved in domestic private banking and wealth management and is able to offer its clients access to international private banking advice and products through its relationship with Julius Baer, a Swiss private bank. Fixed income investments continued to be the asset of choice for the wealth management client base. In April 2015, CBD won the "Best Service Performance Brand 2014 Award" in the Retail Banking sector from the Department of Economic Development in Dubai, UAE. The award is based upon the result of "mystery shopper exercises" conducted at the branches of all banks operating in the UAE.

During the course of 2017 to 2018, CBD was also given awards for a number of product and digital innovations. These include Best Digital Bank and Best Cash Management Services (by The Banker Middle East Awards), Commerzbank AG Gold Trade Award for Excellence in Trade Services, Overall Best Mobile App (Service Olympian Awards), and Best Online Cash Management Award (Global Finance 2018 World Best Digital Bank Awards).

Treasury and Investment

As at and for the six month period ended 30 June 2018, the Treasury and Investment segment accounted for AED 15.0 billion or 22 per cent. of CBD's total assets (compared to AED 17.2 billion or 25 per cent. as at 31 December 2017) and AED 147 million, or 11 per cent., of CBD's total operating income (compared to AED 146 million, or 11 per cent., for the six month period ended 30 June 2017).

The main customers of the Treasury and Investment business are the corporate, commercial, business banking and Al Dana clients of CBD. The Treasury sales team is an integral part of the client service teams set up to manage corporate and commercial relationships and offers hedging solutions in foreign exchange, interest rates and commodities as well as keeping clients informed of market developments that are relevant to their businesses. The Investment sales team sources suitable investment products, across fixed income, equities and funds, which meet with the requirements of our high net worth individual customers.

A key role of the treasury business is to ensure proactive balance sheet management, adequate funding and prudent liquidity management to support CBD's asset growth. This is carried out in line with the policies and limits set by the Board and overseen by CBD's Group Asset and Liability Committee ("ALCO"). The unit also manages CBD's proprietary fixed income portfolio.

Islamic Banking

The Islamic banking business at CBD was launched in 2008 and is managed under the “Attijari Al Islami” brand, offering a wide range of Shari'a-compliant products to retail, corporate and commercial customers.

Attijari Al Islami has its own Shari'a supervisory board, comprising of three leading scholars in the field of Islamic banking, that governs the operations and the development of the Islamic products offered by Attijari Al Islami and assures compliance with Shari'a principles.

Attijari Al Islami has successfully developed a range of Islamic products and services offered to customers through its 22 centers and 4 dedicated units across the UAE, and currently offers the following Islamic products and services:

- Mudarabah Investment (investment deposits, saving accounts and E-Saver)
- Wakala - Investment (normal, flexi, notice, step up and childrens savings)
- Current Account – Qard Hassan
- Ijarah (property (purchase & refinance), farm and land finance)
- Forward Ijarah
- Personal Finance – Tawarruq (Murabaha DMCC, Murabaha LME)
- Murabaha Trade Finance
- Vehicle Murabaha
- Treasury products (FX, PRS, TARF and Sukuk Murabaha (purchase & refinance))
- Islamic Credit Card (Infinite, Signature and Platinum)

A range of innovative Islamic products were launched in 2017 including Islamic covered cards, Ijarah property finance and various types of Wakala products (flexi, notice, step-up and childrens' saving).

For the six month period ended and as at 30 June 2018, the Islamic financing portfolio of Attijari Al Islami increased by 7 per cent., accounting for 15 per cent. of CBD's gross loans and advances and Islamic financing, as compared to 31 December 2017, whereas Islamic customer deposits increased by 12 per cent., accounting for 18 per cent. of CBD's customer deposits and Islamic customer deposits, as compared to 31 December 2017.

As at 31 December 2017, Attijari Al Islami saw a 37 per cent. increase in Islamic financing assets and an 11 per cent. decrease in Islamic customers' deposits when compared with the position as at 31 December 2016.

Branch Network and Product Distribution

CBD operates across the UAE through a network of 22 branches and one digital kiosk. CBD offers conventional as well as Shari'a compliant Islamic products through these branches. The Bank also operates one sales office as well as 169 ATMs and CDMs. 13 branches are located in prominent locations in Dubai, four branches are located in Abu Dhabi, two branches in Sharjah, and one branch is located in each of the Emirates of Ajman, Fujairah, and Ras Al Khaimah.

Corporate banking customers are served by a centrally located team of relationship managers. All credit decisions are made by a central credit department located in CBD's head office and credit risk is closely monitored by the Risk department which is also located in Dubai.

CBD provides its customers with secure on-line banking services as well as e-payment services which permit customers to facilitate payment to a range of government, semi-government and utility companies. CBD's mobile phone banking service was launched in 2012 and CBD has upgraded its call centre located in Sharjah.

Human Resources and Employees

The focus of the Human Resources Department is to attract and retain talented employees and continue the Bank's investment in organisational capability and culture. CBD's performance management framework has recently been restructured with a reward and development programme that supports CBD's ambition to build a

high performance culture across the Bank. All key performance indicators link to and are based on CBD's annual operating plan. In this context, all human resources policies were reviewed during the course of 2017 and strengthened as appropriate to align to the business strategy supported by a learning curriculum which focusses on branch banking, credit and risk, relationship skills and customer service.

The Central Bank guidelines on Emiratisation were fully achieved in 2017. These guidelines require that banks submit bi-annual data for all employees, identifying metrics including nationality, gender, work location and employment category. The purpose of the guidelines is to focus on job opportunities, growth and development for Emirati employees. The Bank employed around 1,020 staff of 43 nationalities as at 30 June 2018, and employed 1,069 staff of 44 nationalities as at 31 December 2017.

Information Technology ("IT")

Information Technology is a key element of CBD's strategy. The Bank has made significant investments over the last two years in key IT infrastructure in order to enhance the Bank's offering to customers and generate additional revenue. The year ended 31 December 2017 saw the completion of 84 key projects and more than 740 smaller initiatives. Key projects included the new digital offering for mobile, core banking upgrade project, automated retail lending origination project, Basel II technology foundation, an enterprise data warehouse, a new middleware, Operational CRM sales and Service management. CBD pursued a series of initiatives for the personal, corporate, Islamic and payments and cash management business aimed at allowing CBD to compete effectively in the competitive market place. A full spectrum of IT services ranging from enterprise architecture and governance, strategic planning and innovation to solutions delivery and operations is provided by the Bank's IT Department.

CBD's IT department operates in accordance with industry standards such as ITIL and COBIT and has recently attained renewal of ISO 9001 and 10002 certifications for quality management and customer service respectively.

The Bank seeks to maintain a resilient IT infrastructure and full and partial disaster recovery capabilities to support its day to day operations. CBD continuously monitors service health, availability and security in order to maintain service standards. CBD is able to fully operate IT services from its disaster recovery site for an extended period of time in the event of an IT system failure.

Over previous years, CBD has deployed the foundation technology elements required by a digital enterprise. Alongside the transaction-focused back-end systems providing the vertical banking capabilities (general ledger, accounts, loans, trade finance, treasury, cash management, credit and risk management, remittances, ERP, HRMS and AML) a flexible layer has been introduced through a portfolio of enterprise wide, strategic initiatives in the following areas:

- **Service Oriented Architecture:** a set of well-defined banking-oriented services adhering to the Banking Industry Architecture Network (BIAN) models are made available via a commercially supported, open source Enterprise Service Bus.
- **Business Process Management:** a platform supporting enterprise-wide, end to end automation for all types of business processes including customer onboarding, loan and credit card origination, service request fulfilment for corporate and retail customers.
- **Digital Banking Platform:** a comprehensive platform implemented on the premises of microservices, open banking and design thinking used to launch CBD Now, the first digital bank in the region.
- **Data Analytics:** a real-time capable enterprise data warehouse fostering advanced business intelligence and analytics capabilities.
- **Operational Customer Relationship Management (CRM):** a platform providing customers with a holistic view across the enterprise and automation of sales and marketing processes.

Leveraging these capabilities, CBD has attained numerous recognitions and awards such as “Best Mobile App” of the 2017 Customer Experience Benchmarking Index Awards by Ethos Integrated Solutions, “Best Digital Bank” and “Best Cash Management” at the 2018 Banker Middle East Product Awards, and was a finalist for the “CIO of the Year” and “Best Customer Experience Transformation” 2018 awards from IDC.

Property

CBD owns 13 properties and leases 18 properties across the UAE. Most of CBD's offices and branches are owned by CBD and situated in prime locations in the UAE, for example, CBD's Head Office and main branch building is located on Al Ittihad Road in Dubai opposite Deira City Centre. CBD's Bur Dubai branch is located in the Mankhool area of Dubai and its Al Maktoum branch is located on Al Maktoum Street in Dubai. As at 31 December 2017, the net book value of freehold land and buildings amounted to AED 241 million.

Litigation

In the ordinary course of business, CBD may be subject to governmental, legal and arbitration proceedings. No material provision has been made as at the date of this Base Prospectus regarding any outstanding legal proceedings against CBD. Quarterly reviews are conducted by CBD in order to ascertain whether provisioning is required and, if necessary, the estimated amount.

Insurance

CBD maintains insurance cover in respect of various insurable risks under a range of insurance policies. These include Bankers Blanket Bond, Terrorism and Sabotage and Property All Risks. Assets are covered on a replacement cost basis. CBD also has in place customer related insurance cover such as credit life insurance, credit card insurance, travel insurance, mortgage property insurance and mortgage life insurance.

The level of insurance cover proposed by management is reviewed by CBD's Audit and Compliance Committee.

Risk Management

The Board has overall responsibility for the establishment and oversight of CBD's risk management framework, compliance with which is monitored by the Board's Audit and Compliance Committee, Risk Committee and Credit and Investment Committee (“CICO”). CBD's senior management is responsible for developing and monitoring CBD's risk management policies. The primary responsibility of fulfilling this role lies with the ALCO, the Credit Committee and the Business Committee which meet frequently to appraise CBD's risk profile and various risk issues see “*Corporate Governance – Management Committees*”.

CBD faces a range of risks in its business and operations. These include credit, market, settlement, liquidity, operational, reputational and legal risks. Each of these risks is described in further detail below. Efficient and timely management of these risks is critical to CBD's financial stability and profitability. Risk management involves identifying, measuring, monitoring and managing these risks on a regular basis with the objective of increasing shareholder value and achieving a return on equity that is commensurate with the risks assumed.

CBD has acquired and implemented systems for credit origination, analysis, rating, pricing and approval in order to control credit, market, liquidity and asset and liability management risks. For treasury-based risks, CBD has systems for front, mid and back offices to manage market, liquidity and asset and liability management risks efficiently. CBD has developed tools that facilitate the analysis, quantification and reporting of operational risk events or losses, measured to a high degree of detail, and which produce a variety of comprehensive reports that are delivered to senior management at prescribed intervals by designated officers.

CBD is also exposed to a number of other risks (such as interest rate, concentration, strategic, business and legal and compliance risks) which are managed, quantified, monitored and reported as part of CBD's internal capital adequacy assessment policy (“ICAAP”) framework.

Credit Risk

Credit risk is the risk of financial loss to CBD if a client or counterparty to a financial instrument fails to meet its contractual obligations. CBD's exposure to credit risks arises mainly through its loans and advances, Islamic financing, due from banks and investment in debt securities. The Board has established the CICO to oversee the quality of CBD's credit and investment portfolio and effectiveness of its credit policies and to approve loans and investment above management limits. The Board has also delegated the responsibility for the management of credit risk to the Credit Committee. The Credit Committee formulates credit policies, develops authorisation structures and limits for the approval and renewal of credit facilities, establishes exposure limits and monitors actual exposures, monitors and limits industry, geographic and counterparty exposures, develops, maintains and monitors compliance with CBD's risk grading systems, designs credit review processes and ensures acceptable diversification within established limits.

CBD's credit risk rating methodology is Basel compliant. A 14-grade rating methodology has been developed internally (based on actual historical data) to classify its corporate and retail exposures as follows:

- first 9 grades for non-defaulting borrowers / performing accounts;
- grade 10 reflects irregular accounts; and
- last four grades for defaulting borrowers / non performing accounts.

The methodology provides a two-dimensional approach to CBD's credit risk rating, where credit is assessed and rated, as follows:

First Dimension: assesses the borrower's probability of default; and

Second Dimension: assesses the facility and the extent of the loss if a borrower defaults (known as the loss given default).

The use of both dimensions creates a credit-risk rating matrix, which plays a key role in making pricing, approval and credit monitoring more efficient, as well as assisting in the prompt identification of problem exposures.

CBD's credit application workflow covers the origination, financial analysis, credit rating, pricing, collateral management and approval processes. Proposals are prepared and recommended by the relevant business area and are then separately reviewed, using a range of analytical techniques, in a two-stage process by the Credit and Risk Management Department. Proposals are thereafter submitted for consideration to the Credit Committee. Additional approvals may be required from the CICO, and in certain cases the Board, depending on the size of proposal or overall exposure proposed.

The Credit Control Unit, which is independent of the above-mentioned credit committee, monitors compliance of the transaction documentation, and the security required for the proposal (if any), with the terms of the Credit Committee's approval. Following execution of the transaction documentation, the security (if any) is regularly valued and the facilities are regularly reviewed for compliance by the borrower with the terms of the facility. In certain circumstances, CBD may have the right to subsequently amend a facility based on the borrower's circumstances or on the market conditions.

CBD holds collateral against gross loans and advances and Islamic financing in the form of cash, guarantees, mortgages and liens over properties or other security over assets. As at 31 December 2017, approximately 52 per cent. of CBD's loan portfolio was collateralised. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are subsequently monitored on a periodic basis. Generally, collateral is not held against debt securities and amounts due from banks, and no such collateral was held as at 31 December 2017.

For further information, see Note 33(b)(ix) to the 2017 Financial Statements.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads, will affect CBD's income or the value of a financial instrument.

The Board sets the risk appetite pertaining to market risk which translates into risk limits which are closely monitored by Group Risk Management, reported daily to senior management and discussed monthly by the ALCO.

CBD separates its exposure to market risk between trading and non-trading portfolios with overall responsibility vested in the ALCO. The Group Risk Management department is responsible for the development of detailed risk management policies and for the day-to-day implementation, subject to review and approval by the ALCO.

Settlement Risk

CBD's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Any delays in settlement are rare and are monitored and quantified as part of CBD's ICAAP framework and Operational Risk Management.

For certain types of transactions, CBD mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Group Risk Management Department.

Liquidity Risk

Liquidity risk is the risk that CBD will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It includes the risk of the inability to fund assets at appropriate maturities and rates and the inability to liquidate assets at reasonable prices and in an appropriate timeframe and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

In order to ensure that liquidity risk remains within prudent levels, the Board and senior management have laid down the following key parameters which are operated on a regular basis:

Parameter	Monitored by	Frequency
Advances to Stable Resources ¹	Management	Daily
Loan to Deposit ²	Management	Daily
Eligible Liquid Asset Ratio ³	Board and Management	Weekly
Liquidity Coverage Ratio ⁴	Board and Management	Weekly
Net Stable Funding Resources Ratio ⁵	Board and Management	Weekly

1 Advances to Stable Resources Ratio is defined by the UAE Central Bank. The net loans and short-term placements with banks are calculated as a ratio to the stable funds namely shareholders' equity and term funding with residual maturity over six months with a 15 per cent. haircut for deposits maturing within six months;

2 Loan to Deposit Ratio is expressed as a ratio of customer loans to customer deposits;

3 Eligible Liquid Asset Ratio is a ratio of eligible liquid assets as prescribed by the UAE Central Bank (includes balances with the UAE Central Bank and 0% risk weighted sovereign bonds) to total liabilities;

4 Liquidity Coverage Ratio is a liquidity standard prescribed by Basel III and represents the ratio of eligible liquid assets to net cash outflows over the next 30 days; and

5 Net Stable Funding Resources Ratio is a structural ratio that aims to ensure that the banks have sufficient long term funding beyond the LCR's 30 day time horizon to meet both the funding of its long term assets and the funding of a portion of contingent liability drawdowns under a period of market wide stress.

CBD also performs weekly liquidity stress tests based on contractual and behavioural maturity profiles. These tests are carried out with projections of both nominal and stress scenarios. The results are circulated to senior management and ALCO members.

In anticipation of the future implementation of Basel III, CBD calculates and monitors its key parameters i.e. Liquidity Coverage Ratio, Eligible Liquid Asset Ratio and Net Stable Funding Resources Ratio as calculated in accordance with available UAE Central Bank draft guidelines.

As at 30 June 2018, loans and advances and Islamic financing, net constituted 69 per cent. of CBD's total assets. As at 31 December 2017, loans and advances and Islamic financing, net constituted 67 per cent. of CBD's total assets (compared to 65 per cent. as at 31 December 2016).

