OFFERING CIRCULAR

IMPORTANT NOTICE

THE BASE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NON U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) (REGULATION S)) ON AN OFFSHORE BASIS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the attached base offering circular following this page (the **Base Offering Circular**), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Base Offering Circular. In reading, accessing or making any other use of the Base Offering Circular, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Base Offering Circular, including any modifications made to them from time to time, each time you receive any information from BoS Funding Limited (the **Issuer**), Bank of Sharjah P.J.S.C. (the **Bank**), the Arranger or the Dealers (each as defined in the Base Offering Circular) as a result of such access.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE NOTES (AS DEFINED IN THE ATTACHED BASE OFFERING CIRCULAR) IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR, THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE BASE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGER AND THE DEALERS AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE BASE OFFERING CIRCULAR.

Confirmation of the Representation: The Base Offering Circular is being sent at your request, and by accepting the e-mail and accessing the Base Offering Circular, you shall be deemed to have represented to us that you are outside the United States and not a U.S. person. In addition, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of the Base Offering Circular by electronic transmission.

The Base Offering Circular is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the **Order**) and (iii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as **relevant persons**). The Base Offering Circular is only available to and is only directed at relevant persons. Any person who is not a relevant person should not act or rely on the Base Offering Circular or any of its contents.

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

If you received the Base Offering Circular by email, you should not reply by email to this announcement. Any reply email communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive the Base Offering Circular by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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

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

The Arranger, the Dealers and the Agents (each as defined in the Base Offering Circular) have not independently verified the information contained in the Base Offering Circular. Accordingly, none of the Arranger, the Dealers, the Agents or any of their respective directors, affiliates, advisers or agents make any representation or warranty or accept any liability in relation to the information contained or incorporated by reference in the Base Offering Circular or for any other information provided by the Issuer or the Bank in connection with the programme described in the Base Offering Circular (the **Programme**) nor is any responsibility or liability accepted by them as to the accuracy or completeness of the information contained in the Base Offering Circular or any responsibility for any acts or omissions of the Issuer or the Bank or any other person in connection with the Base Offering Circular or the issue and offering of notes under the Programme. To the fullest extent permitted by law, none of the Arranger, the Dealers, their respective directors, affiliates, advisers and agents and the Agents accept any responsibility for the contents of the Base Offering Circular and accordingly each disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of the Base Offering Circular.

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

The Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia pursuant to its resolution number 3-123-2017, dated 9/4/1439H (corresponding to 27 December 2017), as amended by its resolution number 1-53-2025 dated 21/11/1446H (corresponding to 19 May 2025).

The Capital Market Authority of the Kingdom of Saudi Arabia does not make any representation as to the accuracy or completeness of the Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Base Offering Circular. Prospective purchasers of the Notes offered hereby should conduct their own due diligence on the accuracy of the information relating to the Notes. If you do not understand the contents of the Base Offering Circular you should consult an authorised financial adviser.

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

OFFERING CIRCULAR

بنك الشـــارقـــة
Bank of Sharjah

BOS FUNDING LIMITED

(*incorporated in the Cayman Islands with limited liability*)

unconditionally and irrevocably guaranteed by

BANK OF SHARJAH P.J.S.C.

(incorporated in the Emirate of Sharjah with limited liability)

U.S.$2,500,000,000

Euro Medium Term Note Programme

Under this U.S.$2,500,000,000 Euro Medium Term Note Programme (the **Programme**), BoS Funding Limited (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer, the Bank and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Bank of Sharjah P.J.S.C. (the **Bank**) under a Deed of Guarantee (as defined below).

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.$2,500,000,000 (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 Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this offering circular (the **Base Offering Circular**) to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

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

Application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for Notes issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to trading on the London Stock Exchange's International Securities Market (the **ISM**). This Base Offering Circular comprises admission particulars for the purposes of admission to trading of the Notes on the ISM. The ISM is not a regulated market for the purposes of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (**UK MiFIR**) or a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**).

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the United Kingdom (the UK) Financial Conduct Authority (the FCA). The London Stock Exchange has not approved or verified the contents of this Base Offering Circular. References in this Base Offering Circular to the Notes being **admitted to trading** (and all related references) shall mean that, unless otherwise specified in the applicable Pricing Supplement, the Notes have been admitted to trading on the ISM.

This Base Offering Circular does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the UK which has been designed as a regulated market for the purposes of UK MiFIR. This Base Offering Circular also does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the **EEA**) which has been designed as a regulated market for the purposes of MiFID II.

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 pricing supplement document (the **Pricing Supplement**) which will be delivered to the London Stock Exchange and, with respect to Notes to be admitted to trading on the ISM, will also be published on the website of the London Stock Exchange through a regulatory information service or may be published in such other manner permitted by the International Securities Market Rulebook effective as of 30 June 2025 (as may be modified and/or supplemented and/or restated from time to time, the **ISM Rulebook**).

The Programme provides that Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Bank and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed or admitted to trading on the ISM (or any other stock exchange).

The Issuer 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 Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes and the Deed of Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any applicable state or other jurisdiction of the United States and may not be offered or sold in 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 the securities laws of the applicable state or other jurisdiction of the United States. The Notes include Notes in bearer form that are subject to U.S. tax law requirements. For more information see "*Subscription and Sale*".

The Bank has a long-term rating of BBB+ from Fitch Ratings Limited (**Fitch**). The Programme is expected to be assigned a long-term senior unsecured rating of BBB+ by Fitch. Fitch is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). Fitch is not established in the EEA and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the **EU CRA Regulation**). The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation and have not been withdrawn. Fitch Ratings Ireland Limited is established in the EEA and registered under the EU CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the EU CRA Regulation

Notes issued under the Programme may be rated or unrated by the rating agency referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme or Notes already issued by such rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Arranger

Standard Chartered Bank

Dealers

Abu Dhabi Commercial Bank

Al Ahli Bank of Kuwait K.S.C.P. (DIFC Branch)

Bank ABC

Citigroup

Emirates NBD Capital

First Abu Dhabi Bank

Mashreqbank psc

QNB Capital LLC

Standard Chartered Bank

The date of this Base Offering Circular is 26 September 2025.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Base Offering Circular comprises admission particulars for the purpose of the ISM Rulebook. This Base Offering Circular does not comprise a prospectus for the purposes of either Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the **UK Prospectus Regulation**) or Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**), and has not been approved as such by the FCA or the competent authority in any member state of the EEA.

Each of the Issuer and the Bank accepts responsibility for the information contained in this Base Offering Circular and the Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Bank, having taken all reasonable care to ensure that such is the case, the information contained in this Base Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Base Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Base Offering Circular.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Offering Circular refers does not form part of the Base Offering Circular.

Neither the Arranger nor the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained in this Base Offering Circular or any other information provided by the Arranger or any Dealer or the Issuer or the Bank in connection with the Programme nor is any responsibility or liability accepted by the Arranger or the Dealers for any acts or omissions of the Issuer or the Bank or any other person in connection with this Base Offering Circular or the issue and offering of Notes under the Programme. To the fullest extent permitted by law, neither the Arranger nor any Dealer accepts any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Base Offering Circular or any such statement, including in relation to the information contained in this Base Offering Circular or any other information provided by the Issuer or the Bank in connection with the Programme or the issue or offering of Notes thereunder.

No person is or has been authorised by the Issuer or the Bank to give any information or to make any representation not contained in or not consistent with this Base Offering Circular 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 the Issuer or the Bank or the Arranger or any of the Dealers.

Neither this Base Offering Circular 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 the Issuer, the Bank, the Arranger or any of the Dealers that any recipient of this Base Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Bank. Neither this Base Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Bank or the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Bank 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 Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Bank during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Base Offering Circular 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Bank, the Arranger and the Dealers do not represent that this Base Offering Circular 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 Issuer, the Bank, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Offering Circular 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 Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Notes in the United States, the EEA, the UK, Japan, Hong Kong, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Cayman Islands, the Kingdom of Bahrain (**Bahrain**), the Kingdom of Saudi Arabia, the State of Qatar (**Qatar**) (including the Qatar Financial Centre), Malaysia, Singapore and Switzerland (see "*Subscription and Sale*").

SUITABILITY OF INVESTMENT

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:

(i) 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 or incorporated by reference in this Base Offering Circular or any applicable supplement;

(ii) 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;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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 the Issuer, the Bank, the Arranger, the Dealers or the Agents (as defined under "*Terms and Conditions of the Notes*") 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 or regulation.

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 AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the consolidated statement of financial position, the consolidated income statement and consolidated statement of cash flows information included in this Base Offering Circular relating to the Bank and its subsidiaries (collectively, the **Group**) has been derived:

- in the case of the financial information as at and for the six-month period ended 30 June 2025 and as at and for the six-month period ended 30 June 2024 from the unaudited condensed consolidated financial information as at and for the six-month period ended 30 June 2025 together with the notes thereto (the **Interim Financial Statements**); and
- in the case of financial information as at and for the year ended 31 December 2024 and as at and for the year ended 31 December 2023, from the audited consolidated financial statements as at and for the financial year ended 31 December 2024 of the Group together with the audit report thereon and the notes thereto (the **2024 Financial Statements** and together with the Interim Financial Statements, the **Financial Statements**), save for the Group's investment securities as at and for the year ended 31 December 2024 which have been derived from the Interim Financial Statements as a result of the recategorisation of certain instruments.

The 2024 Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

The 2024 Financial Statements have been audited in accordance with International Standards on Auditing without qualification. The 2024 Financial Statements have been audited by Grant Thornton Audit and Accounting Limited (Dubai Branch) (**Grant Thornton**).

The Interim Financial Statements have been prepared in accordance with IAS 34 and have been reviewed by Grant Thornton in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

The Group's financial year ends on 31 December and references in this Base Offering Circular to **2024** and **2023** are to the 12-month period ending on 31 December in each such year. Annual information presented in this Base Offering Circular is based upon 1 January to 31 December periods unless otherwise indicated.

Emirates Lebanon Bank

The Bank acquired Banque de la Bekaa SAL and Banque Nationale de Paris Intercontinental, Beirut in 2007 and 2008, respectively, and combined both purchases to form Emirates Lebanon Bank S.A.L. (**Emirates Lebanon Bank**).

Hyperinflation and deconsolidation

The International Practices Task Force (IPTF) of the Centre of Audit Quality (CAO), in its discussion document for the 10 November 2020 meeting, stated Lebanon as one of the countries with three-year cumulative inflation rates exceeding 100 per cent. In addition, applying the October 2020 International Monetary Fund (**IMF**) information and the indicators laid out in IAS 29 "Financial Reporting in Hyperinflationary Economies" (**IAS 29**), the Lebanese economy was considered as hyperinflationary during 2020. Consequently, the Group applied IAS 29 to Emirates Lebanon Bank from 1 January 2020. The underlying accounting anomalies which arose as a result of the application of hyperinflation accounting was not sustainable for the Group and posed a threat of even greater unnecessary volatility to the Group's financial statements as a result of such accounting anomalies. Supported by the UAE Central Bank, the Group sought to cease the consolidation of Emirates Lebanon Bank's financial statements in the Group's financial statements as per the UAE Central Bank recommendations effective 1 April 2023. This was required in order to avoid the unnecessary accounting anomalies and/or disruptions resulting from the consolidation of Emirates Lebanon Bank. On 22 June 2023, the Board approved the de-linking and the financial statements of Emirates Lebanon Bank are not consolidated in the Financial Statements.

Subsidiary held for sale

On 1 April 2023, the Group classified Emirates Lebanon Bank as held for sale. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification in order to meet the condition for classification as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (**IFRS 5**) (subject to limited exceptions).

When a subsidiary is classified as an "asset held for sale" involving loss of control and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale. Once classified in this category, the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell. If the group of assets and liabilities becomes impaired, an impairment loss is recognised in the consolidated statement of profit and loss. Impairment losses may be reversed. The fair value less cost to sell estimate is a significant judgement and it is determined based on the market offer approach.

The breakdown of Emirates Lebanon Bank's net assets as at 1 April 2023 is as follows:

	As at 1 April 2023
Assets	*(AED'000)*
Cash and balances with central bank	2,892,460
Deposits and balances due from banks	10,497
Loans and advances, net	1,090,017
Investments measured at fair value	29,567
Investments measured at amortised cost	43,344
Other intangibles	345
Assets acquired in settlement of debt	79,641
Other assets	17,989
Property and equipment	6,040
Total assets	**4,169,900**
Liabilities	
Customers' deposits	2,318,968
Deposits and balances due to banks	617,261
Other liabilities	189,728
Total liabilities	**3,125,957**
Net assets	**1,043,943**
Fair value of net assets	**844,790**

As at the date of this Base Offering Circular, Emirates Lebanon Bank remains classified as held for sale. The 12 month period to complete the sale has been extended in accordance with IFRS 5 as the delay is caused by events or circumstances beyond the Group's control. Recent political and economic developments have prompted a renewed interest from potential buyers and in the first six months of 2025, the Bank has received reconfirmed offers from potential acquirers and expressions of interest from other potential buyers. The Bank is engaged in further discussions and remains confident in the successful sale of Emirates Lebanon Bank. An accredited multinational sell-side advisory firm has been appointed to support the sale process, including initiating due diligence procedures. Additionally, the Bank has received an updated letter from the UAE Central Bank affirming support for the classification of Emirates Lebanon Bank as held for sale under IFRS 5, reflecting improved market conditions and ongoing efforts to finalise the sale.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Offering Circular. In addition, the following terms as used in this Base Offering Circular have the meanings defined below.

In this Base Offering Circular, all references to:

- **Basel II** and/or **Basel III** are to the reforms to the international regulatory capital framework issued by the Basel Committee;
- **Basel Committee** are to the Basel Committee on Banking Supervision;
- **dirham** and **AED** are to the lawful currency of the UAE;
- **ECL** are to the expected credit loss as per IFRS 9;

- **IFRS 9** are to the International Financing Reporting Standard 9 relating to Financial Instruments;
- **Member State** are to a member state of the EEA;
- **UAE Central Bank** are to the Central Bank of the UAE; and
- **U.S. dollars**, **U.S.$** and **$** refer to United States dollars and references to a **billion** are to a thousand million.

The Group prepares its financial statements in dirham. 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.

