

THIRD SUPPLEMENT DATED 9 JUNE 2020 TO THE BASE PROSPECTUS DATED 18 JULY 2019



WARBA SUKUK LIMITED

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

U.S.\$2,000,000,000

Trust Certificate Issuance Programme

This supplement (the **Supplement**) is supplemental to, forms part of and must be read and construed in conjunction with the base prospectus dated 18 July 2019, as supplemented by the first supplement dated 5 September 2019 and the second supplement dated 11 March 2020 (together, the **Base Prospectus**) prepared by Warba Sukuk Limited (in its capacity as issuer and trustee, the **Trustee**) and Warba Bank K.S.C.P. (the **Bank**) in connection with the U.S.\$2,000,000,000 trust certificate issuance programme of the Trustee (the **Programme**). Any capitalised terms used but not defined herein shall have the meaning given to them in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC (as amended or superseded) (the **Prospectus Directive**). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. This Supplement which, together with the Base Prospectus, comprises a base prospectus for the purposes of the Prospectus Directive, constitutes a supplement for the purposes of Article 16 of the Prospectus Directive (as implemented in the Republic of Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended).

This Supplement complies with the requirements of Part 2 of the Markets Law (DIFC Law No. 1 of 2012) (the **Markets Law**) and Chapter 2 of the Markets Rules (the **Markets Rules**). This Supplement has been approved by the Dubai Financial Services Authority (the **DFSA**) under Rule 2.6 of the Markets Rules and is an Approved Prospectus for the purposes of Article 14 of the Markets Law. The DFSA does not accept any responsibility for the content of the information included in this Supplement, including the accuracy or completeness of such information. The liability for the content of this Supplement lies with the Trustee and the Bank. The DFSA has also not assessed the suitability of the Certificates to which this Supplement relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Supplement or are unsure whether the Certificates to which this Supplement relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

The purpose of this Supplement is to: (a) update the risk factors relating to the Bank and its ability to fulfil its obligations under the Transaction Documents; and (b) provide for the use of the CBK Discount Rate as an additional Reference Rate for Floating Rate Certificates.

IMPORTANT NOTICES

The Trustee and the Bank accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Trustee and the Bank (each having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information which is updated by reference to one section of the Base Prospectus may be repeated or referred to in other sections of that document. Accordingly, to the extent that there is any inconsistency between: (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement; and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Certificates issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

Copies of this Supplement and the Base Prospectus can be: (a) viewed on the website of Euronext Dublin at www.ise.ie; (b) viewed on the website of the DFSA at www.dfsa.ae; and (c) obtained from the specified office of the Principal Paying Agent.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Trustee, the Bank, the Arrangers or the Dealers to subscribe for, or purchase, any Certificates.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

UPDATES TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Base Prospectus shall be supplemented and/or amended as follows:

Risk Factors

The following shall be deemed to be added as a new risk factor under the section headed "*Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents*" starting on page 1 of the Base Prospectus:

"Risks relating to the emergence of the 2019 novel coronavirus COVID-19"

The COVID-19 outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019. In response to the rapid spread of COVID-19, the Chinese government imposed travel restrictions and quarantines to help limit the risk of infection. However, while the spread of COVID-19 has slowed in China, it has continued to spread in many countries around the world, leading the World Health Organisation to declare the outbreak a global pandemic on 11 March 2020.

In March 2020, the United States, certain EU countries and countries in the Middle East, including Kuwait, began imposing restrictions on travel and on the freedom of movement of people. These measures, while aimed to slow the spread of COVID-19, have significantly reduced economic activity in many countries around the world (in particular for those businesses connected to the travel and hospitality sectors). It is currently unclear how long these restrictions will be in place and what their ultimate impact will be on global and regional economies. The economic impact of the COVID-19 virus has already included significant volatility in financial markets and reduced global liquidity and investment, and it may lead to lower economic growth in Kuwait and the wider MENA region.

Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on gross domestic product during 2020. Concerns remain as to whether these policy tools will sufficiently counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, specific industries or countries, and the Bank's employees, customers and business operations. In the event these conditions persist, the Bank's business, financial condition, results of operations, liquidity and prospects are likely to be significantly affected."