The following table shows CBD's liquidity position as at 31 December 2017 and 31 December 2016:

31 December 2017 <i>(AED million)</i>	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No Fixed Maturity
Assets							
Cash and balances with Central Bank	6,809	4,549	300	1,450	-	-	510
Due from banks	2,835	2,683	-	22	130	-	-
Loans and advances and Islamic financing, net	47,276	6,962	2,197	3,460	12,670	21,986	-
Investment securities	7,077	117	312	529	4,562	1,409	148
Investment in associate	81	-	-	-	-	-	81
Investment properties	195	-	-	-	-	-	195
Property and equipment	384	-	-	-	-	-	384
Bankers acceptances	5,121	1,005	65	3,824	228	-	-
Other assets	637	432	-	-	-	-	205
Total assets	70,414	15,747	2,874	9,284	17,589	23,395	1,524
Liabilities and equity							
Due to banks	780	595	185	-	-	-	-
Customer deposits and Islamic customer deposits	48,411	26,481	7,685	12,869	1,376	-	-
Notes and medium term borrowings	6,090	-	-	1,835	4,254	-	-
Due for trade acceptances	5,121	1,005	65	3,824	228	-	-
Other liabilities	931	870	-	-	-	-	61
Total liabilities	61,333	28,951	7,934	18,528	5,858	-	61
Gap representing equity	9,081	(13,204)	(5,060)	(9,244)	11,731	23,395	1,462

31 December 2016 <i>(AED million)</i>	Total	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No Fixed Maturity
Assets							
Cash and balances with Central Bank	6,712	6,097	-	100	-	-	515
Due from banks	3,724	3,199	177	294	55	-	-
Loans and advances and Islamic financing, net	41,963	6,379	2,637	1,854	13,141	17,952	-
Investment securities	7,418	268	392	782	3,953	1,802	220
Investment in associate	78	-	-	-	-	-	78
Investment properties	233	-	-	-	-	-	233
Property and equipment	355	-	-	-	-	-	355
Bankers acceptances	3,057	229	771	2,054	3	-	-
Other assets	539	397	-	-	-	-	142
Total assets	64,080	16,570	3,978	5,083	17,152	19,754	1,544

Liabilities and equity

Due to banks	1,560	1,448	75	37	-	-	-
Customer deposits and Islamic customer deposits	43,774	25,549	7,455	9,217	1,552	1	-
Notes and medium term borrowings	6,081	-	-	-	6,081	-	-
Due for trade acceptances	3,057	229	771	2,054	3	-	-
Other liabilities	929	863	-	-	-	-	66
Total liabilities	55,400	28,090	8,301	11,307	7,636	1	66
Gap representing equity	8,680	(11,520)	(4,324)	(6,224)	9,516	19,753	1,478

Operational Risk

Operational risk is defined by Basel as “The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, this includes legal risk but excludes strategic and reputation risks”.

CBD's objective is to manage operational risk, so as to balance the avoidance of financial losses and damage to CBD's reputation, with overall cost effectiveness and to avoid control procedures that restrict initiative, innovativeness and creativity.

The primary responsibility for overseeing the establishment of sound operational risk management framework and monitoring the operational risk profile of CBD vests with the senior management of CBD, and is further assigned to the heads of individual units, departments or branches.

CBD has in place an operational risk management system to collate operational risk information in an automated environment; this has enabled CBD to build operational risk databases to support migration to more complex approaches for computation of operational risk capital in the future.

Moreover, CBD conducts an assessment of its disaster recovery and business continuity position, as well as detailed system risk assessments of all new/upgraded IT systems and assessment of Operational Risk elements in any new products to be launched or procedures to be implemented. Compliance with policies and procedures is supported by periodic reviews undertaken by Internal Audit. The function also undertakes a review of the insurance coverage available to CBD to maintain oversight of adequacy of insurance as necessitated by the Basel guidelines. The unit provides regular updates to the senior management and the Board, as well as the Risk Committee and the Audit and Compliance Committee to support their mandate to maintain adequate oversight of CBD's operational risk framework and status of operational risks across all areas of CBD.

Legal Risk

During the ordinary course of business, CBD is subject to legal risks, proceedings and adjudications. CBD employs a full-time legal adviser who deals with both routine and more complex legal issues. The legal adviser is involved in giving legal advice to CBD's departments. In addition, the legal adviser reviews CBD's documentation, products and contracts to ensure that they are in line with current regulations.

Situations of particular complexity or sensitivity may be referred to external law firms. CBD has established a panel of external legal counsel, made up of leading local and international firms, to which it may refer matters as appropriate.

Derivatives

CBD enters into derivative contracts for the following reasons:

- to hedge outstanding interest rate or foreign exchange positions;
- to provide hedging solutions to clients to cover their market risk exposures; and
- to take proprietary positions in anticipation of movements in market rates.

CBD seeks to ensure that it enters into derivative transactions with clients only when it is satisfied that the client understands the risk profile of the product.

Capital Management

CBD is regulated by the UAE Central Bank, which sets and monitors regulatory capital requirements. CBD's objectives when managing capital are to: (i) safeguard its ability to continue as a going concern and increase the returns to shareholders; and (ii) comply with the regulatory capital requirements set by the UAE Central Bank. Capital adequacy ratios are calculated in accordance with guidelines issued by the UAE Central Bank. The UAE Central Bank has set a minimum regulatory capital adequacy ratio of 12 per cent.

CBD's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the UAE Central Bank and the varied risks of its business.

CBD calculates its risk asset ratio in accordance with capital adequacy guidelines established by the UAE Central Bank and the Basel Committee Guidelines (in accordance with the Basel III accord).

The following table sets out the regulatory capital base, risk weighted assets and the capital adequacy ratio as at 31 December 2015, 2016, 2017 and as at 30 June 2018.

	As at 31 December			As at 30 June ¹	Percentage change		
	2015	2016	2017	2018	2016/ 2015	2017/ 2016	30 June 2018 ¹ / 31 December 2017
	<i>(AED million)</i>				<i>(%)</i>		
Tier 1 capital	7,625	8,051	8,510	8,514	5.6	5.7	0.1
Tier 2 capital	559	641	688	707	14.7	7.3	2.8
Total regulatory capital	8,183	8,693	9,198	9,222	6.2	5.8	0.3
Risk weighted assets (RWA)							
Credit risk	45,184	50,669	55,412	56,579	12.1	9.4	2.1
Market risk	17	109	656	222	541.2	501.8	(66.2)
Operation risk	4,141	4,409	4,658	4,660	6.5	5.6	0.0
Risk weighted assets	49,341	55,187	60,726	61,462	11.8	10.0	1.2
Tier 1 ratio	15.45%	14.59%	14.02%	13.85%	(5.6)	(3.9)	(1.2)
Capital adequacy ratio	16.59%	15.75%	15.15%	15.00%	(5.1)	(3.8)	(0.9)

¹ Unaudited

The current minimum regulatory requirement of Tier I capital adequacy ratio stipulated by the UAE Central Bank is 10.38 per cent.

CBD internally assesses its capital requirements taking into consideration growth requirements and business plans, and quantifies its regulatory as well as risk/economic capital requirements within its integrated ICAAP framework.

Investments

CBD's proprietary investments predominantly comprise quoted fixed income and equity investments in UAE and regional entities. Proprietary investments in non-UAE entities accounted for AED 2,609 million or 37 per cent. of the total portfolio as at 30 June 2018, AED 2,408 million or 34 per cent. of the total portfolio as at 31 December 2017, and AED 2,724 million or 37 per cent. of the total portfolio as at 31 December 2016.

The following table provides a breakdown of CBD's proprietary investments in UAE entities and non-UAE entities as at 30 June 2018, 31 December 2017 and 31 December 2016:

	Proprietary Investments in UAE entities			Proprietary Investments in non-UAE entities			Total Proprietary Investments		
	30 June	31 December		30 June	31 December		30 June	31 December	
	2018 ¹	2017	2016	2018 ¹	2017	2016	2018 ¹	2017	2016
<i>(AED million)</i>									
Held at fair value through profit or loss									
Fixed rate securities	-	24	-	-	18	-	-	42	-
Held at fair value through other comprehensive income									
Equities	68	91	145	-	-	-	68	91	145
Fund of funds	5	3	-	5	12	75	10	15	75
Fixed rate securities	4,097	4,297	4,091	2,312	2,332	2,485	6,409	6,630	6,576
Floating rate securities	295	138	188	291	27	46	587	166	234
Held at amortised cost									
Fixed rate securities	25	115	270	-	18	118	25	133	388
	4,490	4,669	4,694	2,609	2,408	2,724	7,099	7,077	7,418

¹ Unaudited

Corporate Governance

CBD has adopted a Corporate Governance framework consistent with international best practice. The framework is created on principles of fair treatment for all stakeholders, forming the basis for an effective relationship between CBD, its Board, its shareholders and other stakeholders including customers, regulators and supervisors.

The Board of Directors

The Board has the collective responsibility to ensure the long-term success of CBD and to provide overall direction, supervision and control. It has complete responsibility for CBD's operations and financial stability.

The Board sets CBD's strategic objectives and oversees the senior management. It also must ensure the effectiveness of internal control systems and keep a watch on the extent to which CBD abides by the strategic plans and written policies. In addition, it is responsible for the credibility of CBD's financial reports, the application of appropriate risk policies as well as compliance with all laws in force.

The formation of the Board is governed by the Federal Law No. 2 of 2015. The current Board comprises of 11 Directors, each elected for a tenure of three years. The business address of each the Director is Commercial Bank of Dubai, Al Ittihad Road, PO Box 2668, Dubai, UAE.

As at the date of this Base Prospectus, the Board comprises:

<i>H.E. Humaid Mohammed Al Qutami</i> <i>(Chairman)</i>	<ul style="list-style-type: none"> - Director General of Dubai Health Authority - Chairman of the Federal Authority for Government Human Resources - Chairman of the Board of Trustees of Hamdan Bin Rashid Al Maktoum Award for Distinguished Academic Performance - Chairman of the Board of Trustees of the Sharjah Voluntary Work awards - Chairman of the Board of Directors for Emirates Transport and Services Corporation
<i>Mr. Ahmad Abdulkarim Mohd Julfar</i> <i>(Vice Chairman)</i>	<ul style="list-style-type: none"> - Director of Emirates Integrated Telecommunications Company PJSC - Director of The National Bank of Ras Al-Khaimah (P.S.C.)

<i>Mr. Abdulla Salem Alturifi Alshamsi</i> (Director)	<ul style="list-style-type: none"> - Chairman of the Sharjah Social Security Fund - Chairman of the Board of Trustees of the Sharjah Award for Doctoral Dissertations in Management Science - Board Member of the Business Company of the American University of Sharjah
<i>Mr. Abdul Wahed Al Fahim</i> (Director)	<ul style="list-style-type: none"> - Board Member of Emirates Global Aluminium - Chairman of NASDAQ Dubai Limited - Board Member of DUBAL Holding LLC - Board Member of Union National Bank - Board Member of Emirates Development Bank - Board Member of Meydan City Corporation
<i>Mr. Hamed Ahmed Kazim</i> (Director)	<ul style="list-style-type: none"> - Owner of Hamed Kazim Consultancy - Board Member of Larsen & Toubro India - Board Member of Franklin Templeton Middle East - Senior Advisor to PricewaterHouseCoopers
<i>Dr. Omar Mohamed Alqaizi</i> (Director)	<ul style="list-style-type: none"> - Dr. Alqaizi has an accomplished track record in the banking regulatory sector. Prior to this, he was the Executive Director in UAE Central Bank for 15 years
<i>Sheikh Maktoum Hasher Al Maktoum</i> (Director)	<ul style="list-style-type: none"> - Chairman and President of A1 Grand Prix Limited - Chief Executive Officer of Al Fajer Properties LLC - Chairman of Dubai International Holding Company - Director of Hult International Business School
<i>Mr. Khaild Abdul Wahed Al Rostamani</i> (Director)	<ul style="list-style-type: none"> - Vice Chairman of the A.W. Rostamani Group - Chairman of BCD Travel, Transport and Freight Forwarding - Board Member of Dubai Insurance Company - Board Member of Etisalat
<i>Abdulla Saif Al Hathboor</i> (Director)	<ul style="list-style-type: none"> - Chairman and Managing Director of Al Hathboor Group - Board Member of Best food Company and Al Jadeed/Dubai Automatic Bakeries - Board Member of Emirates Institute of Banking & Finance - Board Member of Dubai Municipality Rent Committee
<i>Mr. Ali Fardan Al Fardan</i> (Director)	<ul style="list-style-type: none"> - Board Member of Dubai Investment Company - Board Member of Union Properties - Board Member of Al Mal Capital - Vice Chairman of Al Fardan Holding - Managing Director of Al Fardan Real Estate - Vice Chairman of The First Investor - Vice Chairman of Naif Marine Services - Owner of Al Fardan Brands - Chairman of Carlton Hospitality and Management
<i>Mr. Buti Saeed Al Ghandi</i> (Director)	<ul style="list-style-type: none"> - Managing Director of Meethaq Employment Agency - Chairman of Emirates Investment and Development - Chancellor of the Canadian University of Dubai - Vice Chairman of Dubai World Trade Center - Director on the Board of the Dubai Chamber of Commerce - Managing Director of Al Ghandi Investment

The following table sets out the number of shares held by each Board member as at 30 June 2018:

Board Member	Number of shares held
H.E. Humaid Mohammed Al Qutami	-
Mr. Ahmad Abdulkarim Mohd Julfar	-
Mr. Abdullah Salim Alturifi Alshamsi	-
Mr. Abdul Wahed Al Fahim	-
Mr. Hamed Ahmed Kazim	-
Dr. Omar Mohamed Alqaizi	-
Sheikh Maktoum Hasher Al Maktoum	136,722
Mr. Khalid Abdul Wahed Al Rostamani	4,447,038
Mr. Abdulla Saif Al Hathboor	1,337,004
Mr. Ali Fardan Al Fardan	-
Mr. Buti Saeed Al Ghandi	-

Executive Senior Management

Dr. Bernardus van Linder (Chief Executive Officer)

On 8 November 2016, the Board unanimously approved the appointment of Dr. Bernardus van Linder as CBD's new CEO. Dr. van Linder was previously at ABN AMRO in the Netherlands, before moving to the GCC region where he served initially as General Manager, Treasury at Saudi Hollandi Bank, before becoming CEO of Saudi Hollandi Bank in 2009.

Mr. Darren William Clarke (Chief Financial Officer)

Mr. Clarke joined CBD in April 2018. Prior to joining CBD, he was the CFO for National Australia Bank (NAB), Asia, and was based in Singapore. He has worked in NAB for 13 years, including in roles as the CFO for Global Markets & Treasury. Prior to this, Mr. Clarke worked for JPMorgan Chase in the UK, Luxembourg and Hong Kong.

Mr. Fahad Al Muhairi (General Manager, Attijari Al Islami)

Mr. Al Muhairi is an experienced banker with broad banking experience over 18 years. He has held senior positions as Chief Risk Officer at Dubai Islamic Bank, where he gained extensive knowledge in Islamic Finance.

Mr. Gareth Powell (Chief Human Resource Officer)

Mr. Powell joined CBD in September 2016. Prior to joining CBD, he was head of human resources of First Gulf Bank. He has a wealth of experience in human resources and has worked in HSBC prior to joining First Gulf Bank P.J.S.C., where he had progressively increasing responsibilities in many geographies including the Middle East, USA and Latin America.

Mr. Mark Zanelli (Head of Treasury & ALM)

Mr. Zanelli joined CBD in July 2017. Prior to joining CBD, he was the Head of Treasury at National Bank of Fujairah (NBF) for nearly ten years where he was responsible for the function's performance in Foreign Exchange, Money Markets, Investments and Bullion. Prior to joining NBF, Mr. Zanelli was the Head of Treasury for Burgan Bank in Kuwait and previously worked in both Kuwait and London in a number of trading roles for other financial institutions.

Mr. Alan Blair Grieve (Chief Risk Officer)

Mr. Grieve joined CBD following a 29 year career with HSBC which included senior leadership roles in Corporate Banking, Operations, and Risk Management. Mr. Grieve returns to the UAE after working in senior roles across Asia, Latin America, Europe and the Middle East. Most recently, Mr. Grieve served for five years

as HSBC's Chief Risk Officer for China, based in Shanghai. Previous roles at HSBC included COO, Head of Special Assets, and Head of Wholesale Credit Risk for the Asia Pacific region.

Mr. C. Krishna Kumar (Chief Operating Officer)

Mr. Kumar joined CBD in September 2017. He has more than 25 years of banking experience. His previous roles include Chief Operating Officer at Qatar Islamic Bank in Doha, National Bank of Egypt in Cairo, Ahli Bank QSC in Qatar, National Bank of Dubai and Commercial Bank of Kuwait. Prior to coming to the Middle East in 1997, he held various roles with HSBC and Standard Chartered Bank in India.

In order to effectively discharge its duties, the Board is assisted by three Board Committees and eight Management Committees as illustrated below:

Board Committees

The Board has delegated specific responsibilities to committees as shown below. Each committee has a formal charter.

Credit and Investment Committee

CICO oversees the quality of CBD's credit and investment portfolio and the effectiveness of its credit policies and approve loans and investment above management committee limits.

Risk Committee

The role of the Risk Committee is to support the Board in ensuring that CBD achieves its strategic objectives without being unduly exposed to risks. The Risk Committee achieves this by assisting the Board in:

- formulating, reviewing and monitoring the implementation of CBD's risk policies;
- ensuring that there is an appropriate and effective risk management framework in place;
- reviewing and setting CBD's overall risk appetite;
- monitoring CBD's risk profile and the performance against risk appetite across all risk types; and
- overseeing CBD's approach to capital and liquidity management.