Rounding

Certain figures and percentages included in this Base Offering Circular 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.

Presentation of APMs

In this Base Offering Circular, the Group uses the following metrics in the analysis of its business and financial position, which the Group considers to constitute Alternative Performance Measures (**APMs**) as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the **ESMA Guidelines**). For further information, see "*Selected Financial Information*".

Metric	Definition and method of calculation	Rationale for inclusion
Net interest margin	Net interest income divided by total interest-earning assets.	Performance measure. A positive figure denotes that the Group's returns on interest earning assets exceed its interest expenses.
Net loans/total assets	Net loans and advances divided by total assets.	Liquidity measure. A high percentage indicates that the Group is highly leveraged and its liquidity is low.
Customers' deposits/total assets	Customers' deposits divided by total assets.	Liquidity measure. The ratio indicates the percentage of the Group's total assets that are funded by customer deposits. The higher the ratio the lesser the Group's reliance on other funding sources other than customer deposits.
Net advances to total deposits ratio	Net loans and advances divided by customers' deposits. Calculated in accordance with UAE Central Bank regulations.	Liquidity measure. The loan to deposit ratio is used to assess the liquidity position of the Group. A ratio of less than one implies that the Group has relied on funds deposited by customers to make loans and advances. A ratio of more than one implies that the Group has extended loans and advances from funds borrowed by it in addition to deposits.
Liquid assets ratio	Total high quality liquid assets divided by total liabilities. Calculated in accordance with UAE Central Bank regulations.	Liquidity measure. A higher percentage indicates a stronger liquidity position.
Cost to income ratio	Total operating cost divided by total gross operating income (excluding provisions).	Performance measure. A lower percentage indicates that operating expenses are low relative to operating income.

Metric	Definition and method of calculation	Rationale for inclusion
Advances to stable resources ratio (**ASRR**)	Gross amount of loans and advances divided by total stable resources, calculated in accordance with UAE Central Bank regulations.	Liquidity measure. A higher percentage indicates a weaker liquidity position.
Return on assets	Net profit for the year / period divided by total assets.	Performance measure. The ratio shows how many AED of earnings the Group derives from each AED of assets it controls.
Return on equity	Net profit for the year / period divided by total equity.	Performance measure. The ratio is a measure of the profitability of the Group'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 Group uses shareholders' equity to generate earnings growth.
Non-performing financings ratio (gross)	Total non-performing loans divided by gross amount of loans and advances.	Asset quality measure.
Non-performing financings ratio (net)	Total non-performing loans less ECL and collateral divided by gross amount of loans and advances.	Asset quality measure. The ratio shows significant collateral which the Group has built in respect of its non-performing loans.
Non-performing financings provisions ratio	Total impairment provision (including the portfolio provision for risk inherent in the Group's portfolio) divided by total non-performing loans.	Asset quality measure. The ratio shows total provisions which the Group has built in respect of its non-performing loans.

These APMs have not been audited and are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Group's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Group's liquidity.

PRESENTATION OF OTHER INFORMATION

In this Base Offering Circular, unless otherwise indicated, all references to:

- **Board** are to the board of directors of the Bank as described in "*Management and Employees—Board of Directors*";
- **Senior Management** are to the senior management of the Bank as described in "*Management and Employees—Senior Management*";
- **UAE** are to the United Arab Emirates; and
- **United States** and **U.S.** are to the United States of America.

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

Presentation of Statistical Information

The statistical information in the section titled "*Risk Factors*" has been reproduced from a number of different identified sources. All statistical information in such sections 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**) and inflation data is not final and may be subject to revision in future periods and certain other historical GDP and/or inflation data may also be subject to final adjustment.

No incorporation of website information

The Group's website is https://www.bankofsharjah.com/en. Other than in relation to the documents which are deemed to be incorporated by reference in this Base Offering Circular ("*Documents Incorporated by Reference*") and in relation to the documents available for inspection (see "*General Information—Documents Available*"), the information on this website or any other website mentioned in this Base Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Base Offering Circular, and investors should not rely on it.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. Prospective purchasers of the Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If you do not understand the contents of this Base Offering Circular, you should consult an authorised financial advisor.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in Bahrain, Notes issued in connection with this Base Offering Circular 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 Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

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

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

Any Notes to be issued under the Programme will not be offered, sold or delivered, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar (including the Qatar Financial Centre). The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in Qatar (including the Qatar Financial Centre) and do not constitute debt financing in Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF MALAYSIA

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

IMPORTANT – EEA RETAIL INVESTORS

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

IMPORTANT – UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Notes will 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 the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

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

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

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE *SFA*)

Unless otherwise stated in the applicable Pricing Supplement, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the 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).

ONTARIO PERMITTED INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of any Notes.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement 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 cease 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 persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

FORWARD LOOKING STATEMENTS

Some statements in this Base Offering Circular may be deemed to be forward looking statements. Forward looking statements include statements concerning the Bank's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Offering Circular, 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 the Group*" and other sections of this Base Offering Circular. The Bank has based these forward looking statements on its current view with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Bank has otherwise identified in this Base Offering Circular, or if any of the Bank's underlying assumptions prove to be incomplete or inaccurate, events relating to the Bank and the Bank's actual results may be materially different from those expected, estimated or predicted.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Any forward looking statements contained in this Base Offering Circular speak only as at the date of this Base Offering Circular.

Without prejudice to any requirements under applicable laws and regulations (including, without limitation, the ISM's rules and regulations regarding ongoing disclosure obligations), each of the Issuer and the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Base Offering Circular 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 such forward looking statement is based.

CONTENTS

OVERVIEW OF THE PROGRAMME

The following overview must be read as an introduction to this Base Offering Circular and any decision to invest in any Notes should be based on a consideration of this Base Offering Circular 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 Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The Issuer, the Bank 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 Offering Circular will be published.

Words and expressions defined in "*Form of the Notes*", "*Terms and Conditions of the Notes*" and "*Description of the Group*" shall have the same meanings in this summary.

Issuer:	BoS Funding Limited
Issuer's Legal Entity Identifier (LEI):	635400PTLHUGAMGH6I34
Guarantor:	Bank of Sharjah P.J.S.C.
Guarantor's Legal Entity Identifier (LEI):	635400NBMEM4UME2TO15
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under or in connection with Notes issued under the Programme. There are also certain factors that may affect the Bank's ability to fulfil its obligations under the Deed of Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these factors are set out under "*Risk Factors*".
Description:	Euro Medium Term Note Programme
Arranger:	Standard Chartered Bank
Dealers:	Abu Dhabi Commercial Bank PJSC Al Ahli Bank of Kuwait K.S.C.P. (DIFC Branch) Arab Banking Corporation (B.S.C.) Citigroup Global Markets Limited Emirates NBD Bank PJSC First Abu Dhabi Bank P.J.S.C. Mashreqbank psc QNB Capital LLC Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). **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 UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**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*".
Principal Paying Agent:	The Bank of New York Mellon, London Branch

Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Programme Size:	Up to U.S.$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Bank 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, Notes may be denominated in any currency agreed between the Issuer, the Bank and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer, the Bank 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 Issuer, the Bank or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer, the Bank 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 Issuer, the Bank and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either 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 the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Pricing Supplement; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service. The margin (if any) relating to such floating rate will be agreed between the Issuer, the Bank 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 Issuer, the Bank and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer, the Bank and the relevant Dealer.
Reset Notes:	Reset Notes will bear interest: (a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with Condition 5.3(a),

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

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

Benchmark Discontinuation: In the event that a Benchmark Event or a Benchmark Transition Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Issuer and the Bank may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5.2(c) for further information.

Redemption: The applicable Pricing Supplement 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 Issuer, 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 Issuer, the Bank and the relevant Dealer.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer, the Bank and the relevant Dealer, as specified in the applicable Pricing Supplement, 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 and save that the minimum denomination of each Note admitted to trading in a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the date of issue of the Notes).

Taxation: All payments in respect of the Notes or the Deed of Guarantee by or on behalf of the Issuer or the Bank, as the case may be, will be made without withholding or deduction for or on account of present or future Taxes (as defined under "*Terms and Conditions of the Notes*") imposed or levied by any Relevant Jurisdiction unless the withholding or deduction is required by law as provided in Condition 8. In the event that any such withholding or deduction is made, the Issuer or, as the case may be, the Bank will, save in certain limited circumstances provided in Condition 8, 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 10.

Status of the Notes: The Senior Notes will constitute direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The Subordinated Notes will constitute direct, conditional (as described in Conditions 3.3), unsecured and subordinated (as described in Condition 3.1(c)) obligations of the Issuer and rank *pari passu* without preference among themselves.

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) (the **Issuer Obligations**) will (i) rank junior to all unsubordinated payment obligations of the Issuer and all subordinated payment obligations (if any) of the Issuer to which the Issuer Obligations rank or are expressed to rank junior; (ii) rank *pari passu* with all subordinated payment obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer Obligations; and (iii) rank in priority to all claims of holders of all undated or perpetual obligations of the Issuer and to all claims of holders of all classes of share capital of the Issuer.

Payments in respect of the Issuer Obligations by the Issuer are conditional upon the satisfaction of the Solvency Conditions. To the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the UAE, all claims of the holders of the Subordinated Notes under the Subordinated Notes will be extinguished and the Subordinated Notes will be cancelled without any further payment to be made by the Issuer under the Subordinated Notes.

Deed of Guarantee:

The payments of principal and interest in respect of the Senior Notes have been unconditionally and irrevocably guaranteed by the Bank. The obligations of the Bank under the Deed of Guarantee in respect of the Senior Notes are direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Bank and (subject as provided above) rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Bank, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The payments of principal and interest of the Subordinated Notes have been unconditionally and irrevocably guaranteed by the Bank. The obligations of the Bank under the Deed of Guarantee in respect of the Subordinated Notes will constitute direct, conditional (as described in Condition 3.3), unsecured and subordinated (as described in Condition 3.2(c)) obligations of the Bank.

The payment obligations of the Bank in respect of the Subordinated Notes (the **Guarantor Obligations**) will (i) rank junior to all Guarantor Senior Obligations; (ii) rank *pari passu* with all Guarantor Pari Passu Obligations; and (iii) rank in priority to all claims of holders of all undated or perpetual obligations of the Bank and to all claims of holders of all classes of share capital of the Bank.

Payments in respect of the Guarantor Obligations by the Bank are conditional upon the satisfaction of the Solvency Conditions. To the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Bank has been issued by a court in the UAE, all claims of the holders of the Subordinated Notes under the Guarantor Obligations will be extinguished without any further payment to be made by the Bank under the Deed of Guarantee in respect of the Subordinated Notes.

Rating:

The Programme is expected to be assigned a long-term senior unsecured rating of BBB+ by Fitch. 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 Pricing Supplement 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:	Application has been made to the London Stock Exchange for Notes issued under the Programme to be admitted to trading on the ISM. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, the Bank 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. The applicable Pricing Supplement 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.
Governing Law and Dispute Resolution:	The Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Notes and any non-contractual obligations arising out of, or in connection with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Notes will be governed by, and shall be construed in accordance with, English law. In respect of any dispute, claim, difference or controversy under the Notes, the Agency Agreement and the Deed of Covenant, the Deed of Guarantee and the Notes, each of the Issuer and the Bank (as applicable) has consented to arbitration in accordance with the LCIA Rules unless any Agent (in the case of the Agency Agreement) or Noteholder (in the case of the Notes, the Deed of Covenant or the Deed of Guarantee) elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English courts or the courts of the Dubai International Financial Centre (in the case of the Notes, the Deed of Covenant, the Agency Agreement or the Deed of Guarantee) will have exclusive jurisdiction to settle such dispute.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Japan, Hong Kong, the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market), the Dubai International Financial Centre, the Abu Dhabi Global Market, the Cayman Islands, the Kingdom of Saudi Arabia, Bahrain, Qatar (including the Qatar Financial Centre), Malaysia, Singapore, Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

RISK FACTORS

Each of the Issuer and the Bank believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme or under the Deed of Guarantee, respectively. All of these factors are contingencies which may or may not occur.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuer and the Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of either the Issuer or the Bank to pay interest, principal or other amounts on or in connection with any Notes or to pay any amount in respect of the Deed of Guarantee, respectively, may occur for other reasons and the Issuer and the Bank make no representation that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this section.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER OR IN CONNECTION WITH NOTES ISSUED UNDER THE PROGRAMME

The Issuer has a limited operating history and no material assets

The Issuer is an exempted company with limited liability, incorporated under the laws of the Cayman Islands on 27 April 2015 and has no operating history, other than the issuance of Notes under the Programme and the issuance of U.S.$500,000,000 3.374 per cent. guaranteed notes which matured in 2020 (the **2015 Notes**). The Issuer has not as at the date of this Base Offering Circular, and will not, engage in any business activity other than the issuance of Notes under this Programme, the 2015 Notes, the issuance of other debt securities, the issuance of shares in its capital and other activities incidental or related to the foregoing. The Issuer is not expected to have any income except payments received from the Bank in respect of loans, which will be the only material source of funds available to meet the claims of the Noteholders. As a result, the Issuer is subject to all of the risks to which the Bank is subject, to the extent that such risk could limit the Bank's ability to pay the relevant amounts to the Issuer in full and on a timely basis.

As the Issuer is a Cayman Islands company, it may not be possible for Noteholders to effect service of process outside of the Cayman Islands.

FACTORS THAT MAY AFFECT THE BANK'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES AND/OR THE DEED OF GUARANTEE

In the course of its business activities, the Group is exposed to a variety of risks, the most significant of which are credit risks, liquidity risks, market risks and operational risks. Whilst the Group believes it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks, or predict unexpected market events that are beyond the control of the Group, could be greater than anticipated and could result in a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank’s ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Risks relating to the global economic environment

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

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

The global economy has been materially affected by volatile oil prices

Oil is one of the most important commodities in the world and oil prices strongly influence, and are influenced by, the global economic outlook. Organization of the Petroleum Exporting Countries (**OPEC**) member countries produce approximately 40 per cent. of the world's crude oil (according to the World Economic Forum) and, as such, targets by OPEC to manage oil production in its member countries can affect oil prices. Historically, the announcement of production cuts by OPEC has led to oil price rises in the short to medium term. While efforts have been made by OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation to control oil price volatility by agreeing to staged reductions in oil production since 2020, there can be no assurance that such collaboration will achieve its stated goals or influence oil prices beyond the short-term. For example, oil prices have fluctuated significantly since 2020 with the yearly average OPEC reference basket being U.S.$41.47 in 2020, U.S.$69.89 in 2021, U.S.$100.08 in 2022, U.S.$82.95 in 2023 and U.S.$79.89 in 2024.