The following shall be deemed to be added as a new paragraph 3 of the risk-factor headed "*The Bank is exposed to volatility in international oil prices and sustained lower prices could materially adversely affect the Bank*" on page 3 of the Base Prospectus:

"More recently, in response to the decreasing demand for oil as a result of the spread of COVID-19, OPEC officials proposed a plan to the OPEC countries and other non-OPEC countries, including Russia, to cut global production by 1.5 per cent. However, the parties were unable to reach agreement and the three-year partnership between OPEC and major non-OPEC providers was terminated as a result. On 7 March 2020, Saudi Arabia announced that it would raise oil output and discount its oil in April 2020. As a result of the above factors, the OPEC Reference Basket prices fell significantly from U.S.\$48.35 on 6 March 2020 to U.S.\$34.72 on 9 March 2020, a decrease of 28.2 per cent. As at 1 June 2020, the OPEC Reference Basket price was U.S.\$33.68. Furthermore, certain oil prices turned negative during April 2020 (with the West Texas Intermediate benchmark falling as low as minus U.S.\$37.63 a barrel), as weakened demand as a result of the COVID-19 outbreak led to buyers being paid to take oil due to storage capacity concerns."

The fourth paragraph of the risk factor headed "*The Bank is exposed to the credit risk of borrowers and other counterparties and anticipated future growth in, or deterioration in the quality of, the Bank's financing portfolio or investment securities portfolio could result in an increase in its credit risk profile*" on page 2 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"Credit losses could also arise from a deterioration in the credit quality of specific borrowers and counterparties of the Bank, from a general deterioration in local or global economic conditions (including as a result of the COVID-19 impact, see "*Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"), or from systemic risks within these financial systems, which could affect the recoverability and value of the Bank's assets

and require an increase in its provisions for the impairment of financing, securities and other credit exposures. See "*Risks relating to the emergence of the 2019 novel coronavirus COVID-19*".

The first paragraph of the risk factor headed "*A substantial increase in new impairment allowances or losses greater than the level of previously recorded impairment allowances for doubtful financings and advances to customers would adversely affect the Bank's results of operations and financial condition*" starting on page 2 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"In connection with lending activities, the Bank periodically establishes impairment allowances for financing losses, which are recorded in its income statement. The Bank's overall level of impairment allowances is based upon its assessment of prior loss experience, the volume and type of lending being conducted, collateral held, industry standards, past due financings, economic conditions (including the impact of COVID-19, see "*Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"), and other factors related to the recoverability of various financings. Although the Bank endeavours to establish an appropriate level of impairment allowances based on its best estimate of the amount of incurred loss, it may have to significantly increase its impairment allowances for financing losses in the future as a result of increases in non-performing assets, deteriorating economic conditions leading to increases in defaults and bankruptcies, or for other reasons."

CBK Discount Rate

The final paragraph of the cover page of the Base Prospectus shall be replaced with the following:

"Amounts payable on Floating Rate Certificates will be calculated by reference to one of LIBOR, EURIBOR, KIBOR, CBK Discount Rate, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR, CHF LIBOR and QIBOR (as specified in the applicable Final Terms). As at the date of this Base Prospectus, the administrators of LIBOR, EURIBOR, SAIBOR and CHF LIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Base Prospectus, the administrators of KIBOR, CBK Discount Rate, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR and QIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Bank is aware, KIBOR, CBK Discount Rate, KLIBOR, EIBOR and QIBOR do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation. As far as the Bank is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Treasury Markets Association, Banks Association of Turkey, Associate of Banks in Singapore, and Japanese Bankers Association are not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence)."

In the section of the Base Prospectus entitled "Terms and Conditions of the Certificates", the definition of "Reference Rate" appearing on page 39 of the Base Prospectus shall be replaced with the following:

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

- (a) LIBOR;
- (b) EURIBOR;
- (c) KIBOR;
- (d) CBK Discount Rate;
- (e) HIBOR;
- (f) KLIBOR;
- (g) TRLIBOR or TRYLIBOR;
- (h) SIBOR;
- (i) EIBOR;

- (j) TIBOR;
- (k) SAIBOR;
- (l) CHF LIBOR; and
- (m) QIBOR;"

In the section of the Base Prospectus entitled "Form of Final Terms", Item 16(h)(i) (Reference Rate) of Part A of the Form of Final Terms appearing on page 71 of the Base Prospectus shall be replaced with the following:

(i) Reference Rate:

[[●] month]

[LIBOR/EURIBOR/KIBOR/CBK Discount
Rate/HIBOR/KLIBOR/TRLIBOR or
TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/CHF
LIBOR/QIBOR]