Audit and Compliance Committee

The role of the Audit and Compliance Committee (ACC) is to assist the Board in fulfilling its oversight responsibilities for CBD's audit, internal control and compliance systems through:

- reviewing the audit and internal control systems currently in place to ensure they remain sound and fit for the purpose;
- receiving and considering reports and recommendations from internal audit, external audit and management;
- making recommendations to the Board in respect of financial reporting;
- monitoring the compliance systems and procedures in place, ensuring that management discharges its responsibility to adhere to legal and regulatory requirements in respect of CBD's business;
- receiving information and monitoring that 'due diligence' matters which arise are being reported to senior management and the Board, and that there are appropriate mechanisms in place for dealing with such matters; and
- ensuring that any areas of non-compliance of CBD with internal and external requirements are promptly addressed, and the Board appropriately informed.

Remuneration and Nomination Committee

Remuneration Committee and Nomination reviews and approves overall HR policies and strategy, and CBD's compensation program in order to attract, retain and motivate its employees.

Management Committees

The Board is also assisted by ten management committees in effectively discharging its responsibilities.

Executive Committee

The role of EXCO is to provide strategic oversight and leadership of CBD's business. EXCO considers any issues that may have a potential material impact on CBD's performance, quality of banking services, risks, control framework and corporate social responsibility.

Asset and Liability Committee

The objective of the Asset and Liability Committee (**ALCO**) is to drive the most appropriate strategy for CBD in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest rate movements, liquidity constraints, and foreign exchange exposure and capital adequacy. The ALCO is also responsible to ensure that all strategies conform to the Group's risk appetite and levels of exposure as determined by the Board.

Credit Committee

The Credit Committee manages the credit risk of CBD by continuous review and update of credit limits, credit policies, process and frame-work, the approval of specific exposures and work out proposals, constant revaluation of the loans portfolio and the sufficiency of provisions thereof.

Compliance Committee

The Compliance Committee primarily ensures the prevention of money laundering and terrorism financing in adherence and compliance with the relevant regulations set by regulatory authorities applicable to CBD. It oversees the monitoring and implementation of policies and procedures related to compliance and AML. It consists of five executive members.

Operational Risk Management Committee

The purpose of ORMC is to maintain oversight of the operational risks identified across the Group by all relevant units like Operational Risk Management Department, Internal Control Department and Internal Audit.

Information Security Risk Committee

The ISRC provides strategic and tactical guidance for managing CBD's overall information security and IT risks in the long and short term, to ensure adherence with applicable regulations and standards, compliance with internal policies and management of IT risks to protect CBD's business, supporting strategic business goals.

Human Resources Committee

The purpose of the HRC is to set strategy and policy regarding the development of CBD's organisation structure, professional ethics, business focused succession planning, Emiratisation, optimal headcount/manpower distribution, training and development, performance management and compensation and reward management. CBD's corporate governance strategy is also implemented through the following departments:

Group Risk Department

The Group Risk Department comprises credit, market, operational and IT risks units. Its responsibilities include the following:

- developing a strategy, policy and framework for risk management such that these are aligned with business requirements;
- providing support to the Group in implementation of the framework;
- bringing together analysis of risk concentrations and sensitivities across the Group;
- acting as a point of reference for risk and control matters, providing advice to management, sharing best practices and carrying out special reviews as directed by ALCO; and
- providing independent assessment of, and challenge to the business areas' risk management and profiles to ensure that they are maintained in a robust manner.

Internal Audit Department

The role of the Internal Audit Department within the Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature, and are generally performed at the specific request of the ACC or Management.

It is led by the Head of Internal Audit who reports to the ACC of the Board of Directors, with administrative reporting to the Chief Executive Officer of the Bank.

To perform its role effectively, Internal Audit has organisational independence from management, to enable unrestricted evaluation of management activities and personnel. The Internal Audit Charter empowers it to have full, free and effective access at all reasonable times to all records, documents and employees of the Group. Internal Audit has direct access to the Chairman of the ACC and Chief Executive Officer of the Bank.

To determine whether the Internal Audit Function is functioning effectively, the ACC shall:

- assess the appropriateness of the Internal Audit Charter;
- assess the adequacy of resources available, both in terms of skills and funding; and
- sponsor external assessments, at least once every 3 years, by a qualified, independent reviewer from outside the Group.

Internal Control

The Board and Senior Management are responsible for developing and maintaining the existence of a sound Internal Control System and procedures that meet international standards and fulfil the requirements of CBD's management and external regulatory bodies. The internal control system should be capable of ensuring the achievement of the following:

- accuracy and integrity of financial and operational statements issued by CBD;
- effectiveness and efficiency of CBD's operational activities;
- effectiveness of measures and procedures set to safeguard CBD's assets and properties; and
- compatibility with laws, legislations and regulations in force as well as policies pertinent to internal operational procedures.

Executive management constantly monitors and assesses the efficiency and effectiveness of internal control procedures and their ability to achieve stated objectives and their furtherance and enhancement.

The Internal Control Department reports to the Chief Operating Officer (COO). The functions and responsibilities of the Internal Control Department include but not limited to:

- ensuring that CBD's operational policies, processes and controls are adhered to;
- ensuring that proper internal controls are in place and that they are functioning as designed in a timely and effective manner;

- periodic review of CBD's internal control systems in order to identify areas where internal controls may be weak, not present and areas where there appear to be excessive controls resulting in operational inefficiency so as to suggest ways to rectify the same;
- enabling the management to conduct an annual review of the efficiency of CBD's internal control systems and report its findings; and
- following up of the operational activities from a preventive perspective and overseeing operational controls being exercised to ensure that these are timely and effective.

Compliance and fraud

The process of monitoring compliance is an independent task which aims at ensuring that the Group is in compliance with all applicable laws, regulations, instructions, directives, codes of conduct and sound banking standards and practices as issued by relevant authorities.

The Board of Directors takes necessary measures to further the values of integrity and sound professional conduct within the Group promoting a culture of compliance in letter and spirit with the applicable laws, regulations, instructions and standards.

In this regard, CBD has laid down Compliance and AML procedures which establish and maintain standards of ethics, confidentiality, privacy, KYC policies and other hallmarks of good governance, such as avoiding conflicts of interest.

All CBD's staff are required to attend AML and KYC training and are made aware of CBD's policies and procedures relating to these two important issues.

CBD has appointed Anti Money Laundering Reporting Officers who are responsible for policy development and awareness, the detection and reporting of suspicious transactions and responding to staff queries relating to AML issues. All cash transactions are closely monitored and suspicious transactions are reported to the Branch AML Officer and, if required, to the Business Unit Head and CBD AML Manager.

The mission and role of compliance, AML and the Fraud prevention department is to:

- ensure compliance risks are adequately identified, assessed, monitored and controlled in conjunction with Business and other control functions;
- ensure senior management is fully informed of significant compliance issues and plans for resolution;
- contribute to a “no surprise” compliance culture by educating and communicating compliance awareness throughout the Group;
- align annual compliance plans with business strategies and goals; and
- meet regulatory expectations, FATCA and Common Reporting Standards requirements.

Fraud prevention

The Bank has a dedicated Fraud Prevention and Investigation Unit that assists in identification, detection, and verification of potential or actual incidents of fraud, including quantification and recoupment of any losses sustained as a result of any such incident. The purpose is to manage susceptibility of Bank's assets and processes to fraud risk with a view to reducing it and to raise the level of fraud awareness among employees and other stakeholders.

Whistle blowing

A set of arrangements has been designed to enable employees to confidentially report concerns about any potential violations, enabling the investigation and follow up of such concerns independently and discreetly through the whistle blowing policy. Such arrangements are supervised by the Audit and Compliance Committee and in coordination with the senior management.

Conflicts of Interest

Certain members of CBD's Board and senior management personnel have interests in entities other than CBD, including directorships and shareholdings with third parties ("**related entities**"). Certain of these related entities have banking and/or other commercial relationships with CBD. In addition, certain Board members and senior management personnel have obtained loans and advances from, and maintain deposits with, CBD. For further information, see "*Related Party Transactions*" and Note 31 to the 2015 Financial Statements.

All transactions between CBD and members of the Board, senior management personnel and/or such related entities are subject to compliance with CBD's corporate governance regime which requires, amongst other things, that such transactions are approved by the Board and are executed on an arms-length basis. All such transactions must also comply with regulations imposed by the UAE Central Bank.

Save as set out above, there are no potential conflicts of interest between the duties of the members of CBD's Board and senior management and their private interests and/or other duties.

Related Party Transactions

Balances with certain related parties (major shareholders of CBD, Government related parties, CBD's Board and companies of which they are principal owners or directors and key management personnel of CBD) accounted for loans and advances and Islamic financing, net of AED 2.9 billion (which accounts for 6 per cent. of CBD's total loans and advances and Islamic financing, net) and customer deposits and Islamic customer deposits of AED 3.7 billion (which accounts for 8 per cent. of CBD's total customer deposits and Islamic customer deposits) as at 30 June 2018. Balances with related parties accounted for loans and advances and Islamic financing, net of AED 3.2 billion (which accounts for 7 per cent. of CBD's total loans and advances and Islamic financing, net) and customer deposits and Islamic customer deposits of AED 5.8 billion (which accounts for 12 per cent. of CBD's total customers' deposits and Islamic customers' deposits) as at 31 December 2017.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of CBD, directly or indirectly, including any director (whether executive or otherwise) of CBD. Other related parties represent major shareholders, parties related to directors and key management personnel. The terms of transactions with related parties are comparable to third party transactions and do not involve more than normal amounts of risk. The terms of these transactions are approved by the Board. Please see Note 19 to the 30 June 2018 Interim Financial Statements and Note 31 to the Annual Financial Statements.

SELECTED FINANCIAL INFORMATION

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited 2018 Interim Financial Statements and the notes thereto and the audited Annual Financial Statements and the notes thereto, which have been incorporated by reference and form part of this Base Prospectus.

The following tables set out selected consolidated financial information of CBD, as extracted from the unaudited 2018 Interim Financial Statements and the notes thereto and the audited Annual Financial Statements. Financial information set out in the tables below corresponding to (i) the financial year ended and as at 31 December 2016 has been extracted from the 2017 Financial Statements and (ii) the financial year ended and as at 31 December 2015 has been extracted from the 2016 Financial Statements (where, in each case, such information is presented for comparative purposes). The ratios included herein have been prepared based on management information and information in the 2018 Interim Financial Statements and the Annual Financial Statements. Certain metrics in “Selected Ratios” below constitute Alternative Performance Measures for the purposes of the ESMA Guidelines. See “Presentation of Financial Information”.

Consolidated Statement of Financial Position Data (AED million)	As at 31 December			As at 30 June
	2015	2016	2017	2018 ¹
ASSETS				
Cash and balances with Central Bank	6,668	6,712	6,809	6,534
Due from banks, net	2,592	3,724	2,835	1,510
Loans and advances and Islamic financing, net	39,021	41,963	47,276	47,218
Investment securities, net	6,623	7,418	7,077	7,093
Investment in an associate	82	78	81	80
Investment properties ²	334	233	195	183
Property and equipment	332	355	384	390
Bankers acceptances	1,872	3,057	5,121	5,234
Other assets ²	341	539	637	664
TOTAL ASSETS	57,864	64,080	70,414	68,906
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks	1,111	1,560	780	1,680
Customer deposits and Islamic customer deposits	40,475	43,774	48,411	48,124
Notes and medium term borrowing	5,493	6,081	6,090	4,257
Due for trade acceptances	1,872	3,057	5,121	5,234
Other liabilities	685	929	931	1,013
TOTAL LIABILITIES	49,635	55,400	61,333	60,308
EQUITY				
Share capital	2,803	2,803	2,803	2,803
Legal reserve	1,401	1,401	1,401	1,401
Capital reserve	39	39	39	39
General reserve	1,228	1,328	1,328	1,328
Fair value reserve	(6)	18	(11)	(157)
Retained earnings	2,765	3,091	3,521	3,184
TOTAL EQUITY	8,229	8,680	9,081	8,598
TOTAL LIABILITIES AND EQUITY	57,864	64,080	70,414	68,906

¹ Unaudited

² During 2015, property with a carrying value of AED 91 million was transferred from other assets to investment properties. During 2017, AED 120 million (net) of investment property was transferred to other assets.

Consolidated Statement of Profit or Loss (AED million)	As at 31 December			As at 30 June
	2015	2016	2017	2018¹
Net interest income and net income from Islamic financing	1,640	1,725	1,821	938
Net fees and commission income	498	495	565	292
Net gains from foreign exchange and derivatives	117	134	119	62
Net (losses) / gains from investments at fair value through profit or loss	1	1	5	-
Net gains from sale of debt/equity investments at fair value through other comprehensive income ²	49	57	18	3
Share of profit of an associate	5	3	7	5
Dividend income	6	8	61	5
Other income	36	38	46	22
Total operating income	2,352	2,462	2,642	1,328
Net credit impairment allowances	(414)	(568)	(687)	(321)
Impairment allowance on other assets ³	-	(12)	(23)	(23)
Impairment allowance on investments securities ⁴	(13)	(8)	(2)	1
Impairment allowance on investment property	-	-	(28)	-
Total net income	1,925	1,874	1,902	985
Staff and other expenses	(808)	(817)	(845)	(395)
Depreciation and amortization	(51)	(53)	(56)	(29)
Total operating expenses	(859)	(871)	(900)	(424)
Net profit for the year / period	1,066	1,003	1,002	561
Basic and diluted earnings per share	AED 0.38	AED 0.36	AED 0.36	AED 0.20

¹ Unaudited

² The line item is "Net gains from sale of available-for-sale investments" in the 2017 Financial Statements

³ During 2017, AED 120 million (net) was transferred from investment properties to other assets. Therefore, the provision has also been renamed from impairment allowance on investment properties to impairment allowance on other assets.

⁴ The line item is "Impairment allowance on AFS investment" in the 2015 Financial Statements

Selected ratios (%)	As at/For the year ended 31 December			As at/For the six month period ended 30 June
	2015	2016	2017	2018⁹
Return on average assets ¹	2.0	1.6	1.5	1.6
Return on average equity ²	13.3	11.9	11.3	12.7
Cost to income ratio ³	36.5	35.4	34.1	31.9
Non-performing loans ratio ⁴	6.9	6.9	6.5	7.5
Provision coverage ratio ⁵	92.5	101.6	88.7	95.3
Loan to deposit ratio ⁶	96.4	95.9	97.7	98.1
Capital adequacy ratio ⁷	16.6	15.8	15.1	15.0
Tier I Capital ratio ⁸	15.5	14.6	14.0	13.9

1 Return on Average Assets is calculated as Net profit / (Opening assets + Closing assets)/2.

The ratio shows how many AED of earnings CBD derives from each AED of assets it controls.

2 Profit to the Average Equity Ratio is calculated as Net profit / (Opening equity + Closing equity)/2.

RoAE is a measure of the profitability of the Bank's business in relation to the book value of shareholder equity, also known as net assets or assets minus liabilities. RoAE is a measure of how well the Bank uses shareholders' equity to generate earnings growth.

3 Cost to income Ratio is calculated as Total operating expenses / Total operating income. A lower percentage means that expenses are low and earnings are high.

4 Non-performing loans ratio is calculated as impaired loans / gross loans.

A non-performing loan, or NPL, is a loan that is in default or close to being in default. Personal Banking loans become non-performing after being in default for 90 days. Corporate and Commercial Banking loans are marked as non-performing, on a case by case basis and are subject to management discretion and analysis.

5 Provision Coverage Ratio is calculated as Provision for Impairment / Impaired Loans.

The ratio shows the total provisions the Bank has built on its impaired loans.

6 Loan to deposit ratio is calculated as loans and advances and Islamic financing, net / customer deposits and Islamic customer deposits.

The loan to deposit ratio is used to calculate the Bank's ability to make payments to customers withdrawing their deposits. A ratio of less than one implies that the Bank has relied on funds deposited by customers to make loans, advances and Islamic financing. A ratio of more than one implies that the Bank has extended loans, advances and Islamic financing from funds borrowed by it in addition to deposits.

7 Capital Adequacy Ratio is calculated as Total Capital Base / Risk Weighted Assets.

8 Tier I Capital ratio is calculated as Tier I Capital / Risk Weighted Assets.

9 Ratios for the six month period ended 30 June 2018 have been annualised.

Related party transactions

Certain related parties (principally the major shareholders, board members, key personnel of CBD and companies where they hold a significant interest and any other parties having significant influence on the financial or operational decisions of CBD) are customers of CBD in the ordinary course of business. The terms of transactions with related parties are comparable to third party transactions and do not involve more than normal amounts of risk.

(AED million)	As at / For the year ended			As at/For the six month period ended 30 June 2018 ¹
	2015	2016	2017	
Directors and key management personnel				
Loans and advances and Islamic financing, net	188	173	157	146
Undrawn commitments to extend credit	16	17	26	7
Customer deposits and Islamic customer deposits	16	25	53	150
Interest income and commission income	9	7	8	2
Interest expense	0	0	0	1
Government related parties				
Loans and advances and Islamic financing, net	1,616	1,999	1,805	1,602
Due from banks	600	275	771	-
Investment securities	1,192	1,344	1,467	1,394
Bankers acceptances	-	216	-	-
Letters of credit	-	-	-	32
Letters of guarantees	173	173	324	360
Undrawn commitments to extend credit	1,317	1,129	1,239	1,171
Due to Banks	-	19	12	-
Customer deposits and Islamic customer deposits	5,103	5,134	4,495	3,148
Interest income and commission income	44	61	67	25
Interest expense	46	75	94	27
Other related parties				
Loans and advances and Islamic financing, net	829	1,002	1,208	1,153
Bankers acceptances	11	12	150	435
Letters of credit	15	23	13	22
Letters of guarantees	515	712	624	959
Undrawn commitments to extend credit	467	580	589	558
Customer deposits and Islamic customer deposits	2,563	1,703	1,235	369
Interest income and commission income	31	38	62	17
Interest expense	25	30	26	11
Dividend from an associate	7	3	3	4

¹Unaudited

FINANCIAL REVIEW

The following discussion contains an analysis of the consolidated results of operations of CBD as at and for the six month period ended 30 June 2018 and 30 June 2017 and as at and for the years ended 31 December 2015, 2016 and 2017 and should be read in conjunction with the 2018 Interim Financial Statements and the Annual Financial Statements. Unless otherwise specified, the financial data discussed below has been extracted without material adjustment from the 2018 Interim Financial Statements and the Annual Financial Statements.