Increases in oil prices due to the ongoing Russia-Ukraine conflict, geo-political tensions in the Middle East which have resulted in tanker diversions, or for any other reason, particularly when coupled with high inflation (see "*—Many of the world's economies are experiencing high levels of inflation leading to volatility in interest and exchange rates*") have had and may continue to have a detrimental impact on the global economy.

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

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

In 2024, inflation averaged 2.6 per cent. in advanced economies and 7.7 per cent. in emerging market and developing economies compared to 4.6 per cent. in advanced economies and 8.0 per cent. in emerging market and developing economies in 2023 (*source*: IMF World Economic Outlook April 2025). In 2025, inflation is projected at 2.5 per cent. for advanced economies and 5.5 per cent. for emerging market and developing economies. While the expectation is for inflation to decline, considerable uncertainty surrounds inflation projections. Various factors have contributed to shaping inflation outlook, including the Russia-Ukraine conflict which has caused an increase in the oil price (as discussed above) and to food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilizers) (see further "*Risks relating to the UAE and the Middle East—The Group is subject to risks associated with political and economic conditions in Ras Al-Khaimah, the UAE and the Middle East*").

Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for equity and real estate markets) and the Group's customers and counterparties (leading to lower recoverability), which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

These volatile market conditions have resulted in reduced liquidity, the 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. From January 2022 to July 2023, the U.S. Federal Reserve raised U.S. overnight interest rates by 4.25 per cent. The UAE Central Bank raised the UAE Base Rate broadly in line with such cumulative increases. In September and November 2024, the U.S. Federal Reserve cut the U.S. overnight interest rate by 0.75 per cent. (in aggregate) which the UAE Central Bank tracked and in December 2024, the UAE Central Bank further reduced the UAE Base Rate by 25 basis points. In September 2025, the U.S. Federal Reserve cut the U.S. overnight interest rate by a further 25 basis points, which the UAE Central Bank tracked. It is highly probable that the UAE Base Rate will continue to track U.S. interest rate movements.

Future movements in such rates may adversely impact the Bank's net interest margins, borrowing costs and capital if the Group is unable to adjust to the volatile interest rate environment. Furthermore, higher interest rates may also impact the affordability of customer loans, potentially leading to increased customer defaults, each of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee. Furthermore, higher interest rates may also impact affordability for both individual and corporate clients.

The Group is subject to credit risks

Credit risk is the risk that the Group's counterparties will fail to discharge their obligations on maturity or in a timely manner, causing the Group to incur a financial loss. Credit risks could materially adversely affect the Group's business, results of operations, financial condition or prospects. Some of the credit risks facing the Group are set out below.

If the Group is unable to effectively control the level of, or successfully restructure, its non-performing loans with debtors in financial distress, or its allowances for loan impairment are insufficient to cover loan losses, the Group's financial condition and results of operations could be adversely affected

In common with other banks in the Gulf Cooperation Council (the **GCC**), as a result of adverse economic and political developments in recent years, adverse changes in consumer confidence levels, depressed consumer spending, reduced liquidity levels, increased bankruptcy rates and commercial and residential real estate prices volatility, among other factors, have impacted the Group's credit portfolio. See further "*—Risks relating to the UAE and the Middle East*".

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

As at 30 June 2025, the Group's non-performing financings ratio was 3.8 per cent. (net) and 6.6 per cent. (gross) (4.2 per cent. (net) and 8.1 per cent. (gross) as at 31 December 2024). As at 30 June 2025, the Group had AED 2,118.0 million of impaired loans and advances and carried an impairment provision of AED 1,813.3 million to cover potential loan losses. In accordance with IFRS, the Group is required to reflect the impairment calculated as an upfront charge to the income statement. This will be written back to the income statement as and when interest or principal (as appropriate) on the debt is recovered. However, the actual loan losses could be materially different from the loan impairment provisions. The Bank believes that the levels of impairment provisions for impaired loans and loans under stress as at 30 June 2025 are sufficient to cover the Group's potential loan losses as at that date. As at 30 June 2025, these provisions covered 85.6 per cent. of the Group's impaired assets (84.9 per cent. as at 31 December 2024). However, there is no guarantee that the impairment charge recognised by the Group and/or collateral held as security will be sufficient to cover its actual credit losses and any failure to manage such potential credit losses could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

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

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

If the Group fails to appropriately restructure or control the levels of, and adequately provide for, its impaired loans and loans under stress, the Group may need to make further impairment charges which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group may experience a higher level of customer and counterparty defaults arising from adverse changes in credit recoverability that are inherent in the Group's business

Credit risks arising from adverse changes in the credit quality and recoverability of loans, financing receivables, advances and amounts due from counterparties are inherent in the business of the Group. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Group, from a general deterioration in local or global economic conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of the assets of the Group and which could cause an increase in the provisions for the impairment of its assets and other credit exposures. In common with other banks in the GCC, as a result of adverse economic and political developments in recent years, adverse changes in customer confidence levels, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, among other factors, have impacted the Group's credit portfolio. See further "*—The Group is subject to political and economic conditions in Sharjah, the UAE and the Middle East*" and "*—Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Group's business, results of operations, financial condition and results of operations*".

The Group's non-performing financings provisions ratio as at 30 June 2025 was 85.6 per cent. (84.9 per cent. as at 31 December 2024). The Group has a conservative provisioning policy (see "*Description of the Group—Loan Classification and Impairment Policy*"). The Group regularly reviews its credit exposures and has from time to time had to re-price portions of its loan portfolio and restructure some of its loans under stress. Events of default may occur and the Group's level of provisioning is determined by internal analysis and assumptions by management. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance. The occurrence of these events has affected and could continue to have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Security interests or loan guarantees provided in favour of the Group may not be sufficient to cover any losses and may not be legally enforceable

The practice of pledging assets (such as real estate assets) to obtain a bank loan is subject to certain limitations and administrative restrictions under UAE law. In particular, such security may not be enforced without a court order. Accordingly, the Group may have difficulty foreclosing on collateral (including any real estate collateral) or enforcing guarantees or other third-party credit support arrangements when debtors default on their loans.

In addition, even if such security interests are enforceable in UAE courts, the time and costs associated with enforcing security interests in the UAE may make it uneconomic for the Group to pursue such proceedings, adversely affecting the Group's ability to recover its loan losses. As at 30 June 2025, the Group's gross amount of loans and advances net of interest in suspense amounted to AED 31.9 billion against which the Group has estimated the fair value of collateral held as security, as at 30 June 2025, to be AED 15.4 billion.

The Group typically requires additional collateral in the form of cash, investment securities and/or other assets in situations where the Group may not be able to exercise rights over pledged shares or where it enters into guarantees or other third-party credit support arrangements for loans made to individuals and corporations. Any decline in the value or liquidity of such collateral may prevent the Group from foreclosing on such collateral for its full value or at all in the event that a borrower becomes insolvent and enters bankruptcy and could thereby adversely affect the Group's ability to recover any losses.

The occurrence of any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group is subject to concentration risks

Concentrations in the financing and deposit portfolios of the Group subject it to risks from default by its larger borrowers and from withdrawal of large deposits. The financing and receivables portfolio shows borrower concentration.

In 2024, the Commercial Banking business line accounted for 49.4 per cent. of the Group’s total operating income. The Group may therefore be at greater risk than certain other banks in the UAE, whose revenue base is more diversified.

Within the Commercial Banking business line, 31.4 per cent. of the Group's loans and advances were to corporate customers in the services sector, 14.5 per cent. in the trading sector, 12.5 per cent. in the manufacturing sector and 10.6 per cent. in the government-related entities sector in 2024.

As at 31 December 2024, the Group's top 10 borrower groups (being customers from within the same group of companies) accounted for approximately 50 per cent. of the Group's net loans and advances, although the Bank believes that within those borrower groups, there is significant risk diversity across industry and economic sectors as many of the Group's largest customers have discrete and separate business activities which span the entirety of the UAE's economy. In addition, as at 31 December 2024, the Group's top 10 depositors accounted for approximately 54 per cent. of the Group's customers' deposits (with the largest single depositor comprising approximately 29 per cent. of customers' deposits).

Any downturn in the fortunes of any of the Group's depositors or borrowers, or in the sectors in which they operate, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group is subject to liquidity risks

Liquidity risk is the risk that the Group 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 that it may be unable to fund assets at appropriate maturities and rates, liquidate assets at reasonable prices and in appropriate timeframes and meet obligations as they become due.

An inability on the Group's part to access funds or to access the markets from which it raises funds may put the Group's positions in liquid assets at risk and lead to the Group being unable to finance its operations adequately. A disruptive credit environment may compound the risk that the Group will not be able to access funds at favourable rates. These and other factors could also lead creditors to form a negative view of the Group's liquidity, which could result in less favourable credit ratings, higher borrowing costs and reduced access to funding. In addition, because the Group receives a significant portion of its funding from deposits, the Group 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, the Bank could be unable to raise the cash required to fulfil its obligations under the Notes and/or the Deed of Guarantee when due. Furthermore, in circumstances where the Group's competitors have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, the Group's access to funds and its cost of funding may also be adversely affected.

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

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

The key risks on the UAE banking system include sustained periods of low oil prices combined with lower economic output which may lead to constraints on the UAE banking sector's funding capabilities and liquidity management; and weak credit outlook which may have a negative impact on lending and which may further contribute to a slowdown in economic growth. (See further "*—Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Group's business, results of operations, financial condition or prospects*").

If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity or the Group fails to refinance some of its large short- to medium-term borrowings, the Group may need to access more expensive sources to meet its funding requirements. No assurance can be given that the Group will be able to obtain additional funding on commercially reasonable terms as and when required, or at all.

All of the above factors relating to liquidity risk could have a material adverse effect on the Group's business, reputation, financial condition, results of operations or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Bank could be adversely affected by a negative change in its credit rating

The Bank's credit rating is important to its business. As at the date of this Base Offering Circular, the Bank has been assigned a long-term rating of BBB+ (stable outlook) by Fitch and BBB+ (stable outlook) from Capital Intelligence Ltd. (**Capital Intelligence**).

Declines in those aspects of the Bank's business identified by the rating agencies as significant or otherwise could adversely affect the rating agency's perception of the Bank's credit rating and cause it to take negative ratings actions. Any downgrade in the Bank's credit ratings or the threat of a potential downgrade could:

- adversely affect its liquidity and competitive position;
- undermine confidence in the Group;
- increase its funding costs;
- limit its access to the capital markets; and/or
- limit the range of counterparties willing to enter into transactions with the Bank, as many institutions require their counterparties to satisfy minimum ratings requirements.

The Bank's credit ratings are subject to change and could be downgraded as a result of many factors, including the failure of the Bank to successfully implement its strategies. A downgrade of the Bank's credit ratings could also lead to a loss of customers and counterparties which could have material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect its ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

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

The Group is subject to market risks

Market risk is defined as the risk that changes in market prices will affect the Group's income and/or the value of a financial instrument. The most significant market risks to which the Group is exposed are interest rate, equity price, property prices, 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 the Group'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 the Group'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. The Group 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 the Group's financial performance and business operations.

Whilst the Group believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks (see "*Description of the Group—Risk Management*"), investors should note that a worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility, further economic disruption (see further "*—Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Group's business, results of operations, financial condition or prospects*") and, as a result, could (irrespective of steps currently taken to adequately control these risks) have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

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

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

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

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

Investors should note that a fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (**IBORs**) with alternative risk-free benchmark reference rates. The Group has completed the transition from IBOR benchmarks to alternative reference rates, where required (see also "*—Risks related to the structure of a particular issue of Notes— Regulation of "benchmarks" may lead to future reforms or discontinuation*"; "*—Risks related to the structure of a particular issue of Notes— Methodologies for the calculation of risk-free rates (including overnight rates or forward-looking rates) as reference rates for Floating Rate Notes may vary and may evolve*" and "*—Risks related to the structure of a particular issue of Notes— It is not possible to calculate interest rates in advance for Notes which reference SONIA, SOFR, €STR or any related indices*").

The Group is subject to operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, and may have legal or regulatory implications, or lead to financial losses. The Group would not be able to eliminate all operational risks. The Group's most significant operational risks are set out below.

The Group's risk management and internal controls may leave it exposed to unidentified or unanticipated risks, which could result in material losses

In the course of its business activities, the Group is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk (see "*Description of the Group—Risk Management*"). Investors should note that any failure to adequately control these risks could result in material adverse effects on the Group's business, results of operations, financial condition or prospects, as well as its general reputation in the market.

The Group's risk management techniques may not be fully effective or consistently implemented in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Group's methods of managing risk are based upon its use of historical market behaviour. These methods may not always predict future risk exposures, which could be significantly greater than such historical measures indicate. Other risk management practices, including "know your customer" (**KYC**) practices, depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to the Group.

There is a lack of publicly available information and financial data regarding debtors' credit and payment histories in the GCC (primarily due to borrowers' limited credit histories and inability (and, in certain cases, unwillingness) to provide the quality and quantity of information sought by lenders and the fact that credit bureaus in the UAE are in their infancy). Although the establishment of the Al Etihad Credit Bureau has improved the quality of credit information available to UAE banks, the credit bureau remains in a nascent stage. See further "*The United Arab Emirates Banking Sector and Prudential Regulations—Characteristics of the Banking System—Establishing a Credit Bureau in the UAE*". Accordingly, the Group, in common with other UAE banks, is frequently required to make risk management assessments in the absence of the quality and quantity of information available to lenders in other, more developed markets. As such practices are less developed in the GCC than they are in other markets and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up-to-date or properly evaluated in all cases.

There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate. The Group also cannot give assurance that all of its staff have adhered or will adhere to its risk policies and procedures.