References in this financial review to 2015, 2016 and 2017 are for the 12 months ended 31 December, and references to 2018 are to the six month period ended 30 June 2018. The percentage or percentage changes in this financial review are based on the amounts reported in CBD's Annual Financial Statements and the 2018 Interim Financial Statements, as applicable. As a result, percentage or percentage changes stated in this financial review may not be an exact arithmetical change of the numbers stated in this financial review. As a result of rounding, the totals stated in the tables and text below may not be an exact arithmetical sum of the numbers in respect of which they are expressed to be a total.

Overview

CBD was incorporated in Dubai, UAE, on 4 July 1969 pursuant to an Emiri Decree. CBD is registered as a public shareholding company in accordance with Federal Law No. 2 of 2015. CBD's commercial registration number is 1010121, its registered office is Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates and its telephone number is +971 4 2121000.

CBD offers a range of banking products and services in the UAE primarily to corporate and commercial customers, including loans, working capital financing, trade finance products and deposit accounts. CBD also offers personal banking products, including deposit accounts, personal loans and mortgage products to retail customers. Since 2008, CBD has provided Shari'a compliant financial services to corporate and retail customers through its "Attijari Al Islami" finance division. CBD has four wholly owned subsidiaries:

- CBD Financial Services LLC ("**CBD Financial Services**"), which provides brokerage facilities for local shares and bonds;
- Attijari Properties LLC ("**Attijari Properties**"), which provides self-owned property management services;
- the Cayman Issuer, a special purpose vehicle incorporated in May 2015, which may, among other things, issue Notes under the Programme; and
- CBD (Cayman II) Limited, a special purpose entity established and registered in the British Virgin Islands in 2016 in order to transact and negotiate derivative agreements.

CBD also has one associate, NGI, in which CBD holds a 17.8 per cent. shareholding. NGI underwrites life and general insurance business as well as certain reinsurance business.

As at 30 June 2018, 57 per cent. of CBD's customer deposits and Islamic customer deposits were sourced from the corporate sector (compared to 51 per cent. as at 31 December 2017 and 50 per cent. as at 31 December 2016); 17 per cent. were sourced from the personal sector (compared to 24 per cent. as at 31 December 2017 and 25 per cent. as at 31 December 2016); and 26 per cent. were sourced from the government sector (compared to 24 per cent. as at 31 December 2017 and 25 per cent. as at 31 December 2016).

As at and for the six month period ended 30 June 2018, CBD's net profit was AED 561 million (an increase of 69 per cent. compared to the six month period ended 30 June 2017). Its total assets amounted to AED 68.9 billion (a decrease of 2 per cent. compared to total assets as at 31 December 2017) and its total equity amounted to AED 8.6 billion (a decrease of 5 per cent. compared to total equity as at 31 December 2017). CBD's net profit was AED 1.0 billion for the years ended 31 December 2017 and 31 December 2016.

As at 31 December 2017, its total assets amounted to AED 70.4 billion, an increase of 10 per cent. compared to AED 64.1 billion as at 31 December 2016.

CBD's total equity was AED 9.1 billion as at 31 December 2017, an increase of 5 per cent. from AED 8.7 billion as at 31 December 2016.

CBD's ordinary shares are listed on the DFM. As at the date of the Base Prospectus, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,802,733,968 ordinary shares of AED 1 each (compared to 2,802,733,968 ordinary shares of AED 1 each as at 31 December 2017 and 31 December 2016). See "*Description of CBD - Share Capital and Shareholders*".

Significant Factors Affecting Results of Operations

CBD's revenues and results of operations during the periods under review have been affected by the following factors:

The impact of volatility in oil prices and macro-economic factors

The decline in oil prices since the second half of 2014 impacted government revenues in each of the states of the Gulf Co-operation Council (the "GCC"). The economy of the UAE, which has the most diversified economic structure within GCC countries, was the least impacted.

Nevertheless, reduced oil prices impacted liquidity in the banking system, with large withdrawals from government and government related entities ("GRE's") in the second quarter of 2015, resulting in an increase in the cost of borrowing for banks (including CBD) operating within the UAE.

The UAE economy is also impacted by fluctuations in the value of the U.S. dollar, to which the UAE Dirham is pegged. The recent strengthening of the U.S. dollar has negatively impacted consumption, investment in real estate and the tourism sector in the UAE. The weak macro-economic environment in GCC countries, especially in Saudi Arabia and Oman, further reduces the outlook for the tourism sector in the UAE.

UAE's response to lower oil prices and other macro-economic factors

The UAE was first among the GCC countries to initiate fiscal reforms by phasing out fuel subsidies in 2015, partly offsetting the reduction in oil prices. Further reforms were introduced in 2017, including the introduction of a value-added tax regime in the UAE. In response to the oil price correction, the UAE Government and several GREs adjusted their budgets and certain large projects were rescheduled, which in turn impacted private sector activity in the economy. Strained by the lower liquidity and slowing public and private sector activity, several small and medium businesses scaled down their operations or shut down, in turn increasing impairments for banks that had lent to them. For the six month period ended 30 June 2018, CBD's net impairment allowances on loans and advances and Islamic financing was AED 321 million, compared to AED 507 million for the six month period ended 30 June 2017. CBD increased its impairment allowances on loans and advances and Islamic financing by 21 per cent. for the year ended 31 December 2017 (compared to the year ended 31 December 2016) as CBD continued its prudent approach to provisioning, in particular for the commercial and SME sector in the current economic environment. The UAE Banks Federation, a professional body representing 50 member banks in the UAE, has since started working closely with its clients who face financial distress and considered ways and means for banks to apply a coordinated approach, in cooperation and consultation with the UAE Central Bank, to alleviate funding difficulties faced by SME's and to continue banks' support to the SME sector which is regarded as being vital to the national economy.

Dubai, one of the Emirates of the UAE, from where CBD primarily conducts its operations, is the region's most open and diverse economy. The economy of Dubai, which is reliant on trade, services and tourism, was impacted by the geopolitical situation in MENA region, a stronger U.S. dollar and economic slowdowns in Russia and China. Dubai is currently preparing to host the Quadrennial World Expo between October 2020 and April 2021, bringing together 180 nations and an international audience of 25 million visitors, and which is expected to add impetus to the economies of the UAE and, in particular, Dubai.

The table below sets out the loans and advances (net of provisions) and customers' deposits for the banking sector in the UAE as at 30 June 2018 and as at 31 December for each year indicated:

(AED billion)	As at 31 December			As at 30 June
	2015	2016	2017	2018*
Loans and advances (gross)	1,466	1,554	1,581	1,622
Government & GRE	338	360	348	349
Private sector & Individuals	1,128	1,194	1,233	1,273
Customer deposits	1,472	1,563	1,627	1,684
Government & GRE	348	355	404	442
Private sector & Individuals	1,123	1,208	1,224	1,242
Provisions	99	108	109	122

* Preliminary data subject to revision.

Source: Monthly Banking Indicators issued by UAE Central Bank

Stable growth in customer advances

As a result of Dubai's successful bid to host the World Expo 2020, significant new development and construction projects have been announced including the Dubai Waterfront project and Meydan One scheduled to be completed by 2020 and the “Ain Dubai” (“Eye of Dubai”) Ferris wheel, scheduled to be completed within 2018. The retail and tourism sectors have also reported increasing revenues.

The improvement in business sentiment resulted in stable growth in customer advances in the UAE. According to the UAE Central Bank, the value of customer loans and advances (net of provisions) provided by banks in the UAE increased by 8 per cent. in the year ended 31 December 2015, a further 6 per cent. in the year ended 31 December 2016, and an additional 2 per cent. each in the year ended 31 December 2017 and in the six month period ended 30 June 2018.

As at 30 June 2018, CBD recorded growth in gross loans and advances and Islamic financing of 1 per cent. compared to the year ended 31 December 2017. CBD recorded growth in gross loans and advances and Islamic financing for the year ended 31 December 2017 of 11 per cent. compared to the year ended 31 December 2016. This was due, in particular, to growth in the real estate sector. The table below sets out CBD's customer loans and advances and Islamic Financing as at 30 June 2018 and as at 31 December for each year indicated:

(AED million)	As at 31 December			As at 30 June
	2015	2016	2017	2018 ¹
Loans and advances and Islamic financing (gross)	41,697	45,114	50,185	50,846

¹ Unaudited

Investments in securities maintained at target level

As at 30 June 2018 and at 31 December 2017, net investment securities remained at AED 7.1 billion. The Bank reduced its holding of investment securities by 5 per cent. to AED 7.1 billion as at 31 December 2017 from AED 7.4 billion as at 31 December 2016. Revenues from these domestic and international securities have contributed positively to CBD's net interest income and net income from Islamic financing. The table below sets out CBD's holding in investment securities as at 30 June 2018 and as at 31 December for each year indicated:

(AED million)	As at 31 December			As at 30 June
	2015	2016	2017	2018 ¹
Investment Securities, net.....	6,623	7,418	7,077	7,093

¹ Unaudited

Critical Accounting Policies

Certain of CBD's accounting policies require significant managerial judgment on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by CBD's management.

CBD has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the presentation of its Financial Statements for the relevant period. For more information on CBD's significant accounting policies, including the impact of IFRS 9, see Note 3 to the Financial Statements as at and for the years ended 31 December 2017 and 31 December 2016.

CBD's management believes that the following significant accounting policies require more critical judgments or estimates or involve a greater degree of complexity in the application of accounting standards that affect CBD's financial condition and results of operation.

Classification of Financial Instruments

CBD classifies its financial instruments into the following categories:

Amortised cost

A debt instrument, including loans and advances and Islamic financing, is classified as being measured at amortised cost if it is held within a business model where the objective is to hold financial assets in order to collect contractual cash flows.

Fair value through other comprehensive income ("FVOCI")

A debt instrument is classified as being measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling the debt instrument and is not designated at FVPL (as defined below).

Movements in the carrying amount are taken through Other Comprehensive Income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on an instrument's amortised cost, which is recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from statement of changes in equity to statement of profit or loss and recognised in "Net gains from sale of debt investments held at FVOCI". Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

CBD subsequently measures all equity investments at fair value through profit or loss, except where CBD's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI. CBD's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in Other Comprehensive Income and are not subsequently reclassified to statement of profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Dividend income on equity investments at FVOCI is recognised in the condensed consolidated interim statement of profit or loss.

Fair value through profit or loss ("**FVPL**")

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and is presented in the profit or loss statement within 'Net gains from investments at FVPL' in the period in which it arises.

In addition, on initial recognition, CBD may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Impairment of financial assets

The adoption of International Financial Reporting Standards ("**IFRS**") 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing the incurred loss approach with a forward-looking expected credit loss approach. IFRS 9 requires CBD to record an allowance for ECLs that are not measured at FVPL on the following financial instruments: loans and advances, Islamic financing and other financial assets, loan commitments and financial guarantee contracts.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

GStage 1: when loans are first recognised, CBD recognises an allowance based on 12 months ECLs.

HStage 2: when a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the life time expected credit losses ("**LTECLs**").

IStage 3: loans considered credit-impaired. CBD records an allowance for the LTECLs.

The key inputs into the measurement of ECL are the term structures of the following variables:

- *Probability of Default ("PD")* - the PD is an estimate of the likelihood of default over a given time horizon.
- *Loss Given Default ("LGD")* – the LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the exposure at default.
- *Exposure at Default ("EAD")* - the EAD is an estimate of the expected exposure in the event of a default and the potential changes to the current amount allowed under the contract including amortisation.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Investment properties

CBD holds certain properties for its own use as well as to lease out. The leased out or intended to lease out components have been classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met and excludes the costs of day-to-

day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses.

Results of Operations for the six month periods ended 30 June 2018 and 2017, and for the years ended 31 December 2015, 2016 and 2017

Net interest income and net income from Islamic financing

The following table sets out CBD's net interest income and net income from Islamic financing for each period indicated.

	Year ended 31 December			Six month period ended 30 June ¹		Percentage change (%)		
	2015	2016	2017	2017	2018	2016 / 2015	2017 / 2016	June 2018 / June 2017
(AED million)								
Interest income and income from Islamic financing	1,963	2,288	2,515	1,203	1,350	16.6	9.9	12.2
Interest expense and distributions to Islamic depositors	(323)	(563)	(694)	(318)	(412)	74.3	23.3	29.6
Net interest income and net income from Islamic financing	1,640	1,725	1,821	885	938	5.2	5.6	6.0

¹ Unaudited

CBD's interest income and income from Islamic financing increased by 12 per cent. to AED 1.4 billion for the six month period ended 30 June 2018, from AED 1.2 billion for the six month period ended 30 June 2017. This increase was primarily a result of increased earnings on loans and advances arising from higher average balances. Interest expense and distributions to Islamic depositors increased by 30 per cent. to AED 412 million for the six month period ended 30 June 2018, up from AED 318 million for the six month period ended 30 June 2017. This increase in interest expenses was primarily due to higher average balances and higher cost of time deposits.

CBD's interest income and income from Islamic financing increased by 10 per cent. from AED 2.3 billion for the year ended 31 December 2016 to AED 2.5 billion for the year ended 31 December 2017. This increase was primarily as a result of increased earnings on loans and advances and investment securities arising from higher average balances. Interest expense and distributions to Islamic depositors increased by 23 per cent. from AED 563 million for the year ended 31 December 2016 to AED 694 million for the year ended 31 December 2017. This increase was primarily due to higher average balances and higher cost of time deposits. Further contributing factors to the increase in interest expense include the interest payable on the USD 161 million repo transactions entered into by the Group in June 2016.

CBD's interest income and income from Islamic financing increased by 17 per cent. from AED 2.0 billion for the year ended 31 December 2015 to AED 2.3 billion for the year ended 31 December 2016. This increase was primarily as a result of increased earnings on loans and advances and investment securities arising from higher average balances. Interest expenses increased by 74 per cent. from AED 323 million for the year ended 31 December 2015 compared to AED 563 million for the year ended 31 December 2016. This increase was primarily due to higher average balances and higher cost of time deposits. A further contributing factor to the increase in interest expenses is on account of the interest payable on the USD 400 million Notes issued by the Cayman Issuer under the Programme in November 2015 and the USD 161 million repo transactions entered into by the Group in June 2016.

Total non-interest income

The following table sets out CBD's total non-interest income for each period indicated.

(AED million)	Year ended 31 December			Six month period ended 30 June ¹		Percentage change (%)		
	2015	2016	2017	2017	2018	2016 / 2015	2017 / 2016	June 2018 / June 2017
Net fees and commission income	498	495	565	284	292	(0.6)	14.1	2.8
Net gains from foreign exchange and derivatives	117	134	119	49	62	14.5	(11.2)	26.5
Income from investments ^{2,3}	61	69	91	75	14	13.1	31.9	(81.3)
Other income	36	38	46	20	22	5.6	21.1	10.0
Total non-interest income	712	737	822	428	390	3.5	11.4	(8.9)

¹ Unaudited

² As at 30 June 2018, income from investments includes net gains from investments at fair value through profit or loss, net gains from sale of investments at fair value through other comprehensive income, share of profit of an associate and dividend income.

³ As at 30 June 2017 and 31 December in each of 2017, 2016 and 2015, income from investments includes net gains from investments at fair value through profit or loss - held for trading, net gains from sale of available-for-sale investments, share of profit of an associate and dividend income.

Total non-interest income constituted 29 per cent. of CBD's total operating income for the six month period ended 30 June 2018. Total non-interest income for the six month period ended 30 June 2018 decreased by 9 per cent. as compared for the six month period ended 30 June 2017, mainly due to a one-off dividend received during the first half of 2017.

Total non-interest income constituted 31 per cent. of CBD's total operating income for the year ended 31 December 2017. Total non-interest income increased by 12 per cent. for the year ended 31 December 2017 to AED 822 million from AED 737 million for the year ended 31 December 2016. Net gains from foreign exchange and derivatives decreased by 11 per cent. for the year ended 31 December 2017 compared to 31 December 2016. Income from investments increased by 32 per cent. for the year ended 31 December 2017 compared to the year ended 31 December 2016, mainly due to a one off dividend received in the first half of 2017.

Total non-interest income constituted 30 per cent. of CBD's total operating income for the year ended 31 December 2016. Total non-interest income increased by 4 per cent. for the year ended 31 December 2016 to AED 737 million from AED 712 million for the year ended 31 December 2015. Net gains from foreign exchange and derivatives and income from investments increased by 15 per cent. and 13 per cent. respectively for the year ended 31 December 2016 compared to the year ended 31 December 2015.

Impairment allowances on loans and advances and Islamic financing and recoveries

The following table sets out CBD's net impairment allowances for each period indicated.