The Group is susceptible to, amongst other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. See "*The Group's business may be adversely affected if there is any disturbance to its operational systems or a loss of business continuity*". The Group's risk management and internal control capabilities are also limited by the information tools and technologies available to it. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Notwithstanding the above, the Bank believes that its financial and risk management systems are sufficient to ensure compliance with the requirements of the London Stock Exchange as a company with securities listed on the ISM.

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

The Group's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Group is likely to face challenges in recruiting qualified personnel to manage its business. In common with other banks in the UAE, the Group experiences a shortage of qualified employees residing in the UAE, which requires it to recruit from outside the UAE. Additionally, if the Group grows, it will be required to continue to increase the number of its employees.

In 2024 and 2023, the Group experienced what it regards as relatively low employee attrition rates of approximately 9 per cent. and 5 per cent., respectively. The Bank is guided in its human resources decisions by the UAE federal government's minimum threshold for Emirati employees, as set out in the UAE federal policy on Emiratisation, promulgated by UAE Cabinet Decree number 3/10/267 of 2015, dated 25 October 2015 (the **Emiratisation Circular**). If the Bank is not able to meet or exceed the minimum threshold for Emirati employees set out in the Emiratisation Circular, it may be subject to legal penalties, calculated in accordance with the Emiratisation Circular.

While the Group believes that it has effective staff recruitment, training and incentive programmes in place, its failure to recruit, train and/or retain necessary personnel or the shortage of qualified UAE nationals or other nationals prepared to relocate to the UAE, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group's business may be adversely affected if there is any disturbance to its operational systems or a loss of business continuity

The Group operates in businesses that are highly dependent on information systems and technologies and relies heavily on its financial, accounting and other data processing systems. In addition, the Group offers its products and services to customers through remote access banking, including online banking and automated teller machines (**ATMs**). If any of these systems do not operate properly or are disabled, or become the target of fraudulent activity, the Group could suffer financial loss, a disruption of its business, liability to clients, regulatory intervention and reputational damage.

In common with other financial institutions based in the GCC and elsewhere in the world, cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive financial and personal identifiable information stored by financial institutions globally makes them potential targets of cyber-attacks. In common with other financial institutions, the Group recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks. Risks to technology and information systems change rapidly and require continued focus and investment and the Group acts accordingly and takes appropriate steps on an ongoing basis to combat such threats and minimise such risks by implementing cyber-security controls. Given the increasing sophistication and scope of potential cyber-attacks, it is however possible that future attacks may lead to significant breaches of security. To actively pre-empt this, the Group has implemented a variety of preventative and detective technical security controls, which are periodically reviewed and assessed, both internally and externally. However, failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Group's reputation, business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

In addition, the Group's current information systems and technologies may not continue to be able to accommodate the Group's growth unless the Group continues to invest in upgrading its operational systems. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on the Group's business. The cost of improving or upgrading such systems and technologies may be substantial and the cost of maintaining such systems is likely to increase from its current level.

The Group's business operations and business processes are vulnerable to damage or interruption from fires, floods, extreme weather, power loss, cyber-attacks, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters or other extreme events. These systems may also be subject to criminal damage, vandalism, theft and similar wrongdoing. If there is a disaster or other disruption and the Group's disaster recovery plans are found to be inadequate for any reason (including, for instance, due to the Group's mainly single country operation), there could be an adverse impact on the Group's business, results of operations, financial condition or prospects which could thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Further, the Group relies on third-party service providers for certain aspects of its business including but not limited to Finastra, CR2, SymphonyAL, LSEG, Bloomberg, Reuters, SWIFT, Network International, Moody's and Lexis Nexis. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the Group's operations and could impact its reputation. If any of the foregoing were to occur, it could have a material adverse effect on the Group's business, results of operations, financial position or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Bank will be unable to comply with its obligations as a company with securities listed on the regulated market of Euronext Dublin.

The Group is exposed to risk of loss as a result of employee misrepresentation, misconduct and improper practice

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or deter employee misconduct, and the precautions the Group takes to detect and prevent misconduct may not be effective in all cases (see "*Description of the Group—Risk Management—Operational risk*"). There can be no assurance that measures undertaken to combat employee misconduct will be successful. Such actions by employees could expose the Group to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Group's reputation, which would in turn have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group is subject to regulatory risks

Regulatory risk is the risk of loss or reputational damage resulting from an inability to maintain compliance with the prudential and regulatory controls established in the jurisdictions in which the Group operates. Regulatory risks could adversely affect the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee. Some of the regulatory risks currently facing the Group are set out below.

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

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

Such regulations may limit the Group's ability to increase its credit portfolio or raise capital or may increase the Group's cost of doing business. Any further changes in laws or in UAE Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Group's reserves, revenues and performance and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Such changes cannot be predicted and are beyond the control of the Group. In addition, non-compliance with regulatory guidelines could expose the Group to potential liabilities and fines, the imposition of which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

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

In addition, the Bank submits monthly, quarterly and annual reports and financial statements to the Banking Supervision and Examination Department of the UAE Central Bank. The UAE Central Bank has significant discretion in its review and assessment of such reports and financial statements, including the length of time required to conduct such review and assessment. As is the case with all UAE banks, as part of its review and assessment of the Group's financial statements, the UAE Central Bank may require the Bank to make changes or adjustments to such financial statements, which may delay the final approval of the Group's financial statements by the UAE Central Bank. Any delay in the approval of the Group’s financial statements by the UAE Central Bank may in turn delay the publication by the Bank of the relevant financial statements. Delays in the publication of the Group’s financial statements occurred as at and for the financial years ended 31 December 2018, 31 December 2020 and 31 December 2021. Such delays could affect the Group’s activities, including the suspension from trading of the Bank’s shares, as was the case during the second quarter of 2019 and during 2021 and 2022.

Future changes in regulatory, fiscal, taxation or other policies which have a material adverse effect on the Group's businesses, results of operations, financial condition or prospects cannot be predicted and are beyond the control of the Group which could thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

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

The Group is also required to comply with applicable anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) laws, economic and trade sanctions, anti-bribery and corruption (**ABC**), and other local regulations in the jurisdictions in which it operates, including sanctions administered, enacted or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury (**OFAC**), the United Nations Security Council (**UNSC**), the European Union and His Majesty's Treasury of the United Kingdom, applicable local sanctions, and anti-corruption laws in the jurisdictions in which it conducts business.

These laws and regulations require the Group, among other things, to adopt and enforce KYC policies and procedures, to report suspicious activities and transactions to the applicable regulatory authorities and to freeze assets of persons designated by UNSC and/or local regulator where applicable.

The Group has adopted KYC/AML/CTF/sanctions and ABC policies and procedures and reviews them regularly in light of any relevant regulatory and market developments. To the extent the Group may fail, or is perceived to fail, to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to commence enforcement actions against the Group and/or impose fines and other penalties on the Group.

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

In addition, the Group's business and reputation could suffer if customers use the Group for money laundering or illegal purposes. As a result, any such failure to adhere to applicable AML, CTF, ABC, sanctions and other related laws and regulations may have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Risks relating to the UAE and the Middle East

As at 30 June 2025, approximately 89.8 per cent. of the Group's gross loans and advances were located in the UAE and accordingly, its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

The UAE and Middle East markets, being emerging markets, are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

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

The UAE's economy is highly dependent upon oil revenue. As at 31 December 2024, the UAE had approximately 7.2 per cent. of the world's proven crude oil reserves (giving it the fifth largest oil reserves in the world) (*source*: OPEC Annual Statistical Bulletin 2025) while the hydrocarbon sector (mining and quarrying, including crude oil and natural gas) accounted for 24.5 per cent. of the UAE's nominal GDP in 2024 (*source*: preliminary data of the Federal Competitiveness and Statistics Centre (**FCSC**)).

As discussed above, global oil prices have fluctuated significantly in recent years (see "*—Risks relating to the global economic environment—The global economy has been materially affected by volatile oil prices*"). A significant reduction in oil prices, particularly if they were to remain low for an extended period, could impact the Group in a number of ways, including: (i) through its exposure to customers whose business is, directly or indirectly, reliant on oil revenue and who become unable to service their debt; (ii) through reduced liquidity as deposits from government and government-related entities are withdrawn as these depositors are impacted by low oil prices; and (iii) through the impact of low oil prices on the UAE's economy and the consequent impact on the Group's customers and counterparties. All of these factors have the potential to impact the Group's assessment of its ECLs (see "*—The Group is subject to credit risks*") and/or reduce its liquidity (see "*—The Group is subject to liquidity risks*") which could, in turn, have an adverse effect on the Group's business, financial condition, results of operations and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

The Group is subject to risks associated with political and economic conditions in Sharjah, the UAE and the Middle East

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Group's business and financial performance may be affected by the political and general economic conditions prevailing from time to time in the UAE and Middle East and North Africa (**MENA**) region.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the MENA region are not, and there is a risk that regional geopolitical instability could impact the UAE. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest or terrorism. The MENA region is currently subject to a number of armed conflicts including those in Yemen, Syria, Sudan, Iraq, Palestine and Lebanon as well as the multinational conflict with the Islamic State, the conflict between Israel and Hamas and the conflict between Israel and Iran.

The current events in Israel and Gaza that escalated in October 2023 and the ongoing attacks on shipping in the Gulf region and the military response to those attacks, as well as the events between Israel and Iran and Lebanon, could increase the risk of destabilisation of the broader region and the situation remains highly volatile and uncertain. These recent and ongoing developments may contribute to instability in the region.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date there has been no significant impact on the UAE.

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

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

The significant fiscal reforms implemented by the Federal Government since 2015 have had, and are expected to continue to have, a significant effect on the UAE economy. The Federal Government has scaled back capital transfers to government-related entities, reduced government investment, raised electricity and water tariffs and removed fuel subsidies. Lower oil prices and the COVID-19 pandemic resulted in the UAE cutting its federal spending for 2021 by approximately 5.3 per cent. as compared to 2020. Further, with effect from 1 January 2018, the Federal Government introduced a value-added tax (**VAT**) regime at a rate of 5 per cent. as part of a broader GCC-wide agreement. Bahrain joined the GCC VAT regime on 1 January 2019 and Oman implemented VAT on 16 April 2021. Qatar is expected to introduce VAT in the near future, though Kuwait has announced that VAT is unlikely to be introduced before 2028. The Kingdom of Saudi Arabia, which implemented VAT on 1 January 2018 at the rate of 5 per cent., increased the rate to 15 per cent. effective from 1 July 2020.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a corporate income tax (the **CIT**) on business profits, which came into effect for accounting periods beginning on or after 1 June 2023. The first accounting period that the CIT is applicable to the Group commenced on 1 January 2024. The CIT applies on the taxable net profits of a business. It does not apply to taxable profits up to AED 375,000 and applies at a standard statutory tax rate of nine per cent. on taxable profits in excess thereof.

The implementation of additional fiscal and tax reforms and/or the amendment of existing fiscal and tax laws may have an adverse effect on the Group's business, financial condition, results of operations and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Neither the Notes nor the Bank's obligations in respect of the Programme Documents will be guaranteed by the Government or by any third party

As at the date of this Base Offering Circular, the Government of Sharjah owned approximately 39.25 per cent. of the issued and outstanding shares of the Bank through Sharjah Asset Management LLC (**Sharjah Asset Management**).

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

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

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

The UAE could be viewed as an over-banked market, even by regional standards, with 50 banks (excluding investment and wholesale banks) licensed to operate inside the UAE as at 30 June 2025 (*source*: UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2) and there has traditionally been little impetus for consolidation. However, in recent years there has been a move towards greater consolidation which, if continued, would increase the level of concentration in the domestic banking sector and would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs. See further "*The United Arab Emirates Banking Sector and Regulations—Characteristics of the Banking System—Historic lack of consolidation*". If the Group is unable to compete successfully, it could adversely impact the Group's business, results of operations, financial condition and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Furthermore, the banking market in the UAE has generally been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organization, the GCC or any other similar entities, it is likely to lead to a more competitive environment for the Group and other domestic financial institutions.

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

In the event of increased competition, limited new business opportunities and/or the Group's technology falling behind its competitors, the Group may face difficulties due to shrinking interest margins which could have an adverse effect on the Group's business, results of operations, financial condition and prospects and thereby affect the Bank's ability to fulfil its obligations under the Notes and/or the Deed of Guarantee.

Foreign exchange movements may adversely affect the profitability of the Group

The Bank maintains its accounts, and reports its results, in dirham. The dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Base Offering Circular. Additionally, the following oil producing GCC countries have their currencies pegged to the U.S. dollar as at the date of this Base Offering Circular: the Kingdom of Saudi Arabia; the Sultanate of Oman; the Kingdom of Bahrain; and the State of Qatar. In response to the volatility of oil prices internationally through 2015, oil producing countries with currencies that had been traditionally pegged to the U.S. dollar, faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

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

While the UAE Central Bank has re-iterated its intention to retain the dirham peg against the U.S. dollar, there can be no assurance that the dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Group's result of operations and financial condition. Additionally, any such de-pegging either in the UAE or across the wider region, particularly if such de-pegging is accompanied by the anticipated currency de-valuations against the U.S. dollar (as described above), could have a material adverse effect on the Group's business, results of operations, financial condition or prospects and thereby affect its ability to fulfil its obligations under the Notes and/or the Deed of 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. The Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

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

An optional redemption feature is likely to limit the market value of Notes. 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.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the 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. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

The market values of securities issued at a substantial discount or premium (such as Zero Coupon Notes) from their nominal 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. Such volatility could have a material adverse effect on the value and return on any such Notes.

Regulation of "benchmarks" may lead to future reforms or discontinuation

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR) have been subject to significant regulatory scrutiny and legislative intervention in recent years. In the European Union, for example, the Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**) applies to the provision of, contribution of input data to, and the use of, a benchmark within the European Union, subject to certain transitional provisions. Similarly, Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) applies to the provision of, contribution of input data to, and the use of, a benchmark within the UK, subject to transitional provisions.

Legislation such as the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable, could have a material impact on any Notes linked to a benchmark; for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the requirements of the EU Benchmarks Regulation or UK Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined by a regulator to be "no longer representative". Such factors could, among other things, have the effect of reducing, increasing or may affect the volatility of the published rate or level of the relevant benchmark.

They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks", or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the €STR or an alternative benchmark.

The elimination of EURIBOR or any other benchmark could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in the Conditions), or result in adverse consequences to holders of any Notes linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Interest rate "fallback" arrangements may lead to Notes performing differently or the effective application of a "fixed rate"

The Conditions provide for certain fallback arrangements in the event that an original Reference Rate, such as EURIBOR, and/or any page on which an original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Issuer and the Bank, or the Issuer and the Bank (acting in good faith and in a commercially reasonable manner), as applicable and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is the spread (which may be positive, negative or zero) or formula or methodology for calculating a spread which (i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer and the Bank) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, or (iii) (if the Independent Adviser (following consultation with the Issuer and the Bank) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer and the Bank) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (iv) (if the Independent Adviser (following consultation with the Issuer and the Bank) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer and the Bank) or the Issuer and the Bank (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

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

The above-mentioned risks related to benchmarks may also impact a wider range of benchmarks in the future. Investors in Floating Rate Notes and Reset Notes which reference such other benchmarks should be mindful of the applicable interest rate fall-back provisions applicable to such Notes and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Notes and Reset Notes which reference any such benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Methodologies for the calculation of risk-free rates (including overnight rates or forward-looking rates) as reference rates for Floating Rate Notes may vary and may evolve

"Risk-free" rates, such as SONIA, SOFR and €STR, as a reference rate in the capital markets for sterling, U.S. dollar or euro bonds, have become more commonly used as benchmark rates for bonds in recent years. Most of the rates are backwards-looking but the methodologies to calculate the risk-free rates are not uniform. Such different methodologies may result in slightly different interest amounts being determined in respect of otherwise similar securities. The Issuer may in the future also issue Notes referencing SONIA. The SONIA Compounded Index, SOFR, the SOFR Compounded Index and €STR differ materially in terms of interest determination when compared with any previous Notes issued under this Programme. Such variations, could result in reduced liquidity or increased volatility or might otherwise affect the market price of the Notes.

In addition, investors should consider how any mismatch between applicable conventions for the use of reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a risk-free rate issued under this Base Offering Circular. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes that reference a risk-free rate issued under the Programme from time to time. In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

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

It is not possible to calculate interest rates in advance for Notes which reference SONIA, SOFR, €STR or any related indices

Interest on Notes which reference a backwards looking risk-free rate is only capable of being determined immediately prior to or on the relevant Interest Payment Date. It may therefore be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, in contrast to Notes referencing interbank offered rates, if the Notes become due and payable under Condition 10, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

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

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

Prospective investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

The administrator of each of SONIA, SOFR or €STR or any related index may make changes that could change the value of SONIA, SOFR or €STR or any related index or discontinue SONIA, SOFR or €STR or any related index

Newer reference rates or any related indices and rates that fall outside the scope of the EU Benchmarks Regulation and UK Benchmarks Regulation may also be subject to changes or discontinuation. For example, the Bank of England, the Federal Reserve Bank of New York or the European Central Bank (or their respective successors), as the administrators of SONIA, SOFR or €STR, respectively, may make methodological or other changes that could change the value of SONIA, SOFR or €STR, including changes related to the method by which each of SONIA, SOFR or €STR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR. In addition, each such administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR (in which case a fallback method of determining the interest rate on the Notes will apply). Each administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA, SOFR or €STR. Any of the foregoing could have a material adverse effect on the value or liquidity of, and return on, any Notes which reference SONIA, SOFR or €STR.

Risks relating to Subordinated Notes

The Subordinated Notes are subordinated obligations of the Bank

The Bank's obligations under the Deed of Guarantee in respect of the Subordinated Notes rank junior to all Guarantor Senior Obligations and rank *pari passu* with all Guarantor Pari Passu Obligations.

Payments of all amounts by the Bank under the Deed of Guarantee in respect of the Subordinated Notes (and consequently, the corresponding payments by the Issuer under the Subordinated Notes) are conditional upon:

(a) the Bank being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the Guarantor Obligations; and

(b) the Bank being capable of making payment of the Guarantor Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Guarantor Senior Obligations and all Guarantor Pari Passu Obligations and still be Solvent immediately thereafter.

A holder of the Subordinated Notes may exercise its enforcement rights in relation to Subordinated Notes only in the manner provided in Condition 10.2. If the Bank was wound up, liquidated or dissolved (or any other analogous action was taken), the relevant liquidator (or analogous insolvency official appointed in relation to the Bank), would apply the assets of the Bank to satisfy all claims of the creditors of the Bank (including depositors (in respect of their due claims) and holders of any instrument issued by, or other obligation of, the Bank which ranks senior to the payment obligations of the Bank under the Guarantor Obligations) other than creditors in respect of obligations the claims in relation to which rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes in respect of the Guarantor Obligations. In such a situation, and if any of the Solvency Conditions set out Condition 3.3 are not satisfied, the holders of the Subordinated Notes shall not be entitled to receive any amounts under the Subordinated Notes.

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 7.5). 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 Early Redemption Amount. Potential investors should consider re-investment 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 guidance (the **Basel III Reforms**) on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (**Basel III**).

The Basel III Reforms provide that instruments, such as the Subordinated Notes, which do not contain any contractual terms providing for, at the option of the relevant authority, the writing-off of the nominal amount of such instruments or the conversion of such instruments into ordinary shares upon the occurrence of a Non-Viability Event (as defined below), will, subject to implementation of the Basel III Reforms and to applicable transitional provisions, cease to be eligible to count in full as regulatory capital from 1 January 2013 unless, among other things, the jurisdiction of the relevant bank has in place laws that: (i) require such instruments to be written-down upon the occurrence of a Non-Viability Event; or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss.

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the **Basel III Regulations**) in the Official Gazette issue 612, which were effective from 1 February 2017. The Basel III Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III Reforms, whilst implementing the measures contained in the May 2016 consultation document published by the UAE Central Bank, entitled "Capital Adequacy Regulation" (the **Consultation Document**). The Basel III Regulations are supported by accompanying standards and guidance entitled "Standards for Capital Adequacy of Banks in the UAE" which were published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSD/N/2020/4980 (the **Accompanying Standards**). The

Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. The Accompanying Standards set out the grandfathering treatment to be applied by the UAE Central Bank to Tier 1 or Tier 2 capital instruments issued by UAE financial institutions prior to 1 February 2017.

As at the date of this Base Offering Circular, 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 Basel III 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 Offering Circular. To the extent that the UAE introduces a statutory resolution regime to implement loss 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.

If the implementation by the UAE of any such statutory loss absorption regime or any other relevant laws, rules or guidelines gives rise to a Regulatory Redemption Event (as defined and more particularly described in Condition 7.5), in respect of the Subordinated Notes, the Subordinated Notes may be redeemed pursuant to Condition 7.5) 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*".

As used herein, **Non-Viability Event** means the earlier of: (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would become non-viable, in each case 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 the loss absorbency requirement in the UAE as part of the Basel III Reforms.

Risks relating to Renminbi-denominated Notes

Notes denominated in Renminbi (**Renminbi Notes**) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

Renminbi is not completely freely convertible and there are still significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not completely freely convertible at present. The government of the PRC (the **PRC Government**) continues to regulate conversion between Renminbi and foreign currencies.

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.

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

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes

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

While the People's Bank of China (**PBOC**) has entered into agreements (the **Settlement Arrangements**) on the clearing of Renminbi business with financial institutions (the **RMB Clearing Banks**) in a number of financial centres and cities, including but not limited to Hong Kong, has established the Cross-Border Inter-Bank Payments System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, 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 relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, and are not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services. In each case, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

The offshore Renminbi market is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future so as to have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to Renminbi Notes, the Issuer can make payments in other currencies as set out in the Conditions.

Investment in Renminbi Notes 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 Renminbi Notes 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 U.S. dollar or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity, the Issuer is unable, or it is impossible for it, to pay interest or principal in Renminbi, the Conditions allow the Issuer to make payment in such other currency as may be specified in the applicable Pricing Supplement as the "Relevant Currency" at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against such currency as may be specified in the applicable Pricing Supplement as the "Relevant Currency" or other foreign currencies, the value of a holder's investment in such currency as may be specified in the applicable Pricing Supplement as the "Relevant Currency" or other foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes

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 the RMB Settlement Centre(s).

Except in the limited circumstances stipulated in Condition 6.7 (as set out in the RMB provisions below), all Renminbi payments to investors in respect of the Renminbi Notes will be made solely (a) for so long as the Renminbi Notes are represented by a temporary bearer global note (a **Temporary Bearer Global Note**), a permanent bearer global note (a **Permanent Bearer Global Note**) or a Registered Global Note (each as defined under "*Form of the Notes*") held with the common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) or any alternative clearing system, by transfer to a Renminbi bank account maintained in the applicable RMB Settlement Centre(s) in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system, as set out in the applicable Pricing Supplement; or (b) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in the Conditions of the Notes, the Issuer 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).

There may be PRC tax consequences with respect to investment in the Renminbi Notes

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

Risks related to Notes generally

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

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass Written Resolutions or resolutions through the use of electronic consents without calling a meeting. A Written Resolution signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Agency Agreement and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer will be entitled to rely upon:

(i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and

(ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer by accountholders in the clearing systems with entitlements to such global note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution.

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Agency Agreement, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the Written Resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. For further details of such matters and the relevant majorities required at meetings of Noteholders, see Condition 16 and the corresponding provisions of the Agency Agreement.

The Conditions also provide that the Principal Paying Agent, the Issuer and the Bank may agree, without the consent of Noteholders, to (i) any modification (except a Basic Terms Modification) of the Notes, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer and the Bank, not prejudicial to the interests of the Noteholders and the Couponholders; or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer and the Bank, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and the Couponholders and unless the Principal Paying Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Bearer Notes and may be adversely affected if definitive Bearer Notes are subsequently required to be issued

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Pricing Supplement) plus one or more higher integral multiples of another smaller amount, it is possible that such Bearer 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 a nominal amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Bearer Notes at or in excess of the minimum Specified Denomination such that its holding amounts to one or more Specified Denominations. Further, a holder who, as a result of trading such amounts, holds a nominal amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to purchase a nominal amount of Bearer Notes at or in excess of the minimum Specified Denomination such that its holding amounts to one or more Specified Denominations.

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

The Notes will be held in global form, subject to limited exceptions, and traded 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 Issuer will discharge its payment obligations under the Notes 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 Issuer 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:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes 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. Illiquidity may adversely affect the market value of the Notes.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Bank will make any payments under the Deed of 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

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

Investment in Fixed Rate Notes involves the risk that 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 assigned to the Issuer, the Bank or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Bank 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, suspended or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes that have been issued.

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

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

The Notes may be subject to early redemption for tax reasons

Payments made by the Issuer and the Bank in respect of the Notes and the Deed of Guarantee, respectively, could become subject to taxation. Condition 8 requires the Issuer or the Bank to pay additional amounts in certain circumstances in the event that any withholding or deduction for, or on account of, any present or future taxes, levies, imports, fees, duties, assessments or governmental charges of whatever nature is imposed, levied, collected, withheld or assessed by or on behalf of a Relevant Jurisdiction such that net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and distributions which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

The circumstances described above may entitle the Issuer to redeem all (but not some only) of the Notes.

Change in law

The Deed of Guarantee, the Agency Agreement, the Deed of Covenant and the Notes are governed by English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible change to English law after the date of this Base Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer or the Bank to make payments under the Notes, the Agency Agreement, the Deed of Covenant or the Deed of Guarantee, as applicable.

The value of the Notes could be adversely affected by a change in tax law

Statements in this Base Offering Circular concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors. In addition, any change in taxation legislation or in practice in a relevant jurisdiction could adversely impact the ability of the Issuer, and/or the Bank to make payments under the Notes or the Deed of Guarantee, respectively, and/or the market value of the Notes.

Risks Relating to Enforcement

UAE bankruptcy law

In the event of the Bank's insolvency, UAE bankruptcy law may adversely affect the Bank's ability to perform its obligations under the Deed of Guarantee. There is little precedent to predict how a claim on behalf of Noteholders against the Bank would be resolved in the event of the Bank's insolvency and therefore there can be no assurance that Noteholders will receive payment of their claims in full or at all in these circumstances.

Enforcing foreign judgments and arbitration awards in the UAE

The payments under the Notes are dependent upon the Issuer (failing which, the Bank) making payments to investors in the manner contemplated under the Notes or the Deed of Guarantee, as the case may be. If the Issuer or the Bank fails to do so, it may be necessary for an investor to bring an action against the Issuer or the Bank to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming. Furthermore, to the extent that enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

Under current UAE federal law, the courts in the UAE are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with that of an English court.

In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. This may mean that the UAE courts may seek to interpret English law governed documents as if they were governed by UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

There have been conflicting decisions of the onshore UAE courts with respect to the validity of asymmetrical dispute resolution clauses which provide one party with the option to choose the applicable dispute forum. The relevant decisions have not involved asymmetrical dispute resolution clauses providing a mutual agreement to arbitrate with a unilateral option to litigate in the form contained in the Programme documentation. However, the decisions give rise to a risk that the UAE courts may find other types of asymmetrical dispute resolution clauses to be invalid, and that the courts of the Dubai International Financial Centre may find that the unilateral option to litigate in the Programme documentation is invalid, that its inclusion invalidates the arbitration agreement in the dispute resolution provisions thereof, or otherwise does not deprive the courts of the Dubai International Financial Centre of jurisdiction in respect of any dispute thereunder. In such circumstances the courts of the Dubai International Financial Centre may accept jurisdiction in contravention of the dispute resolution provisions of the Notes, the Programme Agreement, the Deed of Covenant, the Deed of Guarantee and/or the Agency Agreement, or potentially refuse to enforce an arbitral award or court judgement obtained pursuant to the dispute resolution provisions thereof. Moreover, claims may become time-barred or become subject to a counterclaim. This creates further uncertainty with respect to enforcement.

As the UAE is a civil law jurisdiction, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, court decisions in the UAE are generally not recorded and there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions. The enforcement of a foreign judgment or arbitral award may be a lengthy process in the UAE.