(AED million)	Year ended 31 December			Six month period ended 30 June ¹		Percentage change (%)		
	2015	2016	2017	2017	2018	2016 / 2015	2017 / 2016	June 2018 / June 2017
Impairment allowances on loans and advances and Islamic financing	501	683	799	529	346	36.3	17.0	(34.6)
Recoveries	87	115	112	22	25	32.2	(2.6)	13.6
Net Impairment allowances	414	568	687	507	321	37.2	21.0	(36.7)

¹ Unaudited

CBD's impairment allowances on loans and advances and Islamic financing for the six month period ended 30 June 2018 decreased by 35 per cent. to AED 346 million, from AED 529 million for the six month period ended 30 June 2017.

The Bank's impairment allowances on loans and advances and Islamic financing increased by 36 per cent. from AED 501 million for the year ended 31 December 2015 to AED 683 million for the year ended 31 December 2016 and further increased by 17 per cent. to AED 799 million for the year ended 31 December 2017 as CBD continued its prudent approach to provisioning, in particular for the commercial and SME sector.

CBD's impairment allowances on loans and advances and Islamic financing levels have increased from 2015 to 30 June 2018. CBD recorded a provision coverage ratio of 95 per cent. for the six month period ended 30 June 2018, 89 per cent. for the year ended 31 December 2017, 102 per cent. for the year ended 31 December 2016 and 92 per cent. for the year ended 31 December 2015.

The total carrying amount of impaired loans (excluding restructured performing loans and loans under restructuring) was AED 2.9 billion as at 31 December 2015, AED 3.1 billion as at 31 December 2016 and AED 3.3 billion as at 31 December 2017. The Bank fully provided for these loans in prior years and is continuing to seek recoveries in respect of the loans, including through litigation.

CBD's recoveries increased from AED 87 million for the year ended 31 December 2015 to AED 115 million for the year ended 31 December 2016 and marginally decreased to AED 112 million for the year ended 31 December 2017. These recoveries reflect the focus on monitoring CBD's non-performing loan ratio and collection procedures. Recoveries for the six month period ended 30 June 2018 increased to AED 25 million from AED 22 million for the six month period ended 30 June 2017.

Total operating expenses

The following table sets out the components of CBD's total operating expenses for each period indicated.

	Year ended 31 December			Six month period ended 30 June ¹		Percentage change (%)		
	2015	2016	2017	2017	2018	2016 / 2015	2017 / 2016	June 2018 / June 2017
<i>(AED million)</i>								
Staff and other expenses	808	817	845	422	395	1.1	3.4	(6.4)
Depreciation and amortization	51	53	56	27	29	3.9	5.7	7.4
Total operating expenses	859	871	901	449	424	1.4	3.3	(5.6)

¹ Unaudited

The Bank's staff and other expenses for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 remained relatively stable at AED 845 million, AED 817 million and AED 808 million, respectively. The Bank continued to focus on cost controls, resulting in its cost to income ratio improving from 37 per cent. for the year ended 31 December 2015 to 35 per cent. for the year ended 31 December 2016, and further improved to 34 per cent. for the year ended 31 December 2017.

CBD's staff and other expenses of AED 395 million for the six month period ended 30 June 2018 decreased by 6 per cent. compared to AED 422 million for the six month period ended 30 June 2017. CBD's cost to income ratio improved to 32 per cent. for the six month period ended 30 June 2018 compared to 34 per cent. for the six month period ended 30 June 2017.

Net profit

As a result of the foregoing, CBD's net profit for the six months ended 30 June 2018 increased by 69 per cent. compared to the six months ended 30 June 2017. CBD's net profit for the years ended 31 December 2017 and 31 December 2016 remained at the same level. CBD's net profit for the year ended 31 December 2016

decreased by 6 per cent. from AED 1.1 billion for the year ended 31 December 2015 to AED 1.0 billion for the year ended 31 December 2016.

Financial condition as at 30 June 2018, 31 December 2015, 2016 and 2017

Total assets

The following table sets out the components of total assets as at 30 June 2018 and as at 31 December 2015, 2016 and 2017.

(AED million)	As at 31 December			As at 30 June 2018 ¹	Percentage change (%)		
	2015	2016	2017		2016 / 2015	2017 / 2016	June 2018 / December 2017
Total Assets	57,864	64,080	70,414	68,906	10.7	9.9	(2.1)
Due from banks, net	2,592	3,724	2,835	1,510	43.7	(23.9)	(46.7)
Loans and advances and Islamic financing, net	39,021	41,963	47,276	47,218	7.5	12.7	(0.1)
Bankers acceptances	1,872	3,057	5,121	5,234	63.3	67.5	2.2
Other assets	341	539	637	664	58.1	18.2	4.2

¹ Unaudited

As at 31 December 2015, CBD had total assets of AED 57.9 billion compared to AED 64.1 billion as at 31 December 2016, AED 70.4 billion as at 31 December 2017 and AED 68.9 billion as at 30 June 2018.

The 11 per cent. increase in total assets as at 31 December 2016 compared to 31 December 2015 was primarily due to increased levels of due from banks, net loans and advances and Islamic financing, and bankers acceptances. In 2016, CBD's net loans and advances and Islamic financing portfolio increased by 8 per cent., while bankers acceptances increased by 63 per cent. and due from banks increased by 44 per cent.

The increase in net loans and advances increase by AED 5.3 billion or 13 per cent. and bankers acceptances increase by AED 2.1 billion or 68 per cent. are the main contributing factors to the 10 per cent. further increase in total assets in 2017 compared to 2016.

Loans and advances and Islamic financing, net

CBD's loan portfolio comprises loans and advances and Islamic financing to commercial, retail and government-related entities across a range of economic sectors made on both conventional and Islamic basis.

As at 31 December 2017, 85 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED, as at 31 December 2016, 86 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED and as at 31 December 2015, 85 per cent. of CBD's gross loans and advances and Islamic financing was denominated in AED. The majority of CBD's remaining loan portfolio was denominated in U.S. dollars.

The following table sets out CBD's net loans and advances and Islamic financing by economic sector as at 30 June 2018 and as at 31 December 2016 and 2017.

(AED million)	As at 31 December		As at 30 June 2018 ¹	Percentage change (%)	
	2016	2017		2017 / 2016	June 2018 / December 2017
Commercial and Business					
Manufacturing	2,483	3,063	3,154	23.4	3.0
Construction	2,288	2,077	2,399	(9.2)	15.5
Real estate	14,196	16,258	15,910	14.5	(2.1)
Trade	4,937	4,959	5,156	0.4	4.0
Transportation and storage	2,554	1,953	1,786	(23.5)	(8.6)
Services	3,551	3,710	4,220	4.5	13.7
Hospitality	1,673	2,930	2,804	75.1	(4.3)
Total Commercial and Business	31,682	34,950	35,429	10.3	1.4
Financial and insurance activities	3,801	4,669	5,228	22.8	12.0
Government entities	40	135	234	237.5	73.3
Personal - mortgage	2,225	2,628	2,741	18.1	4.3
Personal - schematic	3,456	4,545	4,425	31.5	(2.6)
Individual loans for business	2,866	2,283	1,939	(20.3)	(15.1)
Others	1,044	977	850	(6.4)	(13.0)
Gross loans and advances and Islamic financing	45,114	50,185	50,846	11.2	1.3
Allowances for impairment losses	(3,151)	(2,910)	(3,628)	(7.6)	24.7
Net loans and advances and Islamic financing	41,963	47,276	47,218	12.7	(0.1)

¹ Unaudited

As at 30 June 2018, 31 December 2017 and 31 December 2016, 70 per cent. of CBD's gross loans and advances and Islamic financing were made to the Commercial and Business sector. As at 30 June 2018, 18 per cent. of CBD's gross loans and advances and Islamic financing were made to the Personal sector (as compared to 19 per cent. as at 31 December 2017 and as at 31 December 2016); and 10 per cent. were made to Financial and insurance sector (as compared to 9 per cent. as at 31 December 2017 and 8 per cent. as at 31 December 2016).

CBD increased its gross loans and advances and Islamic financing in the real estate sector by 15 per cent., in the hospitality sector by 75 per cent., and personal loans sector by 32 per cent. between 31 December 2017 and 31 December 2016. The distribution of the loan portfolio across economic sectors is oriented towards real estate, hospitality, and personal loans sector, which is in line with the domestic economy.

The construction, services, and government sectors witnessed growth of 16 per cent., 14 per cent., and 73 per cent., respectively as at 30 June 2018 when compared to 31 December 2017.

Investment securities

The following table sets out the composition of CBD's investment securities as at 31 December 2015, 2016, 2017 and 30 June 2018.

(AED million)	As at 31 December			As at 30 June 2018 ¹	Percentage change (%)		
	2015	2016	2017		2016 / 2015	2017 / 2016	June 2018 / December 2017
Held at fair value through profit or loss ²	20	-	42	-	(100.0)	100.0	(100.0)
Held at fair value through other comprehensive income ³	6,603	7,030	6,902	7,074	6.5	(1.8)	2.5
Held at amortised cost ⁴	-	388	133	25	100.0	(65.7)	(81.2)
Investment securities, gross	6,623	7,418	7,077	7,099	12.0	(4.6)	0.3

¹ Unaudited

² Classification as at 31 December 2016 per financial statements is Held for trading.

³ Classification as at 31 December 2016 per financial statements is Available-for-sale.

⁴ Classification as at 31 December 2016 per financial statements is Held-to-maturity.

As at 31 December 2015, CBD had investment securities of AED 6.6 billion, AED 7.4 billion as at 31 December 2016, AED 7.1 billion as at 31 December 2017 and at 30 June 2018. CBD increased its portfolio of investment securities by 12 per cent. as at 31 December 2016, and the portfolio reduced by 5 per cent. as at 31 December 2017. The level of the Bank's investment securities which are categorised as held at fair value through other comprehensive income contribute to the Bank's compliance with enhanced liquidity ratio requirements as required under Basel III liquidity ratios.

In accordance with its strategy to maintain a higher level of liquid assets in line with new liquidity ratios, CBD did not replace the natural run-off of its held to maturity investments during the years ended 31 December 2016 and 2017. Government securities constituted AED 3.9 billion, or 55 per cent., of CBD's AED 7.1 billion portfolio of investment securities portfolio as at 31 December 2017; AED 3.3 billion, or 45 per cent., of CBD's AED 7.4 billion portfolio of investment securities portfolio as at 31 December 2016; and AED 2.7 billion, or 41 per cent., of CBD's AED 6.6 billion portfolio of investment securities portfolio as at 31 December 2015. As at 30 June 2018, government securities constituted AED 3.9 billion or 54 per cent. of CBD's AED 7.1 billion investment securities portfolio.

Other assets

The following table sets out the composition of CBD's other assets as at 31 December 2015, 2016 and 2017.

(AED million)	As at 31 December			Percentage change (%)	
	2015	2016	2017	2016 / 2015	2017 / 2016
Interest receivable	224	263	308	17.4	17.1
Accounts receivable and prepayments	70	57	54	(18.6)	(5.3)
Property acquired in settlement of debt	-	142	205	100.0	44.4
Positive mark to market value of derivatives *	46	77	70	67.4	(9.1)
Other assets	341	539	637	58.1	18.2

*see Note 29 to the 2017 and 2016 Financial Statements.

As at 31 December 2017, CBD's other assets increased by 18 per cent as compared to 31 December 2016; and increased by 59 per cent as at 31 December 2016 as compared to 31 December 2015.

Funding – Total liabilities and equity

The table below sets out the principal sources of CBD's funding as at 30 June 2018 and as at 31 December 2015, 2016, 2017.

(AED million)	As at 31 December			As at 30 June 2018 ¹	Percentage change (%)		
	2015	2016	2017		2016 / 2015	2017 / 2016	June 2018 / December 2017
Due to banks	1,111	1,560	780	1,680	40.4	(50.0)	115.4
Customer deposits and Islamic customer deposits	40,475	43,774	48,411	48,124	8.2	10.6	(0.6)
Notes and medium term borrowing	5,493	6,081	6,090	4,257	10.7	0.2	(30.1)
Due for trade acceptances	1,872	3,057	5,121	5,234	63.3	67.5	2.2
Other liabilities	685	929	931	1,013	35.8	0.2	8.8
Total liabilities	49,635	55,400	61,333	60,308	11.6	10.7	(1.7)
Total equity	8,229	8,680	9,081	8,597	5.5	4.6	(5.3)
Total liabilities and equity	57,864	64,080	70,414	68,906	10.7	9.9	(2.1)

¹ Unaudited

Due to banks

The following table sets out CBD's due to banks funding as at 31 December 2015, 2016 and 2017.

(AED million)	As at 31 December			Percentage change (%)	
	2015	2016	2017	2016/ 2015	2017/ 2016
Current and demand deposits	217	496	224	128.6	(54.8)
Short term borrowings	894	1,065	556	19.0	(47.7)
Due to banks	1,111	1,560	780	40.4	(50.0)

Amounts due to banks comprise current and demand deposits and arise from short-term liquidity management related borrowings. The variances in balances arise mainly from transactions over the end of the accounting period.

Customer deposits and Islamic customer deposits

CBD's funding base principally consists of customer deposits and Islamic customer deposits, which constituted 70 per cent. as at 31 December 2015, 68 per cent. as at 31 December 2016, 69 per cent. of CBD's total liabilities and equity as at 31 December 2017, and 70 per cent. as at 30 June 2018. Customer deposits and Islamic customer deposits are sourced mainly from corporate customers.

As at 30 June 2018, 57 per cent. of CBD's customer deposits and Islamic customer deposits were sourced from the corporate sector, 17 per cent. were sourced from the personal sector and 26 per cent. were sourced from the government sector.

As at 31 December 2017, of CBD's customer deposits and Islamic customer deposits, 51 per cent. were sourced from the corporate sector (compared to 50 per cent. as at 31 December 2016), 25 per cent. were sourced from the personal sector (compared to 25 per cent. as at 31 December 2016) and 24 per cent. were sourced from the government sector (compared to 25 per cent. as at 31 December 2016).

The following table sets out the breakdown of funding from customer deposits and Islamic customer deposits by type of deposit as at 31 December 2015, 2016, and 2017 and as at 30 June 2018.

(AED million)	As at 31 December			As at 30 June 2018 ¹	Percentage change (%)		
	2015	2016	2017		2016 / 2015	2017 / 2016	June 2018 / December 2017
Customer deposits							
Current and demand accounts	14,126	15,502	15,256	15,671	9.7	(1.6)	2.7
Savings accounts	1,495	1,686	1,739	2,165	12.8	3.1	24.5
Time deposits	16,955	17,842	23,630	21,556	5.2	32.4	(8.8)
	32,576	35,031	40,625	39,392	7.5	16.0	(3.0)
Islamic customer deposits							
Current and demand accounts	1,082	1,463	1,575	2,344	35.2	7.7	48.8
Mudaraba savings accounts	549	546	616	622	(0.5)	12.8	1.0
Investment and Wakala deposits	6,268	6,734	5,595	5,766	7.4	(16.9)	3.1
	7,899	8,743	7,785	8,732	10.7	(10.9)	12.1
Total customer deposits and Islamic customer deposits	40,475	43,774	48,411	48,124	8.2	10.6	(0.6)

¹ Unaudited

Customer deposits and Islamic customer deposits increased by 8 per cent. to AED 43.8 billion as at 31 December 2016 compared to AED 40.5 billion as at 31 December 2015. The increase is mainly as a result of an AED 1.8 billion or 12 per cent. increase in current and demand accounts, and an AED 1.4 billion or 6 per cent. increase in the level of time deposits.

Customer deposits and Islamic customer deposits increased by 11 per cent. to AED 48.4 billion as at 31 December 2017 when compared with 31 December 2016, arising mostly from the AED 4.6 billion or 19 per cent., increase in time deposits.

Total customer deposits and Islamic customer deposits of AED 48.1 billion as at 30 June 2018 remained stable compared with AED 48.4 billion as at 31 December 2017, as the increases in current and savings accounts of AED 1.6 billion were offset by the AED 1.9 billion decrease in time deposits.

Euro medium term notes (“EMTN”)

In June 2015, CBD updated its EMTN Programme, which was established in 2008. The maximum issuance amount under the Programme is USD 3 billion. In November 2015, CBD issued USD 400 million of fixed rate Notes (4 per cent.) due 2020 under the Programme.

Syndicated loans

In June 2016, CBD entered into a financing facility of USD 450 million (AED 1,653 million) from a syndicate of banks for a term of 3 years with an option to roll over on a quarterly or semi-annual basis. This replaced the syndicated loan arrangement of USD 450 million maturing in December 2016, which was prepaid in June 2016 and carried interest at the rate of 3 month LIBOR plus 125 basis points payable on a quarterly basis. The current arrangement carries interest at the rate of 3 month LIBOR plus 125 basis points payable on a quarterly basis.

Repurchase agreements

In July 2012, CBD entered into repo transactions to obtain financing against the sale of certain debt securities, amounting to USD 150 million (AED 551 million) with arrangements to repurchase them at a fixed future date in July 2017. During the six month period ended 30 June 2016, the repurchase date was extended by an additional five years to July 2022.

In June 2016, the Group entered into additional repo transactions to obtain financing against the sale of certain debt securities, amounting to USD 161 million (AED 592 million) with arrangements to repurchase them at a fixed future date in June 2021.

Other liabilities

The following table sets out the breakdown of CBD's other liabilities as at 31 December 2015, 2016 and 2017.