The Notes, the Deed of Guarantee and the Agency Agreement are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the **LCIA Rules**) with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer and the Bank) the courts of England or the courts of the Dubai International Financial Centre, as the case may be, are stated to have jurisdiction to settle any disputes). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Issuer or the Bank has, or would at the relevant time have, assets in the UK against which such arbitral award or judgment could be enforced.

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

In practice, however, there is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused.

Article 133(2) of Federal Law No.42 of 2022 regarding the Law of Civil Procedure (the **UAE Civil Procedure Law**) also governs the enforcement of foreign arbitral awards in the UAE. The UAE Civil Procedure Law confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that any conditions for enforcement of foreign arbitral awards set out therein shall not prejudice the provisions of treaties and agreements entered into by the UAE with other states, such as the New York Convention. However, there is no established track record as to how the overlapping provisions of the New York Convention and the UAE Civil Procedure law will be interpreted and applied by the UAE courts in practice. In addition, there remains a risk that, notwithstanding the UAE Civil Procedure Law and the terms of an applicable treaties or agreements between the UAE and other states, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the **UAE Arbitration Law**) to the enforcement of any non-UAE arbitral award. As the UAE Arbitration Law and the UAE Civil Procedure Law are both new and it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Enforceability of the Bank's obligations under the Deed of Guarantee

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 UAE court were to re-examine the merits of a claim made against the Bank for payment under the Deed of Guarantee, notwithstanding that the Deed of Guarantee is governed by English law, the UAE court may interpret the Deed of Guarantee in light of UAE law principles rather than English law principles.

In order to enforce a guarantee under UAE law, the underlying debt obligation for which such guarantee has been granted may need to be proved before the UAE courts. In addition, under UAE law, 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). UAE law does not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplates 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 Bank for payment under the Deed of Guarantee, if the Issuer's obligation to make payment under the Notes cannot be proven to the satisfaction of the UAE court, the court may conclude that there is no obligation on the Bank to make payment in the full amount claimed under the Deed of Guarantee.

Furthermore, notwithstanding that the Notes and the Deed of Guarantee are governed by English law, if a UAE court were to apply UAE law principles when assessing a claim in respect of the Deed of Guarantee, the Bank may be released from its obligations under the Deed of Guarantee if the relevant claim is not made within six months of payment becoming due under the Deed of Guarantee.

Waiver of sovereign immunity

The Bank has waived its rights in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Deed of Guarantee and the Agency Agreement are valid and binding under the laws of the UAE and applicable in the Emirate of Sharjah.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the reviewed condensed consolidated interim financial information of the Group as at and for the six-month period ended 30 June 2025 together with the review report thereon and the notes thereto (an electronic copy of which is available at https://cdn.bankofsharjah.com/Live/public/uploads/contents/FS_English_Q2_2025.pdf);

(b) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 together with the audit report thereon and the notes thereto (an electronic copy of which is available at https://cdn.bankofsharjah.com/Live/public/uploads/contents/FS_English_Dec_2024.pdf);

(c) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 together with the audit report thereon and the notes thereto (an electronic copy of which is available at https://cdn.bankofsharjah.com/Live/public/uploads/contents/FS_English_Dec_2023.pdf) (the **2023 Financial Statements**);

(d) the Terms and Conditions of the Notes contained on pages 48 to 95 (inclusive) in the base prospectus dated 24 July 2024 prepared by the Issuer and the Bank in connection with the Programme (an electronic copy of which is available at https://docs.londonstockexchange.com/sites/default/files/documents/BoS%20EMTN%20Update%202024%20-%20Base%20Offering%20Circular%20%28FINAL%29.pdf);

(e) the Terms and Conditions of the Notes contained on pages 51 to 97 (inclusive) in the base prospectus dated 13 February 2023 prepared by the Issuer and the Bank in connection with the Programme (an electronic copy of which is available at https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/202302/8992ea7b-bea5-41e7-9570-641c7a957067.pdf); and

(f) the Terms and Conditions of the Notes contained on pages 40 to 75 (inclusive) in the base prospectus dated 9 July 2019 prepared by the Issuer and the Bank in connection with the Programme (an electronic copy of which is available at https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_4f12e6b1-27e6-44d6-8c1c-8d53e9a5cf80.PDF).

In addition to the above, the following documents published by the Group from time to time on or after the date of this Base Offering Circular (at https://www.bankofsharjah.com/) shall, when published, be incorporated by reference in, and form part of, this Base Offering Circular:

(a) any future unaudited condensed consolidated interim financial statements of the Group, together with the notes to the unaudited condensed consolidated interim financial statements and the review report thereon for any interim period, as and when published; and

(b) any future audited consolidated annual financial statements of the group, together with the notes to the audited consolidated annual financial statements and the auditors' report thereon, as and when published.

Following the publication of this Base Offering Circular a supplement may be prepared and published by the Issuer. 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 Offering Circular or in a document which is incorporated by reference in this Base Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular.

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

Only certain parts of the documents referred to above are incorporated by reference in this Base Offering Circular. The non-incorporated parts of the documents referred to above are either not relevant for investors or are covered elsewhere in this Base Offering Circular.

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

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. The Notes have not been and will not be registered under the Securities Act or the securities laws of any applicable state or other jurisdiction of the United States and may not be offered or sold in 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 the securities laws of the applicable state or other jurisdiction of the United States.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a Temporary Bearer Global Note or a Permanent Bearer Global Note in each case, as so specified in the applicable Pricing Supplement which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and 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 and, at maturity, surrender 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, such Temporary Bearer Global Note will be exchangeable in whole or in part (free of charge) upon a request as described therein either for (a) a Permanent Bearer Global Note of the same Series or (b) for security printed definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), 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 Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached thereon upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) 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 or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes evidenced by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the Common Depositary on their behalf (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 Notes and definitive Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement 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 or 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, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. 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 Notes will be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Notes in the manner set out in Condition 6.4. None of the Issuer or the Agents 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.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (in each case, 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, 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 Issuer, the Bank 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 shall be treated by the Issuer, the Bank 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.

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 Pricing Supplement.

Electronic Consent and Written Resolution

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. 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 from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, (a) 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 26 September 2025 and executed by the Issuer, and (b) will have no further rights under such Global Note (but without prejudice to the rights which such holders or any other person may have under the Deed of Covenant).

APPLICABLE PRICING SUPPLEMENT

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

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

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

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

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** (the **SFA**) - [*Notice to be included if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA.*]][1]

[1] *Delete where no changes are made to the programme-level Singapore selling restriction, as this legend is not required where sales in Singapore are limited to institutional investors and accredited investors.*

[*Date*]

BOS FUNDING LIMITED

Legal entity identifier (LEI): 635400PTLHUGAMGH6I34

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

unconditionally and irrevocably guaranteed by Bank of Sharjah P.J.S.C.

under the U.S.$2,500,000,000

Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Offering Circular dated 26 September 2025 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] an offering circular (the **Base Offering Circular**). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular in order to obtain all the relevant information. The Base Offering Circular is available for viewing during normal business hours at the registered office of the Issuer (c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands), the registered office of the Bank (Al Khan Road, P.O. Box 1394, Sharjah, United Arab Emirates) and the Principal Paying Agent (160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and copies may be obtained from those offices. The Base Offering Circular and these Pricing Supplement have also been published on the London Stock Exchange's website (https://www.londonstockexchange.com/).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Offering Circular dated [9 July 2019 and the supplements to it dated 22 August 2019 and 25 October 2019][13 February 2023 and the supplements to it dated 28 April 2023 and 20 October 2023] [24 July 2024 and the supplement to it dated 7 August 2024] which are incorporated by reference in the Base Offering Circular dated 26 September 2025. [This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular dated 26 September 2025 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute an offering circular (the **Base Offering Circular**), including the Conditions incorporated by reference in the Base Offering Circular, in order to obtain all the relevant information][2]. The Base Offering Circular is available for viewing during normal business hours at the registered office of the Issuer (c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands), the registered office of the Bank (Al Khan Road, P.O. Box 1394, Sharjah, United Arab Emirates) and the Principal Paying Agent (160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and copies may be obtained from those offices. The Base Offering Circular and these Pricing Supplement have also been published on the London Stock Exchange's website (https://www.londonstockexchange.com/).]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Pricing Supplement*.]

1.	(a)	Issuer:	BoS Funding Limited
	(b)	Bank:	Bank of Sharjah P.J.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:		[ ]

[2] *Delete where the Notes are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation.*

4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	[(b)	Tranche:	[ ]]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount of this Tranche [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ]
		(*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)	[ ]
			(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))
			(*Note — for Bearer Notes, where multiple denominations above [€100,000] or equivalent and multiples of a lower nominal amount (e.g. €1,000) 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 EEA exchange; and (ii) only offered in the EEA in circumstances where a prospectus is not required to be published under the Prospectus Regulation, the €100,000 minimum denomination is not required.)
	(b)	Calculation Amount (in relation to calculation of interest whilst the Notes are in global form, see the Conditions):	[ ]
			(*If only one Specified Denomination, insert the Specified Denomination*. *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
			(*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*)
8.	Maturity Date:		[*Fixed rate — specify date*/*Floating rate* — Interest Payment Date falling in or nearest to [*specify month and year*]]
			(*Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification in accordance with a Business Day Convention, it will be necessary to use the following wording: "Interest Payment Date falling in or nearest to* [*specify month and year*]")

9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[EURIBOR/SHIBOR/HIBOR/KLIBOR/EIBOR/ SAIBOR/BBSW/PRIBOR/CNH HIBOR/ TRLIBOR or TRYLIBOR/TIBOR/MIBOR/BKBM/SONIA/SOFR/€STR] +/– [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11.	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12.	Put/Call Options:		[Investor Put] [Issuer Call] [(see paragraphs 20 and 21 below)]
13.	(a)	Status of the Notes:	[Senior/Subordinated]
	(b)	Status of the Deed of Guarantee:	[Senior/Subordinated]
	(c)	[Date [Board/Shareholders] approval for issuance of Notes and Deed of Guarantee obtained:	[ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Deed of Guarantee*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]/[*specify other*] (*N.B. This will need to be amended in the case of long or short coupons*) (*For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification, specify a Business Day Convention in paragraph 14(c) below (which is expected to be the Modified Following Business Day Convention) and add the words ", subject to adjustment in accordance with the Business Day Convention. For these purposes, "Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the applicable RMB Settlement Centre" after "Maturity Date" in this subparagraph (b)*)
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]

	(d)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see the Conditions):	[ ] per Calculation Amount (*For Renminbi denominated Fixed Rate Notes where Interest Payment Dates and the amount of interest to be paid on such Interest Payment Dates are subject to modification in accordance with a Business Day Convention, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards."*)
	(e)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see the Conditions):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
	(f)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)[3]]
	(g)	Determination Date(s):	[[ ] in each year] [Not Applicable] *(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(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 not Referencing SONIA, SOFR or €STR /Screen Rate Determination Referencing SONIA, SOFR or €STR /ISDA Determination/Not Applicable]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ] [Not Applicable]
	(f)	Screen Rate Determination not referencing SONIA, SOFR or €STR:	
		• Reference Rate:	[ ] month [[EURIBOR/SHIBOR/HIBOR/KLIBOR/EIBOR/ SAIBOR/BBSW/PRIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/TIBOR/MIBOR/BKBM]
		• Interest Determination Date(s):	[ ]

[3] *Applicable to Renminbi denominated Fixed Rate Notes.*

•	Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately or, in the case of EIBOR, if not Reuters AEIBOR, ensure it is a page which shows a composite rate*)
•	Relevant Time:	[ ]
•	Relevant Financial Centre:	[ ]

(g)	Screen Rate Determination Referencing SONIA, SOFR or €STR:	[Applicable/Not Applicable]
•	Reference Rate:	[SONIA/SOFR/€STR]
•	Interest Determination Date(s):	[[•]/The date falling [•] Business Days prior to the first day of each Interest Period/First day of each Interest Period/The [•][*first, second, third etc.*] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable).][*provide details*]/The Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date - *Include this wording for Payment Delay only*]]
•	Calculation Method:	[Weighted Average/Compounded Daily/SOFR Index/SONIA Index]
•	Observation Method:	[Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
•	Observation Look-Back Period:	[[•]/Not Applicable][4]
•	Effective Interest Payment Date:	[The date falling [•] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Applicable Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption - *used for Payment Delay only*]/[Not Applicable]

[4] Not to be less than five Business Days without the consent of the Calculation Agent.

- Rate Cut-off Date: [The date falling [•] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable – *used for Payment Delay only*]/[Not Applicable]
- Relevant Number: [insert number being [two] or greater/Not Applicable]
- D: [365/360/[•]]
- Relevant Screen Page: [•]
- Relevant Time: [•]
- Relevant Financial Centre: [•]

(h) ISDA Determination: [Applicable/Not Applicable]

(*If applicable, and "2021 ISDA Definitions" is selected below, note that "Administrator/Benchmark Event"* and *"Calculation Agent Alternative Rate Determination" are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a Prospectus Regulation drawdown prospectus for the issue*)

- ISDA Definitions: [2006 ISDA Definitions/2021 ISDA Definitions]
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

(*In the case of a EURIBOR based option, the first day of the Interest Period*)

(*N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for EURIBOR which, depending on market circumstances, may not be available at the relevant time*)

- Compounding Method: [Compounding with Lookback

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

[Compounding with Observation Period Shift

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

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

		[Compounding with Lockout Lockout: [[•] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] Lockout Period Business Days: [[•]/Applicable Business Days]
•	Averaging:	[Applicable/Not Applicable]
•	Averaging Method:	[Averaging with Lookback Lookback: [[•] Applicable Business Days/As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] [Averaging with Observation Period Shift Observation Period Shift: [[•] Observation Period Shift Business Days/As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] Observation Period Shift Additional Business Days: [[•]/Not Applicable] [Averaging with Lockout Lockout: [[•] Lockout Period Business Days/As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] Lockout Period Business Days: [[•]/Applicable Business Days]
•	Index Provisions:	[Applicable/Not Applicable]
•	Index Method:	Compounded Index Method with Observational Shift Observation Period Shift: [[•] Observation Period Shift Business Days/As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] Observation Period Shift Additional Business Days: [[•]/Not Applicable]
•	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*)]
•	Margin:	[+/ –] [ ] per cent. per annum
•	Minimum Rate of Interest:	[ ] per cent. per annum
•	Maximum Rate of Interest:	[ ] per cent. per annum
(i)	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)
	(j)	Benchmark Replacement fall back:	[Condition 5.2(c)(1)(Independent Adviser) is applicable/Condition 5.2(c)(2)(SOFR) is applicable]
16.	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 and late payment:	[30/360] [Actual/360] [Actual/365]
17.	Reset Note Provisions		[Applicable/Not Applicable]
	(a)	Initial Rate of Interest:	[ ] per cent. per annum on each Interest Payment Date in arrear
	(b)	Interest Payment Date(s):	[ ] in each year [up to and including the Maturity Date]
	(c)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)]
	(d)	Determination Dates(s):	[[ ] in each year/Not Applicable]
	(e)	Reset Date(s):	[ ]
	(f)	Subsequent Reset Reference Rate(s):	Subsequent Reset Reference Rate [Mid Swaps Reference Bond]
	(g)	Relevant Financial Centre:	[ ]
	(h)	Reset Margin:	[ ]
	(i)	Subsequent Reset Rate Screen Page:	[ ]
	(j)	Mid Swap Maturity:	[ ]
	(k)	Reset Determination Date:	[ ]
	(l)	Subsequent Reset Rate Time:	[ ]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 7.2:		Minimum period: [30] days Maximum period: [60] days
19.	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: [15] days Maximum period: [30] 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*)

20.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] 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 clearing system 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*)
21.	Regulatory Call:		[Applicable/Not Applicable]
22.	Final Redemption Amount:		[[ ] per Calculation Amount]
23.	Early Redemption Amount payable on redemption for taxation or regulatory reasons or on event of default:		[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

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 Notes only upon an Exchange Event] [Temporary Bearer Global Note exchangeable for definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for definitive Notes 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 option for an issue of Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 above includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]."
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.	RMB Settlement Centre(s):	[ ][Not Applicable]
28.	RMB Currency Event:	[Applicable/Not Applicable]
29.	Relevant Currency for Condition 6.7:	[ ][Not Applicable]
30.	Relevant Spot Rate Screen Pages for Condition 6.7:	(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 6.7:	[*give name* (the **Calculation Agent**)][Not Applicable]

THIRD PARTY INFORMATION

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

Signed on behalf of BoS Funding Limited	Signed on behalf of Bank of Sharjah P.J.S.C.
By:	By: ....
Duly authorised	*Duly authorised*

PART B — OTHER INFORMATION

1.	**LISTING**		
	(i)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) [to [●]] for the Notes to be admitted to trading [on the London Stock Exchange plc's International Securities Market (**ISM**)/[●] with effect from [●]. [The ISM is not a UK regulated market for the purposes of UK MiFIR or a regulated market for the purposes of MiFID II.]] [Not Applicable]
	(ii)	Estimate of total expenses related to admission to trading:	[ ]
2.	**RATINGS**		
	Ratings:		[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [Each of [•] is established in the [European Union]/[United Kingdom] and is registered under [Regulation (EC) No. 1060/2009 (as amended)]/[Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018].]

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

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

4.	**YIELD** *(Fixed Rate Notes Only)*		
	Indication of yield:		[ ] per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5.	**USE OF PROCEEDS**		
	(i)	Use of proceeds:	[See "Use of Proceeds" in the Base Offering Circular]/[ ]
	(ii)	Estimated amount of net proceeds:	[ ]
6.	**OPERATIONAL INFORMATION**		
	(i)	ISIN:	[ ]
	(ii)	Common Code:	[ ]
	(iii)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

7. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Date of [Subscription] Agreement:	[ ]
(iv)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
(vii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which, subject to completion in accordance with the provisions of Part A of the applicable Pricing Supplement 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 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 Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "applicable Pricing Supplement" for a description of the content of Pricing Supplement 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 BoS Funding Limited (the **Issuer**) 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 (such agency agreement as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 26 September 2025 and made between the Issuer, Bank of Sharjah P.J.S.C. (the **Bank**) as guarantor, The Bank of New York Mellon, London Branch as issuing and principal paying agent (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), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (if any) (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes 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 payment of all amounts in respect of this Note have been guaranteed by the Bank pursuant to a Deed of Guarantee (such Deed of Guarantee as modified and/or supplemented and/or restated from time to time, the **Deed of Guarantee**) dated 26 September 2025 and executed by the Bank. The original of the Deed of Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

The pricing supplement for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Pricing Supplement** are, unless otherwise stated, to Part A of the Pricing Supplement (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.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 26 September 2025 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 Deed of Guarantee and the Deed of Covenant are (i) available for inspection and/or collection 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, the Calculation Agency (if any is specified in the applicable Pricing Supplement) and the Registrar being together referred to as the **Agents**) or (ii) may be provided by email to a Noteholder or Couponholder following their prior written request to the relevant Agent and provision of evidence satisfactory to the relevant Agent as to its holding of the 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 Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement 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 Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area (the **EEA**) or offered to the public in a Member State of the EEA in circumstances which would otherwise require the publication of a prospectus under Regulation (EU) 2017/1129, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). 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, a Floating Rate Note, a Reset Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note or a Subordinated Note, as specified in the applicable Pricing Supplement.

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 Bank 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 Bank 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 shall be treated by the Issuer, the Bank 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 Pricing Supplement.

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 Pricing Supplement 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 and the terms of the Registered Global Note.

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 Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) 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 and the Registrar, with the form of transfer thereon duly executed by the holder or holders thereof or their respective attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) 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 7, 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 DEED OF GUARANTEE

3.1 Status of the Notes

(a) Status of the Senior Notes

The Senior Notes and any relevant Coupons, are direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Issuer and (subject as provided above) rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

(b) **Status of the Subordinated Notes**

The Subordinated Notes and any relevant Coupons, are direct, conditional (as described in Condition 3.3), unsecured and subordinated (as described in Condition 3.1(c)) obligations of the Issuer and rank without preference *pari passu* among themselves.

(c) **Subordination of the Subordinated Notes**

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) (the **Issuer Obligations**) will (i) rank junior to all unsubordinated payment obligations of the Issuer and all subordinated payment obligations (if any) of the Issuer to which the Issuer Obligations rank or are expressed to rank junior; (ii) rank *pari passu* with all subordinated payment obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer Obligations; and (iii) rank in priority to all claims of holders of all undated or perpetual obligations of the Issuer and to all claims of holders of all classes of share capital of the Issuer.

Notwithstanding any other provisions in these Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Bank has been issued by a court in the United Arab Emirates, all claims of the holders of the Subordinated Notes under the Subordinated Notes will be extinguished and the Subordinated Notes will be cancelled without any further payment to be made by the Issuer under the Subordinated Notes.

Subject to applicable law, no holder of the Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes and each holder of the Subordinated Notes shall, by virtue of being a holder of the Subordinated Notes, be deemed to have waived all such rights of set-off.

3.2 Status of the Deed of Guarantee

(a) **Status of the Deed of Guarantee in respect of the Senior Notes**

The payment of principal and interest in respect of the Senior Notes has been unconditionally and irrevocably guaranteed by the Bank (the **Deed of Guarantee**). The obligations of the Bank under the Deed of Guarantee in respect of the Senior Notes are direct, unconditional, (subject to the provisions of Condition 4) unsecured and unsubordinated obligations of the Bank and (subject as provided above) rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Bank, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

(b) **Status of the Deed of Guarantee in respect of the Subordinated Notes**

The payment of principal and interest in respect of the Subordinated Notes in respect of the Subordinated Notes has been guaranteed by the Bank under the Deed of Guarantee. The obligations of the Bank under the Deed of Guarantee in respect of the Subordinated Notes are direct, conditional (as described in Condition 3.3), unsecured and subordinated (as described in Condition 3.2(c)) obligations of the Bank.

(c) **Subordination of the Deed of Guarantee in respect of the Subordinated Notes**

The payment obligations of the Bank under the Deed of Guarantee in respect of the Subordinated Notes (the **Guarantor Obligations**) will (i) rank junior to all unsubordinated payment obligations of the Bank (including depositors) and all subordinated payment obligations (if any) of the Bank to which the Guarantor Obligations rank or are expressed to rank junior (the **Guarantor Senior Obligations**); (ii) rank *pari passu* with all subordinated payment obligations of the Bank which rank, or are expressed to rank, *pari passu* with the Guarantor Obligations (the **Guarantor Pari Passu Obligations**); and (iii) rank in priority to all claims of holders of all undated or perpetual obligations of the Bank and to all claims of holders of all classes of share capital of the Bank.

Notwithstanding any other provisions in these Conditions, to the extent that any of the Solvency Conditions are not satisfied at the relevant time or if a bankruptcy order in respect of the Bank has been issued by a court in the United Arab Emirates, all claims of the holders of the Subordinated Notes under the Guarantor Obligations will be extinguished without any further payment to be made by the Bank under the Deed of Guarantee in respect of the Subordinated Notes.

Subject to applicable law, no holder of the Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Deed of Guarantee in respect of the Subordinated Notes and each holder of the Subordinated Notes shall, by virtue of being a holder of the Subordinated Notes, be deemed to have waived all such rights of set-off.

3.3 Solvency Conditions

Payments in respect of the Issuer Obligations by the Issuer and the Guarantor Obligations by the Bank are conditional upon the following (the **Solvency Conditions**):

(a) the Bank being Solvent at all times from (and including) the first day of the relevant Interest Period (or the Issue Date in the case of the first Interest Period) to (and including) the time of payment of the Guarantor Obligations; and

(b) the Bank being capable of making payment of the Guarantor Obligations and any other payment required to be made on the relevant date to a creditor in respect of all Guarantor Senior Obligations and all Guarantor Pari Passu Obligations and still be Solvent immediately thereafter.

In this Condition 3.3 the following expressions shall have the following meanings:

Assets means the consolidated gross assets of the Bank as shown in the latest audited or (as the case may be) auditor reviewed balance sheet of the Bank, but adjusted for subsequent events in such manner as the directors of the Bank, the auditors of the Bank or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Bank) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;

Liabilities means the consolidated gross liabilities of the Bank as shown in the latest audited or (as the case may be) auditor reviewed balance sheet of the Bank, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Bank, the auditors of the Bank or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Bank) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine; and

Solvent means that: (i) the Bank is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities.

4. NEGATIVE PLEDGE

4.1 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 Bank will, and the Issuer and the Bank will procure that none of their respective Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Bank and/or any of their respective Subsidiaries to secure: (a) any Relevant Indebtedness or Relevant Sukuk Obligation (each as defined below); or (b) any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, unless the Issuer or the Bank, as the case may be, 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 and/or the Deed of Guarantee as the case may be, are secured by the Security Interest equally and rateably with the Relevant Indebtedness, Relevant Sukuk Obligation, or guarantee or indemnity in respect thereof, as the case may be; 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.

4.2 Interpretation

For the purposes of these Conditions:

(a) **Relevant Indebtedness** means 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 for the time being are, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market;

(b) **Relevant Sukuk Obligation** means any present or future undertaking or other obligation to pay any money given in connection with the issue of certificates, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the counter or other securities market; and

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

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

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

5. INTEREST

5.1 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 Pricing Supplement, 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 Pricing Supplement, amount to the Broken Amount so specified.

In the case of a Fixed Rate Note where the Specified Currency is Renminbi and the applicable Pricing Supplement specifies a Business Day Convention to be applicable (an **Adjusted Renminbi Fixed Rate Note**), each Interest Payment Date (and, accordingly, the relevant Fixed Rate Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. For this purpose, the provisions relating to the application of a Business Day Convention set out in Condition 5.2(a) shall apply to this Condition 5.1, *mutatis mutandis*, save that, for the purposes of the Conditions relating to an Adjusted Renminbi Fixed Rate Note, the term **Business Day** shall mean a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in the applicable RMB Settlement Centre(s) (as defined in Condition 6.7).

Interest shall be calculated in respect of any period for which an applicable Fixed Coupon Amount or Broken Amount is not specified in the applicable Pricing Supplement and in respect of the Fixed Interest Periods relating to Adjusted Renminbi Fixed Rate Notes by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes or Adjusted Renminbi Fixed Rate Notes, as the case may be, 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 or Adjusted Renminbi Fixed Rate Notes, as the case may be, 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 which is a Bearer Note or Adjusted Renminbi Fixed Rate Notes, as the case may be, in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note or Adjusted Renminbi Fixed Rate Notes, as the case may be, 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.

As used in these Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1 or Condition 5.3:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(i) 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 Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) 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

(B) 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;

(b) if "30/360" is specified in the applicable Pricing Supplement, 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; and

(c) if "Actual/365" (Fixed) is specified in the applicable Pricing Supplement, the actual member of days in the Interest Period divided by 365;

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);

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 or the relevant payment date if the Notes become payable on a date other than an Interest Payment 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.

5.2 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 Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, 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 Pricing Supplement 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** (which expression shall, in the Conditions, mean 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 Pricing Supplement 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:

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(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

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) 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

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, unless otherwise specified **Business Day** means:

(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 London and each Additional Business Centre (other than T2) specified in the applicable Pricing Supplement;

(b) if T2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the real time gross settlement system operated by the Eurosystem (known as T2) or any successor system is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro and Renminbi, 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 (ii) in relation to any sum payable in euro, a day on which T2 is open or (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in the applicable RMB Settlement Centre(s) (as defined in Condition 6.7).

(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 Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (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 relevant ISDA Definitions under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity, if applicable, is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is either: (A) if the relevant Floating Rate Option is based on the **EURIBOR** for a currency, the first day of that Interest Period; or (B) is any other case, as specified in the applicable Pricing Supplement;

(D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Pricing Supplement:

(i) Compounding with Lookback;

(ii) Compounding with Observation Period Shift;

(iii) Compounding with Lockout; and

(E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Pricing Supplement.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Pricing Supplement.

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

As used in these Conditions:

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

2021 ISDA Definitions means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

ISDA means the International Swaps and Derivative Association, Inc.; and

ISDA Definitions means either (i) the 2006 ISDA Definitions or (ii) the 2021 ISDA Definitions, as specified in the applicable Pricing Supplement.