<i>(AED million)</i>	As at 31 December			Percentage change (%)	
	2015	2016	2017	2016 / 2015	2017 / 2016
Interest payable	117	163	256	39.3	57.1
Employees' terminal benefits	67	66	61	(1.5)	(7.6)
Accounts payable	186	316	270	70.0	(14.6)
Accrued expenses	83	90	101	8.4	12.2
Manager cheques	138	160	108	15.9	(32.5)
Unearned fee income and deferred credits	54	78	62	44.4	(20.5)
Negative mark to market value of derivatives	40	55	74	37.5	34.5
Other liabilities	685	929	931	35.6	0.2

CBD's other liabilities increased by 36 per cent. from AED 685 million as at 31 December 2015 to AED 929 million as at 31 December 2016. Between 2017 and 2016, other liabilities remained stable at AED 0.9 billion.

Total equity

CBD's total equity amounted to AED 8.2 billion as at 31 December 2015, AED 8.7 billion as at 31 December 2016, and AED 9.1 billion as at 31 December 2017. As at 30 June 2018, CBD's total equity amounted to AED 8.6 billion.

The main components of CBD's total equity as at 31 December 2015, 2016, and 2017 and as at 30 June 2018 were:

(AED million)	As at 31 December			As at 30 June 2018 ¹	Percentage change (%)		
	2015	2016	2017		2016 / 2015	2017 / 2016	June 2018 / December 2017
Share capital	2,803	2,803	2,803	2,803	-	-	-
Legal reserve	1,401	1,401	1,401	1,401	-	-	-
Capital reserve	39	39	39	39	-	-	-
General reserve	1,228	1,328	1,328	1,328	8.1	-	-
Fair value reserve	(6)	18	(11)	(157)	400.0	(161.1)	1,327.3
Retained earnings	2,765	3,091	3,521	3,184	11.8	13.9	(9.6)
Total equity	8,229	8,680	9,081	8,597	5.5	4.6	(5.3)

¹ Unaudited

As at 31 December 2017, the authorised, issued and fully paid-up ordinary share capital of CBD comprised 2,802,733,968 ordinary shares of AED 1 each (31 December 2016: 2,802,733,968 ordinary shares of AED 1 each).

At the Annual General Meeting of the shareholders of CBD held on 4 March 2015, the shareholders resolved to increase the share capital of CBD by 25 per cent. from AED 2.2 billion to AED 2.8 billion through a bonus share issue which has since been transferred to share capital following completion of all legal formalities.

No increase in share capital was proposed at the Annual General Meeting of the shareholders of CBD held on 20 March 2018 and the shareholders resolved not to increase the share capital of CBD.

For further information, see “*Description of CBD – Share Capital and Shareholders*”.

OVERVIEW OF THE UNITED ARAB EMIRATES AND THE EMIRATE OF DUBAI

The information set forth in this section is based on publically available information. CBD accepts responsibility for accurately reproducing such information and, as far as CBD is aware, no facts have been omitted which would render such information inaccurate or misleading. CBD accepts no responsibility for the accuracy of such information, which may also be approximate or use rounded numbers.

History of the United Arab Emirates and the Emirate of Dubai

The United Arab Emirates

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, the seven Emirates were British protectorates until they achieved independence on 2 December 1971 and merged to form the UAE. The UAE is situated along the south-eastern tip of the Arabian Peninsula. The State of Qatar lies to the north-west, the Kingdom of Saudi Arabia to the west, south and south-east and Oman lies to the south-east and north-east of the UAE. The UAE occupies a total area of approximately 83,600 square kilometres, with 600 kilometres of its coastline along the Arabian Gulf and 100 kilometres bordering the Gulf of Oman.

Each Emirate has a local government headed by the Ruler of the Emirate. The UAE also has a federal government which is headed by the President of the UAE. The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of the Emirate of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of the Emirate of Abu Dhabi and has been elected as the President of the UAE. The federal budget is principally funded by the Emirate of Abu Dhabi.

The Emirate of Dubai

The Emirate of Dubai is the second largest Emirate in the UAE after the Emirate of Abu Dhabi, and is situated to the north-east of the UAE in the south-eastern coast of the Arabian Gulf. It covers an area of approximately 4,357 square kilometres and, except for an enclave in the Hajar Mountains at Hatta, the Emirate of Dubai comprises one contiguous block of territory.

In the early part of the nineteenth century the members of the Bani Yas tribe, led by H.H. Sheikh Maktoum Bin Butti, left the Emirate of Abu Dhabi and migrated north to establish an independent sheikhdom in the area now known as Dubai. The ruler of the Emirate is now Sheikh Mohammed bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

Before the discovery of oil, the Emirate of Dubai started as a pearl diving and fishing village in the first half of the eighteenth century. However, an important period of economic activity occurred in the nineteenth century when the Emirate of Dubai, split by a 14 kilometre creek that leads into a natural harbour, established itself as a centre for the import and re-export of merchandise, along with its pearling industry.

In the early part of the twentieth century, to counter the loss of economic activity from the decline in the pearling industry following the First World War, Dubai sought to attract traders through its liberal business policies and low taxes, enabling the Emirate to establish itself as a centre for trade in gold bullion, textiles and consumer durables.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi and, in 1966, oil was first discovered by the Dubai Petroleum Company at Fateh, which lies 92 kilometres off the coast of Dubai. Over the years, oil revenues have been used to create and develop the economic and social infrastructure of the Emirate. In addition, as a regional trading hub, Dubai was well-placed to capitalise on the increase in Middle East business activity that came with oil exports.

Population

The population of the UAE

The UAE population was estimated to be over 9 million people as at 31 December 2016, according to data released on 3 August 2017 by the UAE Federal Competitiveness and Statistics Authority (formerly the National Bureau of Statistics) (the “FCSA”).

The population of the UAE has grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as each of the Emirates have developed. The table below illustrates this growth using official census data since 1985 for the UAE:

	1985	1995	2005	2010
Total population.....	1,379,303	2,411,041	4,106,427	8,264,070 ⁽¹⁾
Dubai population	370,788	689,420	1,321,453	1,905,476

Source: Official UAE Census Data.

Notes:

(1) FCSA estimate.

A national census was carried out in 2015; however, as at the date of this Base Prospectus, the results of the census have not been published. According to the United Nations' mid-year estimates, the UAE had a population of approximately 9.4 million in 2017 (*source*: Statistical Yearbook 2017 edition, United Nations Department of Economic and Social Affairs, Statistics Division).

Population of Dubai

The table below sets out the estimated population of Dubai at the end of each of the years indicated:

	2013	2014	2015	2016
Total population, Dubai.....	2,213,845	2,327,350	2,446,675	2,698,600

Source: Dubai Statistics Centre.

The Dubai Statistics Centre has estimated the population of Dubai to be approximately 2,698,600 at the end of 2016. The number of ‘active individuals’ present during the day in Dubai is estimated at considerably more (approximately 4 million at year-end 2016), many of whom work within Dubai yet reside outside of it.

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. As at 31 December 2015, approximately 70 per cent. of the population was estimated to be male and 30 per cent. female, reflecting the large male expatriate workforce unaccompanied by family members.

According to the Dubai Statistics Centre, as at 31 December 2016, it was estimated that approximately 19 per cent. of the population of Dubai was 19 years of age or under, 24 per cent. of the population was between 20 and 29 years of age, 31 per cent. of the population was between 30 and 39 years of age, 17 per cent. of the population was between 40 and 49 years of age and 9 per cent. of the population was 50 years of age or older.

Education and training are an important strategic focus for Dubai and the literacy rate in Dubai for persons at or above the age of 10 was estimated at 98 per cent. in 2015.

Governance, Legislation and Judiciary

The UAE

UAE Constitution

The original constitution of the UAE (the “**Constitution**”) established the legal framework for the UAE. The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of each of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government.

The Constitution was initially provisional but was made permanent pursuant to a constitutional amendment in May 1996.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft; banking; the delimitation of territorial waters; the extradition of criminals and a number of other matters. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Defence, Economy, Finance, Foreign Affairs and Justice. Although most of the federal government ministries are based in the Emirate of Abu Dhabi, many also maintain offices in the Emirate of Dubai. The UAE's monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The local governments of each of the seven Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, the Emirate of Dubai has elected to assume responsibility for its own education, judicial and public health systems. The natural resources and wealth in each Emirate are considered to be the public property of that Emirate.

Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

The following are the key entities in the structure of the federal government of the UAE.

Federal Supreme Council

The UAE is governed by the Supreme Council of the Rulers which consists of the rulers of each of the seven Emirates (the “**Supreme Council**”) and is the highest federal governing body. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms).

In 1971, the Ruler of the Emirate of Abu Dhabi, H.H. Sheikh Zayed bin Sultan Al Nahyan, was elected as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. H.H. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son H.H. Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council.

The Ruler of the Emirate of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, was also elected as the first Vice-President of the UAE in 1971 and continued as Vice-President until his death in 1990. H.H. Sheikh Mohammed bin Rashid Al Maktoum became the Ruler of Dubai in January 2006 upon the death of his elder brother H.H. Sheikh Maktoum bin Rashid Al Maktoum who had ruled Dubai since 1990. He was also nominated by the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, to be the next Prime Minister and Vice-President of the UAE in January 2006. The members of the Supreme Council accepted the President's nomination shortly thereafter.

Decisions relating to substantive matters are decided by a majority vote of five Emirates, provided that the votes of both the Emirate of Abu Dhabi and the Emirate of Dubai are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

Federal Council of Ministers

The Federal Council of Ministers (the “**Cabinet**”) is the principal executive body of the federation and is described in the Constitution as the executive authority for the federation. The Constitution defines the responsibilities of the Cabinet, which include implementing policy decisions of the Supreme Council, issuing regulations, preparing draft laws and drawing up the annual federal budget.

The Cabinet is based in the Emirate of Abu Dhabi, is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Federal National Council (the “FNC”) is a parliamentary body which comprises 40 members who are UAE nationals. Half of the members are appointed by their respective rulers and the other half is elected under an electoral process. Each Emirate appoints members for a particular number of seats based on such Emirate’s population and size. The Emirates of Abu Dhabi and Dubai have eight members each, the Emirates of Ras Al Khaimah and Sharjah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members’ legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal FNC is to discuss the annual budget of the UAE. Although the FNC can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

During 2006, reforms were made with a view to enhancing public participation in the electoral process. Under these reforms, the Ruler of each Emirate selects an electoral college whose members are at least 100 times the number of FNC members for the relevant emirate. The members of each electoral college then elects half of the FNC members for their Emirate, with the remainder being appointed by the ruler of Dubai.

In May 2011, the National Election Commission issued new electoral guidelines addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its subcommittees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process.

The most recent FNC elections were held on 24 September 2015, where 329 candidates stood for election to the 20 elected positions on the Federal National Council, with a voter turnout across the UAE of 69,157, an increase of 35 per cent. on the last elect held in September 2011.

Legal and Court System

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven Emirates); (ii) local laws and decrees (i.e. laws and regulations enacted by an individual Emirate); and (iii) the *Shari’a* (Islamic law). 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 Dubai or local government of each Emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and the Emirates.

In accordance with the Constitution, three of the seven Emirates (the Emirates of Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective Emirates. The judicial system in Dubai is comprised of: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation.

Emirate of Dubai

The laws of Dubai are passed by Decree of the Ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice-President and Prime Minister of UAE. The Crown Prince of Dubai is Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum.

The key entities in the structure of the Government of Dubai are: (i) the Ruler's Court; (ii) the Supreme Fiscal Committee (the "**SFC**"); and (iii) the Executive Council (the "**Executive Council**"). The Dubai Department of Economic Development (the "**DED**") and the Dubai Department of Finance (the "**DOF**") are administrative bodies. All five of these entities have distinct roles:

The Ruler's Court: Except in relation to applicable federal laws, H.H. the Ruler of Dubai is the sole legislator for the Emirate and all Dubai laws are passed by H.H. after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of H.H. the Ruler of Dubai are channelled through the Ruler's Court.

Supreme Fiscal Committee: The SFC was established in November 2007 to formulate the fiscal policies of the Government of Dubai and to regulate Government borrowings. The SFC is authorised to approve borrowings by the Government of Dubai and Government of Dubai-owned entities on behalf of the Government of Dubai. The SFC also aims to improve coordination between various Government entities, and to enable government entities to meet their respective development targets in a cost efficient manner.

Executive Council: The Executive Council seeks to ensure coordination amongst Government departments such as the courts, the police, the Health Authority, the Land Department, the Department of Civil Aviation, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Government of Dubai, while considering the requirements and strategies of each particular department. In addition, the Executive Council works with the DOF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the Emirate and federal levels.

Department of Economic Development: The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate Government policy in relation to economic planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority.

Department of Finance: The DOF is the local ministry of finance and treasury for the Government of Dubai. All revenues of the Government of Dubai are collected within the DOF and all Government authorities are funded through the DOF. In addition, the DOF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

Strategy of Dubai

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals.

Dubai Plan 2021

Following the end of the Dubai Strategic Plan 2015 the Government of Dubai launched the Dubai Plan 2021 (the "**DP 2021**"). The key principles for the development of the DP 2021 were to develop a plan that would drive Dubai to be amongst the best cities in the world; identify and adopt best practices in national strategic planning; develop a plan that can be measured and assessed by all constituents; and adopt a development approach that engaged the various constituents and stakeholders involved in or affected by the DP 2021. Amongst other things, the DP 2021 addresses Dubai's urban environment including both natural and built assets, and looks at the living experience of the people of Dubai and its visitors as a result of their interaction with this environment and the economic and social services provided.

International Relations

Pursuant to Articles 120 and 121 of the UAE Constitution, foreign policy and international relations are a federal matter and, accordingly, Dubai does not enter into bilateral agreements with foreign governments.

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non

interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the “UN”).

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus, one of the central features of the UAE’s foreign policy has been the development of closer ties with its neighbours in the Arabian Gulf region. The GCC, which comprises the UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, was founded at a summit conference held in Abu Dhabi in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to rebuilding a sense of common purpose amongst both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the League of Arab States. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States of America and the European Union as well as with developing nations in Africa and many of the countries of the former Soviet Union. The UAE has also entered into a number of bilateral agreements with other countries (such as the UAE’s nuclear cooperation agreement with the United States of America that provides the foundation for the UAE’s civilian nuclear energy programme and provides a legal framework for commerce in civilian nuclear energy between the two countries).

Since its establishment, the UAE has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. The philosophy behind the aid policy is two-fold: first, the provision of help for the needy is a duty incumbent on all Muslims and, second, the country’s policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries which have fewer natural resources.

The UAE is an active participant in a number of multi-lateral developmental institutions, including the International Bank for Reconstruction and Development (the “World Bank”), the IMF, the International Development Agency and regional bodies like the OPEC Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi-based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various international organisations including, amongst others, the GCC, the UN, the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, the Organisation of the Petroleum Exporting Countries (OPEC), the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Cooperation.

The UAE enjoys good relations with the other states in the GCC. However, on 5 June 2017, the UAE and two other GCC member states, namely the Kingdom of Saudi Arabia and Bahrain, together with other states in the MENA region, namely Egypt, Libya and Yemen, moved to cut diplomatic ties, trade and transport links with Qatar. The measures to do this included a closure of land, sea and air access and the expulsion of Qatari officials, residents, and visitors from those countries. Kuwait and Oman, the remaining two member states of the GCC, have maintained ties with Qatar. As at the date of this Base Prospectus, there has been no further material update.

The UAE also has an ongoing dispute with Iran and is in continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that these islands should be returned to the Emirate of Sharjah, which claims sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of Saudi Arabia and Qatar over a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar’s own maritime waters, but which crosses part of the route of the gas pipeline between Qatar and the UAE. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance

from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State.

Economy of the UAE

Based on IMF data (extracted from the World Economic Outlook (October 2017)), real GDP growth in the UAE increased by 5.8 per cent. in 2013, 3.3 per cent. in 2014, 3.8 per cent. in 2015 and 3.0 per cent. in 2016. Based on the same source, the IMF estimated that real GDP in the UAE would increase by 1.3 per cent. in 2017.

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. According to OPEC data, at 31 December 2016, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the FCSA and the UAE Central Bank, crude oil and natural gas accounted for 16.8 per cent. of the UAE's GDP and 17.5 per cent. of the total value of the UAE's exports (including re-exports) in 2016.

Whilst fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, primarily due to the growth in the services sector (with real estate, tourism, trade, transportation and government services being the main growth drivers of the sector).

On 25 May 2017, Moody's Investors Service Singapore Pte. Ltd. affirmed the UAE's long-term credit rating of Aa2 (with a stable outlook). The principal reason cited for this high investment grade rating is the assumption that the obligations of the UAE federal government will be fully supported by the Emirate of Abu Dhabi. The UAE is not rated by any other rating agency.

The MSCI Emerging Markets Index classifies the UAE as an "emerging market" economy (compared to the previous classification of "frontier market") with nine UAE companies (including the Dubai Financial Market and the ADX) included on the benchmark index.

Economy of Dubai

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 1.8 per cent in 2016. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil related, the Emirate's reliance on oil has decreased, with the mining and quarrying sector accounting for 1.0 per cent. of Dubai's GDP at current prices in 2017 (according to preliminary estimates by the Dubai Statistics Centre).

Reflecting Dubai's strategic geographic location, rising levels of international trade and the Government of Dubai's long-standing strategy of positioning the Emirate as a trading centre, the wholesale and retail trade (which includes automotive repair) is the principal contributor to GDP, accounting for approximately 25.8 per cent. of Dubai's GDP in 2017 at current prices. The wholesale and retail trade and repairing services sector grew by approximately 1.5 per cent. since 2016 at current prices. Other significant growth sectors for Dubai in recent years have been manufacturing, transport and storage, information and communications and electricity, gas, steam and air conditioning supply. The manufacturing sector grew by 0.9 per cent. in 2017 based on current prices. The transport and storage sector grew by 3.3 per cent. in 2017 based on current prices as a result of improved foreign trade and port-related activities, in addition to increased demand for shipping and related services. The electricity, gas, steam and air conditioning supply sector grew by 5.1 per cent. in 2017 based on current prices as a result of increased generation and consumption of electricity and water. In addition, each of these sectors has benefitted from the Government of Dubai's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high-profile developments initiated by the Government of Dubai and the establishment of a range of specialised free zones designed to attract new companies and investment.

The Government of Dubai continues to focus on economic diversification and in this respect is targeting the travel and tourism, financial services, professional services, transport and logistics, trade and storage and construction sectors in particular as areas for future growth.

Passenger traffic at the Dubai International Airport rose to 88 million in 2017, up by 6 per cent. from 2016. Passenger traffic rose by 1.6 per cent. during the first half of 2018 compared to same period last year (from

43,054,268 to 43,739,105) and is expected to be around 90 million at DXB by the end of 2018, according to Dubai Airports. In addition, Dubai's hotel occupancy rate averaged 87 per cent. or approximately 73,000 during the first quarter of 2018. The Dubai Department of Tourism and Commerce Marketing is targeting a total of 140,000 to 160,000 hotel rooms by 2020 (*source*: Dubai Airports, Dubai Statistics Centre, Dubai Department of Tourism and Commerce Marketing).

The table below shows Dubai's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	2014	2015	2016	2017
Dubai Nominal GDP (AED millions).....	378,881	388,816	395,835	410,564
Dubai Nominal GDP growth rates (%).....	4.0	2.6	1.8	3.7
Dubai Real GDP (AED millions)	353,422	367,437	378,765	389,444
Dubai Real GDP growth rates (%).....	4.5	4.0	3.1	2.8

Source: Dubai Statistics Centre (figures for 2017 are preliminary estimates).

Foreign Direct Investment and Free Zones

There are many incentives for foreign corporate entities to establish a business presence in one of the free zones in Dubai. Foreign corporate entities can freely operate in the free zones and free zone entities can be 100 per cent. foreign-owned, unlike entities registered elsewhere in the UAE which require various degrees of local participation. Free zone entities are exempt from paying corporate tax for 15 years, renewable for an additional 15 years, and individuals are exempt from paying income tax. There are no currency restrictions levied on the capital or the profits of free zone entities, and 100 per cent. of their capital and/or profit can be repatriated. The ability to import into the free zones and to export abroad without any import duties, taxes or currency restrictions being levied on the free zone entity is a strong incentive for foreign corporate entities wishing to carry on such activities from and into the Middle East region to set up in one of the free zones.

The incentives to set up in a free zone include a readily available workforce, no restrictions on the issuance of work permits and residence visas, availability of plots of land, prebuilt warehouses and offices on an annual lease basis, affordable workers' accommodation and minimal legal and administrative procedures to commence operations.

Each free zone in Dubai is governed both by federal law as well as the laws of Dubai. In addition, each free zone is authorised to adopt and administer regulations which pertain to entities operating and licensed in that individual free zone. The Dubai Free Zones Council was established in 2011 in order to increase coordination amongst the various Dubai free zones and to assist them in unifying the rules and regulations governing free zone companies, in particular the rules related to registration and licensing. In addition, Law No. 13 of 2011, introduced by the Government of Dubai in September 2011, provides an additional incentive to establish free zone companies in Dubai by clarifying the ability of free zone companies to conduct business onshore in the Emirate. The law includes provisions which formalise a licensing regime which will enable such free zone companies to operate onshore after registering with the DED.

Dubai has a number of free zones, of which the most important are the Jebel Ali Free Zone, the Dubai Technology and Media Free Zone, the Dubai International Financial Centre and the Dubai Airport Free Zone. In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Creative Clusters, Dubai Gold and Diamond Park, Dubai Healthcare City, Dubai Outsource Zone and Dubai Textile City.

According to the DED, between 2011 and 2015 the net number of business licences issued increased by 8.5 per cent. year-on-year, indicating an improvement in the business environment. By the end of 2015, 149,755 licenses had been issued in Dubai. Out of this figure, wholesale and retail trade licences accounted for 75.2 per cent., followed by services (21 per cent.), manufacturing (2.1 per cent.) and tourism licences (1.7 per cent.).

The Government's Support of Strategic Government-Related Entities

The Government owns, or has significant investments in, strategic Government-related entities ("GREs") which have played a significant role in supporting and facilitating the Government of Dubai's strategic development plan. Certain GREs have incurred indebtedness, including indebtedness from international

financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in the Emirate of Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and have also experienced liquidity issues. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government of Dubai announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence and to protect stakeholders.

Expo 2020

Dubai will host the World Expo in 2020. Hosting Expo 2020 is anticipated to provide a boost to medium-term growth and to help promote one of the Government of Dubai's broader economic strategies of growing its tourism and hospitality sector over the next few years.

The official impact assessment report indicates that nearly U.S.\$24 billion (AED 88 billion) could be added to Dubai's economy over 2014-2021. Using official Government spending estimates, Expo 2020 is expected to add 0.5 per cent. per year to real GDP growth during the period from 2015-2017, rising to 1.0 per cent. per year over 2018-2020. Amongst other things, Expo 2020 is intended to help maintain Dubai's growth momentum by providing a firm timetable for infrastructure delivery and a platform to market Dubai as a regional tourism, trade and business hub in the mid- to long-term.

Dubai World Restructuring

In 2015, Dubai World announced that it had reached a formal agreement with all of its creditor banks on its proposal to amend and extend the terms of its outstanding debt totalling U.S.\$14.6 billion.

The plan included early repayment of the 2015 tranche (which was repaid on 31 March 2015), the extension of 2018 maturities to 2022, enhanced economics through increased pricing, the introduction of amortisation targets, and the provision of additional collateral.

Refinancing of U.S.\$20 Billion Debt

In 2009, the Government of Dubai was granted certain facilities amounting to U.S.\$20 billion by the Abu Dhabi Department of Finance and the UAE Central Bank. In March 2014, the Abu Dhabi Department of Finance and the UAE Central Bank announced the signing of an agreement between the Government of Abu Dhabi and the Government of Dubai for the refinancing of a U.S.\$10 billion loan, and the UAE Central Bank also signed an agreement for the re-discounting of bonds with a value of U.S.\$10 billion, issued by the Government of Dubai. In both cases, the renewable tenure was set for five years, with a fixed interest rate of 1 per cent. for the entire tenure.

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

As Dubai does not have a separate monetary or financial system, this section describes the UAE's monetary and financial system generally, although certain sections focus specifically on Dubai where information is available.

Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The principal objective of the UAE's monetary policy to date has been to maintain the stability of the fixed exchange rate regime and to manage inflation. In common with most other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. dollars, the UAE dirham is linked to the U.S. dollar and the UAE authorities have expressed publicly their commitment to the UAE dirham and the fixed exchange rate regime. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.\$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE dirham is freely convertible.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years 2014 to 2017:

	2014	2015	2016	2017 ⁽¹⁾
		<i>(in billions of AED)</i>		
Currency issued (M0).....	74.5	73.5	77.6	85.4
Money supply (M1) ⁽²⁾	436.1	456.9	474.1	492.4
Money supply (M2) ⁽³⁾	1,125.4	1,186.8	1,225.5	1,276.2
Money supply (M3) ⁽⁴⁾	1,314.5	1,342.9	1,411.4	1,487.1
Bank credit (domestic) ⁽⁵⁾	1,260.5	1,361.9	1,433.3	1,452.7
of which: Credit to private sector.....	921.8	999.2	1,054.5	1,086.4

Source: UAE Central Bank

Notes:

- (1) Preliminary figures.
- (2) Consists of currency in circulation outside banks plus monetary deposits in local currency with banks (all short-term deposits on which bank customers can withdraw without prior notice).
- (3) Consists of Money Supply (M1) plus quasi-monetary deposits (Resident Time and Savings Deposits in Dirham + Resident Deposits in foreign currencies).
- (4) Consists of Money Supply (M2) plus Government deposits.
- (5) Includes lending to residents, non-banking financial institutions, trade bills discounted and loans and advances for the Government and public sector and private sector (corporates and individuals) in local and foreign currency.

Foreign Reserves

The following table sets out the foreign assets holdings of the UAE Central Bank as at 31 December in each of the years 2014 to 2017:

	2014	2015	2016	2017
		<i>(in billions of AED)</i>		
Foreign Assets Holdings.....	288.2	345.1	313.6	350.3

Source: UAE Central Bank

These assets principally comprise held-to-maturity foreign securities and current account balances and deposits with banks abroad. In addition, the ruling families of the various Emirates as well as the governments of the Emirates and private citizens within the Emirates have significant sums invested abroad.

Banking and Financial Services

The financial and insurance activities sector in Dubai contributed 11.8 per cent. of Dubai's GDP at constant prices in the first quarter of 2017 (according to preliminary estimates by the Dubai Statistics Centre). Within the UAE as a whole, the financial sector was estimated to have contributed approximately 10 per cent. of nominal GDP in 2015 (according to the Department of Economic Statistics - National Accounts and Government Finance Department).

With 61 commercial banks (comprising 22 local banks with 771 branches as at 31 December 2017 and 39 foreign banks with 82 branches as at 31 December 2017) (*source: UAE Central Bank*), serving a population estimated to be in the region of 9.4 million in 2016 (*source: Statistical Yearbook 2017 edition, United Nations Department of Economic and Social Affairs, Statistics Division*), the UAE could be viewed as an over-banked market, even by regional standards. However, on 3 July 2016, it was announced that the board of directors of National Bank of Abu Dhabi P.J.S.C. (“NBAD”) and First Gulf Bank P.J.S.C. (“FGB”) had voted unanimously to recommend to their respective shareholders a merger of the two Abu Dhabi-listed banks, which would create the largest bank in the Middle East and North Africa region by assets. The merger of NBAD and FGB was formally consummated on 30 March 2017 to create First Abu Dhabi Bank and it is anticipated that it may act as a catalyst for further consolidation amongst locally incorporated banks.

The UAE’s membership of the World Trade Organisation will likely require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

The table below provides a statistical analysis of the UAE banking sector as at 31 December in each of the years 2014 to 2017:

	2014	2015	2016	2017 ⁽¹⁾
Total number of commercial banks	56	57	60	61
Total number of branches	955	960	931	853
Total number of employees ⁽²⁾	39,051	40,159	37,547	36,367
Bank credit (domestic) (AED billions) ⁽³⁾	1,277.6	1,381.2	1,454.4	1,453.4
Total assets (AED billions)	2,304.9	2,478.2	2,613.6	2,695.0
Total deposits ⁽⁴⁾ (AED billions)	1,421.2	1,471.6	1,562.9	1,627.3

Source: UAE Central Bank.

Notes:

- (1) Preliminary figures.
- (2) Excluding auxiliary staff.
- (3) Includes lending to residents, non-banking financial institutions, trade bills discounted and loans and advances for the Government and public sector and private sector (corporates and individuals) in local and foreign currency.
- (4) Excluding inter-bank deposits.

Principal Banks in the UAE

The table below provides summary information for each of the four principal banks by asset size established in the UAE:

	Number of Branches	Year Established	Government ownership	Assets ⁽¹⁾
Emirates NBD Bank P.J.S.C.....	222	2007 ⁽²⁾	55.8	470.4
First Abu Dhabi Bank P.J.S.C.	103	2017 ⁽³⁾	37.2	669.0
Abu Dhabi Commercial Bank P.J.S.C.	51	1985	62.52	265.0
Dubai Islamic Bank P.J.S.C.....	91	1975	28.30	207.3

Source: UAE Central Bank and published financial statements.

Notes:

- (1) As at 31 December 2017.
- (2) Year of merger of EBI and NBD.
- (3) Year of merger of NBAD and FGB.

Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain. An improved risk management framework is currently being implemented, which is designed to provide the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

Historically, the UAE Central Bank has not acted as a lender of last resort, a role which has tended to fall on the individual Emirates. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (the “**IMLF**”) is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see further “– *Recent Trends in Banking – Liquidity*”).

Federal Law No. 10 of 1980 (the “**1980 Law**”) grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the federal government on financial and monetary issues;
- maintain the federal government’s reserves of gold and foreign currencies;
- act as a bank for the federal government and other banks operating in the UAE; and
- act as the federal government’s financial agent with the IMF, the World Bank and other international financial organisations.

The UAE Central Bank is also responsible for regulating anti-money laundering activities in the UAE. It has established a Financial Intelligence Unit and hosted teams from the Financial Action Task Force (“**FATF**”) and the IMF which reviewed, discussed and tested existing UAE laws and regulations. This led the FATF to decide, in January 2002, that the UAE had put in place an adequate anti-money laundering system.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. Similarly, in the Abu Dhabi Global Market in Abu Dhabi (“**ADGM**”), the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector.

Banking and financial institutions established or operating in the UAE are also subject to supervision and regulation by the Securities and Commodities Authority (“**SCA**”). While the responsibility for regulating and exercising oversight of banks and financial institutions in the UAE has historically rested primarily with the UAE Central Bank, the UAE has begun to transition towards a “twin peaks” regulatory model, with the UAE Central Bank and SCA discharging different responsibilities. Under this model, the UAE Central Bank will continue to be responsible for monetary policy, macro-economic stability, systemic risk management and the licensing of local banks and branches of foreign banks operating in the UAE. In particular, the UAE Central Bank will remain the principal authority responsible for setting and supervising bank capital adequacy requirements.

SCA, whose role has historically been limited to being the UAE's federal securities regulator, is expected to become increasingly active in more commercial and consumer-oriented areas previously regulated by the UAE Central Bank, including exercising oversight over financial markets and consumer protection in financial services generally, including banking services and the establishment and marketing of investment products in the UAE. SCA also has responsibility for overseeing certain day-to-day corporate law matters affecting public joint stock companies incorporated in the UAE, such as the conduct of general assembly meetings and the passing of shareholder resolutions.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. There is a high degree of state involvement in the

UAE banking sector, with the five largest banks having some degree of ownership by the governments and/or ruling families of individual Emirates.

Additionally, a number of banks have developed in the Islamic world, including in the UAE, to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with. The principal Dubai-based Islamic banks are Dubai Islamic Bank, Emirates Islamic and Noor Islamic Bank.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the 1980 Law. Domestic commercial banks, also known as local banks, of which there were 22 as at 30 June 2018(*source: Central Bank of the UAE's Banking & Monetary Statistics*), are required to be public shareholding companies with a minimum share capital of AED 40 million.

Licensed foreign commercial banks, of which there were 27 as at 30 June 2018 (*source: Central Bank of the UAE's Banking & Monetary Statistics*), need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The 1980 Law also licenses financial institutions (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

Recent Trends in Banking

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are 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 are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. 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 13 January 2011, the Basel Committee issued the Basel III Reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled

“Minimum requirements to ensure loss absorbency at the point of non-viability” (the “**January 2011 Press Release**”) included an additional Basel III requirement (the “**Non-Viability Requirement**”) as follows:

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

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

The trigger event is the earlier of: (1) a decision that a write-off, without which the 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 I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

As at the date of this Base Prospectus, the UAE has not implemented a law that would require loss absorbency for bank capital instruments on the occurrence of a Non-Viability Event. While the February 2017 Regulations and the Accompanying Standards confirm that the Non-Viability Requirement is a prerequisite for any capital instruments issued by UAE banks to achieve Regulatory Capital classification from the Central Bank, the Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus. See “*Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks related to the structure of a particular issue of Notes – Changes to the Basel regulatory framework as implemented in the UAE may have an effect on the Subordinated Notes*”.

On 23 February 2017, the UAE Central Bank published the February 2017 Regulations in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by the Accompanying Standards which were published by the UAE Central Bank on 17 January 2018 and which elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements.

Banks must comply with the following minimum requirements, at all times:

- common equity Tier 1 capital must be at least 7.0 per cent of risk weighted assets (“**RWAs**”);
- Tier 1 capital must be at least 8.5 per cent of RWAs; and
- total capital, calculated as the sum of Tier 1 capital and Tier 2 capital, must be at least 10.5 per cent of RWAs.

In addition, they must hold further common equity Tier 1 capital of 2.5 per cent of RWAs as a capital conservation buffer. Banks which are classified as “Domestic Systemically Important Banks” (and informed as such by the UAE Central Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements

following a Supervisory Review and Evaluation process. As at the date of this Base Prospectus, the UAE has not fully implemented the Basel III Reforms.

The UAE Central Bank has proposed a minimum CAR of 13 per cent., a Tier 1 ratio of 11.5 per cent. and a CET1 ratio of 10 per cent. by 2019, including the capital conservation buffer. In addition, the UAE Central Bank may stipulate a counter-cyclical buffer varying from 0 to 2.5 per cent.

The minimum leverage ratio required is 3 per cent, in line with Basel III requirements.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time-based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 75.1 per cent. of total deposits of the UAE banking sector as at 31 December 2017. The UAE federal government and the public sector constituted approximately 24.8 per cent. of total deposits within the UAE banking sector as at 31 December 2017. Non-resident and other sources contributed approximately 11.8 per cent. as at the same date (*source*: UAE Central Bank).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit (“CD”) repurchase facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank. Further, banks can access funds through the IMLF.

In addition to these measures, the UAE federal government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

During 2008, Government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance of the Government of Abu Dhabi) subscribed for, in aggregate, a sum of AED 16.0 billion in subordinated Tier I capital notes issued by the five largest Abu Dhabi banks: National Bank of Abu Dhabi P.J.S.C., Abu Dhabi Commercial Bank P.J.S.C., First Gulf Bank P.J.S.C., Union National Bank P.J.S.C. and Abu Dhabi Islamic Bank P.J.S.C.

In 2009, the Department of Finance of the Government of Dubai established a U.S.\$20.0 billion funding programme and the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of 4 per cent. per annum, was issued in its entirety to the UAE Central Bank. In November 2009, a second U.S.\$5.0 billion tranche was fully subscribed equally by National Bank of Abu Dhabi P.J.S.C. and Al Hilal Bank P.J.S.C.

The UAE Central Bank is expected to tighten regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management. In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the “**Liquidity Notice**”) which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank’s board of directors and senior management as well as the overall liquidity risk framework. The new regulations are

intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution-specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III LCR and NSFR (each as defined in the table below) come into effect. These include the following:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR \geq 10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR \geq 10%)	1 July 2015 until LCR implementation
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	30 September 1986 until NSFR implementation
Basel III ratios:	Liquidity Coverage Ratio (LCR $>$ 100%)	January 2019 onwards
	Net Stable Funding Ratio (NSFR $<$ 100%)	January 2018 onwards

The LAR was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the ELAR. Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high-quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they are required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval).

The LCR represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high quality liquid assets at the minimum LCR determined by the UAE Central Bank. As part of the Central Bank's gradual implementation of the Basel III Reforms in the UAE, the UAE Central Bank has introduced LCR in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. by 2019. This graduated approach was designed to ensure that the LCR could be introduced without disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity in the UAE.

The ASRR is an interim ratio that 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 mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("ASF") factors to the sources of funds and required stable funding ("RSF") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standards.

Provisions for Loan Losses

Pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, non-performing credits should be classified as either substandard, doubtful or loss, depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, all banks in the UAE are required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to Board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published a notice amending certain of the large exposure limits set out above (the “**Large Exposure Notice**”) amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel standards):

	New Limit		Old Limit	
	Individual	Aggregate	Individual	Aggregate
UAE federal government and its non-commercial entities	Exempt	Exempt	Exempt	Exempt
UAE local government and its non-commercial entities	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals.....	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities.....	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates	10%	25%	20%	60%
Board members.....	5%	25%	5%	25%

Mortgage Cap Regulation and Consumer Loan Regulation

The UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers by way of a circular dated 23 February 2011 the (“**Retail Circular**”) on retail banking and notice no. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the “**Official Gazette**”) on 28 November 2013 and entered into force on 28 December 2013) (the “**Mortgage Regulations**”). These regulations, amongst other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months.

The Mortgage Regulations, which supersede UAE Central Bank notice no. 3871/2012 dated 30 December 2012, provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than AED 5 million and, for a first purchase

of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property). CBD is compliant with the Retail Circular and the Mortgage Regulations. The Mortgage Regulations and other circulars may affect CBD's net retail income and may potentially add to market price volatility in the UAE real estate market.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Credit Information Agency

In May 2010, the Government of Dubai appointed the Emirates Credit Information Company ("**Emcredit**") as the official body for providing credit information services in Dubai. Emcredit is now the entity responsible for providing credit reporting services in the Emirate, with responsibility for collecting, storing, analysing and disseminating credit information in Dubai. Additionally, in February 2011, the UAE Central Bank issued new regulations in relation to the retail banking sector, aimed at controlling lending activities and excessive charges by banks, whilst also protecting banks by regulating lending and encouraging banks to carry out proper due diligence on potential borrowers.

Establishment of a Credit Bureau in the UAE

Al Etihad Credit Bureau ("**AECB**") is a federal government company specialised in providing UAE- based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. CBD continues to submit its retail customer data to the AECB on a monthly basis, which meets the data accuracy thresholds laid down by the AECB.

UAE Bankruptcy Law

In September 2016, Federal Decree No. 9 of 2016 concerning Bankruptcy (the "**UAE Bankruptcy Law**"), was issued to implement new measures containing provisions to safeguard the rights of creditors and debtors. The UAE Bankruptcy Law applies to: (i) corporate and commercial entities; (ii) companies that are wholly or partly owned by the federal or local government; (iii) corporate and commercial entities operating in free zones that are not subject to provisions set out the procedures of composition of bankruptcy or the restructure or bankruptcy in such free zones in compliance with the provisions of Federal Law No. of 2004 on financial free zones; (iv) persons acting in the capacity of a trader; and (v) licensed civil companies. The UAE Bankruptcy Law establishes a permanent committee named the "Committee of Financial Reorganisation", which shall supervise the management of procedures of financial reorganisation for financial institutions licensed by the relevant regulators, and to facilitate mutual agreement between debtors and creditors with the assistance of one or more experts appointed by such committee. The UAE Bankruptcy Law also sets out the procedures of bankruptcy aimed at assisting a debtor to reach reconciliation with his creditors pursuant to a plan of bankruptcy under the supervision of a court and assistance of a justice of the peace appointed in accordance with the provisions of the UAE Bankruptcy Law. As the UAE Bankruptcy Law has only recently

come into effect (on 29 December 2016), it is not yet clear how the new law and the procedures which it introduces will operate in practice.

Federal Debt Management

In December 2010, the Federal National Council passed the Public Debt Law under which the total value of UAE's public debt should not be more than 25 per cent. of the GDP or AED 200.0 billion, whichever is lower at the time of issuing public debt. The Public Debt Law is awaiting the approval of the President of the UAE and is therefore yet to be enacted. The Public Debt Law could therefore change before it is enacted.

Insurance

There is an absence of published statistical data on the insurance sector in the UAE and Dubai. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy.

Capital Markets

The capital markets in the UAE are regulated by a number of entities, including the Emirates Securities and Commodities Authority (the "SCA"), which licenses intermediaries to trade on the DFM and the ADX. The SCA is a federal government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated.

Dubai Financial Market

The DFM, which is now, along with Nasdaq Dubai, owned by Borse Dubai, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The following table sets out the number of traded shares, the value of traded shares, and the number of executed transactions on the DFM and the closing price of the DFM Index as at 31 December in each of the years 2014 to 2017:

	2014	2015	2016	2017
Number of traded shares (<i>billions</i>)	160.5	98.2	106.5	82.5
Value of traded shares (<i>AED billions</i>)	381.5	151.4	133.7	115.1
Number of trades (<i>millions</i>)	2.4	1.6	1.3	1.1
Market capitalisation (<i>AED billions</i>)	322.6	308.1	337.7	394.0
DFM Index year-end index closing price	3,774.00	3,151.00	3,530.88	3370.07

Source: Dubai Statistics Centre, DFM.

Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, DFM announced that it had made an offer to Borse Dubai Limited and the NASDAQ OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both Nasdaq Dubai and DFM are operating as two distinct markets that are subject to different regulatory frameworks. Nasdaq Dubai is regulated by the Dubai Financial Services Authority and the DFM is regulated by the SCA.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which has led to an increase in interest and investment from international institutional investors in Dubai.

Nasdaq Dubai's standards are comparable to those of leading international exchanges New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuer's access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a unique mix of regional and international brokers.

Nasdaq Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk and conventional bonds. Nasdaq Dubai listed 11 sukuk with a total nominal value of U.S.\$10.25 billion listed during 2017, maintaining its position as one of the world's largest exchanges for sukuk.

Equity listings on Nasdaq Dubai include DP World Limited, which had the Middle East's largest IPO in 2007 at U.S.\$5.0 billion, as well as Depa Limited and Orascom Construction Limited.

The following table sets out the number of traded shares, the value of traded shares and the number of executed transactions on Nasdaq Dubai, the market capitalisation of Nasdaq Dubai and the closing price as at 31 December of the FTSE Nasdaq Dubai UAE 20 Index (which tracks 20 liquid stocks listed on the DFM, the Abu Dhabi Securities Exchange and Nasdaq Dubai) in each of the years 2014 to 2017:

	2014	2015	2016	2017
Trading volume (<i>millions</i>)	280.3	218.6	138.2	273.2
Trading value (<i>AED millions</i>).....	5,309.9	5,019.9	4,563.7	4,883.7
Number of transactions.....	24,698	30,637	22,913	29,518
Market capitalisation (<i>AED millions</i>)	67,059.2	67,568.5	58,118.1	82,821.9
FTSE Nasdaq Dubai UAE 20 year-end closing price.....	3,776.08	3,063.35	3,293.85 ⁽¹⁾	3,288.69

Source: Dubai Statistics Centre, Nasdaq Dubai.

Notes: (1) As at 28 December 2017.

TAXATION

General

The following is a general description of certain tax considerations relating to Notes issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of acquiring, holding and disposing of Notes and receiving payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on Notes to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Cayman Issuer has received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (as amended) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Cayman Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Notes) of the Cayman Issuer or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Law (as amended). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Notes. However, an instrument transferring title to any Notes, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Cayman Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

United Arab Emirates

*The following is a general summary of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("**Dubai Law**") and does not constitute legal or tax advice. Prospective investors in the Notes are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase ownership or disposition of the Notes or any interest therein.*

Under existing Dubai Law, although an income tax decree has been enacted in Abu Dhabi and in Dubai (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)) which provides for tax to be imposed on the taxable income of all bodies corporate which carry on a trade or business, the regime is not currently enforced. In practice, only companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE have been required to pay tax. There are currently no withholding taxes required to be levied under UAE, Abu Dhabi or Dubai law in respect of payments on debt securities (including in relation to the Notes). In the event of the imposition of any withholding, the relevant Obligor has undertaken to gross-up any payments subject to certain limitations, as described in Condition 9.

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.

The UAE has entered into Double Taxation Arrangements with certain other countries, but these are not extensive in number.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission issued a proposal (the “**Commission’s Proposal**”), including a draft directive, for a financial transaction tax (“**FTT**”) to be adopted in certain participating EU Member States (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. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the 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 the Notes are advised to seek their own professional advice in relation to the FTT.

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” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. Each relevant Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the U.A.E.) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “Terms and Conditions—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) dated 11 October 2018, agreed with the Obligors the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Obligors have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and the Guarantee 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 section have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sale to EEA Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and

- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the applicable Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Obligors for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision: (i) the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and (ii) the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded).

United Kingdom

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 relevant Obligors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly

or indirectly, offered or sold and will not, directly or indirectly offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of Notes has not been cleared by the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver, directly or indirectly, any Note or distribute copies of this Base Prospectus or of any other document relating to the Notes in the Republic of Italy except:

- (a) to qualified investors (“*investitori qualificati*”), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Italian Financial Act**”) as implemented by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (“**CONSOB Regulation No. 16190**”), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**CONSOB Regulation No. 11971**”); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB regulations including CONSOB Regulation No. 11971.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes by it or distribution by it of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be made in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy, except in any circumstances where an express exemption from compliance with the offer restrictions applies, as provided under the Italian Financial Act or CONSOB Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”) and any other applicable laws or regulation;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in the Republic of Italy or by Italian persons outside of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, 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” as defined in 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 “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents or which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable 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,

securities (as defined in Section 239(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 defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the relevant Final Terms (or Pricing Supplement, in the case of Non-PD Notes), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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).

The PRC (excluding Hong Kong, Macau and Taiwan)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (the “**PRC**”). This Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the 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 Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 9/4/1439H, corresponding to 27 December 2017 as amended by the Board of the CMA resolution number 3-45-2018 dated 27/8/1439H, corresponding to 23 April 2018 (the “**KSA Regulations**”) made through a person authorised by the Capital Market Authority (the “**CMA**”) to carry on the securities activity of arranging and following a notification to the CMA under Article 11 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 “**sophisticated investors**” under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes by it to a Saudi Investor will be made in compliance with Articles 9 or 10 and Article 11 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 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds SR 1 million or an equivalent amount; or (c) the Notes are being offered or sold in such other circumstances as the CMA may prescribe.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Notes has been or will be made by it to the public in the Cayman Islands.

Kingdom of Bahrain

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has not offered or sold, and will not offer or sell any Notes except on a private placement basis to persons in 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).

Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the “CMSA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered, by it and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), 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.

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, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Obligors nor any of the other Dealers shall have any responsibility therefor.

None of the Obligors or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Notes.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions as the relevant Obligors and the relevant Dealer shall agree and as shall be set out in the relevant subscription agreement or dealer confirmation letter (howsoever described), as the case may be.

GENERAL INFORMATION

Authorisations

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of CBD dated 9 July 2008. The update of the Programme and the issuance of Notes thereunder has been duly authorised by a resolution of the Board of Directors of CBD dated 15 December 2016.

Pursuant to a resolution of CBD's shareholders dated 20 March 2018, CBD is, as at the date of this Base Prospectus, authorised by its shareholders to issue Notes under the Programme in an aggregate nominal amount of U.S.\$3,000,000,000 (or its equivalent in any other currency (as determined in accordance with the Programme Agreement)).

The update of the Programme and the issuance of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Cayman Issuer dated 16 September 2018.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its Main Securities Market. Such approval relates only to the Notes which are to be admitted to trading on a MiFID Regulated Market and/or which are to be offered to the public in any Member State.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection from the registered office of CBD and from the specified office of the Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Cayman Issuer and the Memorandum and Articles of Association (with an English translation thereof) of CBD;
- (b) the audited consolidated financial statements of CBD in respect of the financial years ended 31 December 2016 and 31 December 2017. CBD currently prepares audited consolidated financial statements only on an annual basis;
- (c) the unaudited condensed consolidated interim financial statements of CBD as at and for the six months ended 30 June 2018;
- (d) when available, the most recently published audited consolidated annual financial statements of CBD and the most recently published unaudited condensed consolidated interim financial statements (if any) of CBD in each case together with any audit or review reports prepared in connection therewith. CBD currently prepares unaudited reviewed condensed consolidated interim financial statements on a quarterly basis;
- (e) the Agency Agreement, the Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Base Prospectus;

- (g) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated therein by reference; and
- (h) in the case of each issue of Notes admitted to trading on the Main Securities Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, International Securities Identification Number (“**ISIN**”), Financial Instruments Short Name (“**FISN**”) and/or Classification of Financial Instrument (“**CFI**”) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Obligors and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Cayman Issuer, and there has been no material adverse change in the financial position or prospects of the Cayman Issuer, since the date of its incorporation.

There has been no significant change in the financial or trading position of CBD and its subsidiaries taken as a whole since 30 June 2018, and there has been no material adverse change in the financial position or prospects of CBD since 31 December 2017.

Litigation

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

Auditors

The auditors of CBD are KPMG Lower Gulf Limited (Dubai Branch). KPMG Lower Gulf Limited (Dubai Branch) were first appointed as auditors of CBD in the annual general meeting held on 20 March 2018. Previously, the auditors of CBD were Ernst & Young Middle East (Dubai Br.), of 28th Floor, Al Saqr Business Tower, Sheikh Zayed Road, P.O. Box 9267, Dubai, United Arab Emirates. Ernst & Young Middle East (Dubai Br.) audited CBD's financial statements for the financial years ended 31 December 2016 and 31 December 2017.

There is no professional institute of auditors in the UAE and, accordingly, neither KPMG Lower Gulf Limited (Dubai Branch) nor Ernst & Young Middle East (Dubai Br.) is a member of a professional body in the UAE. All KPMG Lower Gulf Limited (Dubai Branch) and Ernst & Young Middle East (Dubai Br.) audit partners are members of the institutes from where they received their professional qualification.

Since the date of its incorporation, no financial statements of the Cayman Issuer have been prepared. The Cayman Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements, or appoint an auditor.

Dealers transacting with the Cayman Issuer and CBD

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Cayman Issuer, CBD and their respective affiliates in the ordinary course of business for which they may receive fees. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Cayman Issuer or CBD, or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with CBD routinely hedge their credit exposure to the CBD consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph the term affiliates shall also include parent companies.

The Cayman Issuer

CBD (Cayman) Limited
c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

CBD

Commercial Bank of Dubai P.S.C.
Al Ittihad Street
P.O. Box 2668
Dubai
United Arab Emirates

ISSUING AND PRINCIPAL PAYING AGENT AND OTHER PAYING AGENT

Citibank N.A., London Branch

Agency and Trust Services
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citigroup Global Markets

Europe AG
Reuterweg 16
60323 Frankfurt
Federal Republic of Germany

LEGAL ADVISERS

To the Dealers as to English and UAE law

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Dubai
United Arab Emirates

*To CBD (Cayman) Limited and CBD as to
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One Fleet Place
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United Kingdom

To CBD (Cayman) Limited as to Cayman Islands law

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Level 14, Burj Daman
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PO Box 506513
Dubai
United Arab Emirates

To CBD as to UAE law

Dentons & Co.
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United Arab Emirates

AUDITORS

KPMG Lower Gulf Limited (Dubai Branch)

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P.O. Box 3800 Downtown Dubai
United Arab Emirates

DEALERS

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Bahrain

Banca IMI S.p.A.

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United Kingdom

Commerzbank Aktiengesellschaft

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Federal Republic of Germany

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United Arab Emirates

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Standard Chartered Bank

P.O. Box 999
Dubai
United Arab Emirates

IRISH LISTING AGENT

Arthur Cox Listing Services Limited

Ten Earlsfort Terrace
Dublin 2
Ireland