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

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

Where Screen Rate Determination is specified in the applicable Pricing Supplement 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 Pricing Supplement) 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 Pricing Supplement) 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.

If the Relevant Screen Page is not available or if, in the case of sub-paragraph (ii)(A) above, no offered quotation appears or, in the case of sub-paragraph (ii)(B) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Issuer or the Bank shall request each of the Reference Banks (the contact details (including individual contacts) at such Reference Banks to be provided to the Principal Paying Agent by the Issuer or the Bank, as the case may be) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), or the Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR), or the Kuala Lumpur inter-bank market (if the Reference Rate is KLIBOR), or the Emirates inter-bank market (if the Reference Rate is EIBOR), or the Saudi Arabia inter-bank market (if the Reference Rate is SAIBOR), or the Australia inter-bank market (if the Reference Rate is BBSW), or the Prague inter-bank market (if the Reference Rate is PRIBOR), or the Turkish inter-bank market (if the Reference Rate is TRLIBOR or TRYLIBOR), or the Tokyo inter-bank market (if the Reference Rate is TIBOR), or the Mumbai inter-bank market (if the Reference Rate is MIBOR), or the New Zealand inter-bank market (if the Reference Rate is BKBM) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Shanghai inter-bank market (if the Reference Rate is SHIBOR), or the Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR), or the Kuala Lumpur inter-bank market (if the Reference Rate is KLIBOR), or the Emirates inter-bank market (if the Reference Rate is EIBOR), or the Saudi Arabia inter-bank market (if the Reference Rate is SAIBOR), or the Australia inter-bank market (if the Reference Rate is BBSW), or the Prague inter-bank market (if the Reference Rate is PRIBOR), or the Turkish inter-bank market (if the Reference Rate is TRLIBOR or TRYLIBOR), or the Tokyo inter-bank market (if the Reference Rate is TIBOR), or the Mumbai inter-bank market (if the Reference Rate is MIBOR), or the New Zealand inter-bank market (if the Reference Rate is BKBM) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, and provided further that such failure is not due to the occurrence of a Benchmark Event, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Rate of Interest cannot be determined because of the occurrence of a Benchmark Event, the Rate of Interest shall be calculated in accordance with the terms of Condition 5.2(c).

As used in these Conditions:

Calculation Agent has the meaning specified in the applicable Pricing Supplement;

Reference Banks means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of SHIBOR, the principal Shanghai office of four major banks in the Shanghai inter-bank market, in the case of a determination of HIBOR or CNH HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in the case of a determination of KLIBOR, the principal Kuala Lumpur office of four major banks in the Kuala Lumpur inter-bank market, in the case of a determination of EIBOR, the principal Dubai office of four major banks in the Emirates inter-bank market, in the case of a determination of SAIBOR, the principal Riyadh office of four major banks in the Saudi Arabia inter-bank market, in the case of a determination of BBSW, the principal Sydney office of four major banks in the Australia inter-bank market, in the case of a determination of PRIBOR, the principal Prague office of four major banks in the Prague inter-bank market, in the case of a determination of TRLIBOR or TRYLIBOR, the principal Istanbul office of four major banks in the Turkish inter-bank market, or in the case of a determination of TIBOR, the principal Tokyo office of four major banks in the Tokyo inter-bank market, or in the case of a determination of MIBOR, the principal Mumbai office of four major banks in the Mumbai inter-bank market, or in the case of a determination of BKBM, the principal Auckland or Wellington offices of four major banks in the New Zealand inter-bank market and, in the case of a determination of a Reference Rate that is not specified above, the principal office of four major banks in the inter-bank market of the Relevant Financial Centre, in each case provided to the Principal Paying Agent by the Issuer or the Bank, as the case may be;

Reference Rate means one of the following benchmark rates (as specified in the applicable Pricing Supplement) in respect of the currency and period specified in the applicable Pricing Supplement:

(A) Euro interbank offered rate (**EURIBOR**);

(B) Shanghai interbank offered rate (**SHIBOR**);

(C) Hong Kong interbank offered rate (**HIBOR**);

(D) Kuala Lumpur interbank offered rate (**KLIBOR**);

(E) Emirates interbank offered rate (**EIBOR**);

(F) Saudi Arabia interbank offered rate (**SAIBOR**);

(G) Bank Bill Swap Rate (**BBSW**);

(H) Prague interbank offered rate (**PRIBOR**);

(I) CNH Hong Kong interbank offered rate (**CNH HIBOR**);

(J) Turkish Lira interbank offered rate (**TRLIBOR** or **TRYLIBOR**);

(K) Tokyo interbank offered rate (**TIBOR**);

(L) Mumbai interbank offered rate (**MIBOR**);

(M) New Zealand bank bill benchmark (**BKBM**);

(N) Secured Overnight Financing Rate (**SOFR**);

(O) Sterling Overnight Index Average (**SONIA**); and

(P) Euro short-term rate (**€STR**).

Relevant Financial Centre shall mean (i) Brussels, in the case of a determination of EURIBOR; (ii) Shanghai, in the case of a determination of SHIBOR; (iii) Hong Kong, in the case of a determination of HIBOR or CNH HIBOR; (iv) Kuala Lumpur, in the case of a determination of KLIBOR; (v) Dubai, in the case of a determination of EIBOR; (vi) Riyadh, in the case of a determination of SAIBOR; (vii) Sydney, in the case of a determination of BBSW; (viii) Prague, in the case of a determination of PRIBOR; (ix) Istanbul, in the case of a determination of TRLIBOR or TRYLIBOR; (x) Tokyo, in the case of a determination of TIBOR; (xi) Mumbai, in the case of a determination of MIBOR; or (xii) Auckland and Wellington, in the case of a determination of BKBM, or such other financial centre as specified in the applicable Pricing Supplement; and

Relevant Time shall mean: (a) 11.00 a.m. (Brussels time, in the case of a determination of EURIBOR, Shanghai time, in the case of a determination of SHIBOR, Hong Kong time, in the case of a determination of HIBOR, Kuala Lumpur time, in the case of a determination of KLIBOR, Dubai time, in the case of a determination of EIBOR, Riyadh time, in the case of a determination of SAIBOR, Sydney time, in the case of a determination of BBSW, Prague time, in the case of a determination of PRIBOR, Istanbul time, in the case of a determination of TRLIBOR or TRYLIBOR, Mumbai time, in the case of a determination of MIBOR, Wellington time, in the case of a determination of BKBM, or Tokyo time, in the case of a determination of TIBOR); or (b) 11.15 a.m. Hong Kong time in the case of a determination of CNH HIBOR; or (c) Relevant Financial Centre time in the case of a determination of any other Reference Rate.

(iii) Screen Rate Determination for Floating Rate Notes referencing SONIA, SOFR or €STR (other than where in the applicable Pricing Supplement the Reference Rate is specified as being "SONIA" and the Calculation Method is specified as being "SONIA Index")

Where Screen Rate Determination Referencing SONIA, SOFR or €STR is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the applicable Pricing Supplement is SONIA, SOFR or €STR:

(x) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Pricing Supplement as being "Compounded Daily", the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, all as determined by the Calculation Agent, where:

Compounded Daily Reference Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Pricing Supplement and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

Applicable Period means,

(a) where **Lag**, **Lock-out** or **Payment Delay** is specified as the Observation Method in the applicable Pricing Supplement, the relevant Interest Period; and

(b) where **Observation Shift** is specified as the Observation Method in the applicable Pricing Supplement, the Observation Period relating to such Interest Period;

Business Day or **BD**, in this Condition means (i) where "SOFR" is specified as the Reference Rate, a U.S. Government Securities Business Day, (ii) where "SONIA" is specified as the Reference Rate, a London Banking Day or (iii) where "€STR" is specified as the Reference Rate, a T2 Settlement Day;

D is the number specified in the applicable Pricing Supplement;

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

d_o means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

Effective Interest Payment Date means any date or dates specified as such in the applicable Pricing Supplement;

€STR means, in respect of any Business Day, a reference rate equal to the daily euro short term rate for such Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the European Central Bank's Website, in each case, on or before 9.00 a.m., (Central European Time) on the Business Day immediately following such Business Day;

European Central Bank's Website means the website of the European Central Bank currently at http://www.ecb.europa.eu, or any successor website officially designated by the European Central Bank;

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

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

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

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

New York Fed's Website means the website of the Federal Reserve Bank of New York currently at http://www.newyorkfed.org, or any successor website of the Federal Reserve Bank of New York;

Observation Period means, in respect of an Interest Period, the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" Business Days prior to such earlier date, if any, on which the Notes become due and payable);

p means, for any Interest Period:

(a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the number of Business Days included in the Observation Look-back Period specified in the applicable Pricing Supplement (or, if no such number is specified two Business Days);

(b) where "Lock-out" or "Payment Delay" is specified as the Observation Method in the applicable Pricing Supplement, zero; or

(c) where "Observation Shift" or "SOFR Index" is specified as the Observation Method in the applicable Pricing Supplement, the number of Business Days included in the Observation Look-back Period specified in the applicable Pricing Supplement (which shall not be less than five Business Days without the consent of the Calculation Agent);

r means:

(a) where in the applicable Pricing Supplement "SOFR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;

(b) where in the applicable Pricing Supplement "SONIA" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SONIA in respect of such Business Day;

(c) where in the applicable Pricing Supplement "€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;

(d) where in the applicable Pricing Supplement "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:

(i) in respect of any Business Day "i" that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and

(ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

(e) where in the applicable Pricing Supplement "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:

(i) in respect of any Business Day "i" that is a Reference Day, the SONIA in respect of the Business Day immediately preceding such Reference Day, and

(ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

(f) where in the applicable Pricing Supplement "€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:

(i) in respect of any Business Day "i" that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and

(ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

(g) where in the applicable Pricing Supplement "SOFR" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SOFR in respect of the Rate Cut-off Date;

(h) where in the applicable Pricing Supplement "SONIA" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SONIA rate in respect of the Rate Cut-off Date; and

(i) where in the applicable Pricing Supplement "€STR" is specified as the Reference Rate and "Payment Delay" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, provided however that, in the case of the last Interest Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the €STR in respect of the Rate Cut-off Date;

Rate Cut-off Date has the meaning given in the applicable Pricing Supplement;

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

$\mathbf{r_{i\text{-}pBD}}$ means the applicable Reference Rate as set out in the definition of "r" above for, (i) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i" or, (ii) otherwise, the relevant Business Day "i";

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

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

T2 means the real time gross settlement system operated by the Eurosystem or any successor system;

T2 Settlement Day means any day on which T2 is open for the settlement of payments in euro; and

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

(xi) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Pricing Supplement as being "Weighted Average", the Rate of Interest for each Interest Period will, subject to as provided below, be the Weighted Average

Reference Rate (as defined below) plus or minus (as indicated in the applicable Pricing Supplement) the Margin and will be calculated by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

Lock-out Period has the meaning set out in paragraph (i) above;

Observation Period has the meaning set out in paragraph (i) above;

Reference Day has the meaning set out in paragraph (i) above;

Weighted Average Reference Rate means:

(A) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and

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

(xii) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Pricing Supplement as being "SOFR Index", the Rate of Interest for each Interest Period will, subject as provided below, be Compounded SOFR (as defined below) plus or minus (as indicated in the applicable Pricing Supplement) the Margin and will be calculated by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

Compounded SOFR means:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \text{ x } \left(\frac{360}{d_c}\right)$$

where "d_c" is the number of calendar days from (and including) SOFR $\text{Index}_{\text{Start}}$ to (but excluding) SOFR $\text{Index}_{\text{End}}$ (the number of calendar days in the relevant Observation Period);

SOFR Averages shall mean the computation bearing the same name as published on the New York Fed's Website;

SOFR Index with respect to any U.S. Government Securities Business Day, means:

(a) the SOFR Index value as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) as such index appears on the New York Fed's Website at 5.00 p.m. (New York City time) on such U.S. Government Securities Business Day (the **SOFR Determination Time**); or

(b) if a SOFR Index value does not so appear as specified in (i) above at the SOFR Determination Time, then:

(i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the then-current Benchmark, Compounded SOFR shall be the SOFR Index Unavailable value; or

(ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, then Compounded SOFR shall be the rate determined pursuant to Condition 5.2 (b);

SOFR Index$_{End}$ is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period;

SOFR Index$_{Start}$ is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period; and

SOFR Index Unavailable means if a SOFR Index$_{Start}$ or SOFR Index$_{End}$ is not published on the associated Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the then-current Benchmark, "Compounded SOFR" means, for the relevant Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the New York Federal Reserve's Website at https://www.newyorkfed.org/markets/treasury-repo-reference-ratesinformation.

For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180- calendar days" shall be removed. If the daily SOFR does not so appear for any day, "i" in the Observation Period, SOFR for such day "i" shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the New York Federal Reserve's Website;

(xiii) where "SONIA" is specified as the Reference Rate in the relevant Pricing Supplement, if, in respect of any Business Day, SONIA (as defined in paragraph (i) above) is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be:

(A) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) subject to Condition 5.2(c)(i), if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

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

(xiv) where "SOFR" is specified as the Reference Rate in the applicable Pricing Supplement, if, in respect of any Business Day, SOFR (as defined in paragraph (i) above), is not available, subject to Condition 5.2 (b), such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed's Website (as defined in Condition 5.2(b) above) and "r" shall be interpreted accordingly;

(xv) where "€STR" is specified as the Reference Rate in the relevant Pricing Supplement, if, in respect of any Business Day, €STR (as defined in paragraph (i) above), is not available, subject to Condition 5.2(c)(i), such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published on the European Central Bank's Website (as defined in Condition 5.2(b) above) and "r" shall be interpreted accordingly; and

(xvi) in the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 5.2 (c), the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 7 or Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date; and

(xvii) for the purposes of this Condition 5.2 (b) (iii):

If "Payment Delay" is specified in the applicable Pricing Supplement as being applicable, all references in these Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as references to interest on the Notes being payable on an Effective Interest Payment Date instead.

(iv) Screen Rate Determination for Floating Rate Notes where in the applicable Pricing Supplement the Reference Rate is specified as being SONIA and the relevant Calculation Method is specified as being "SONIA Index"

Where Screen Rate Determination Referencing SONIA is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Reference Rate specified in the relevant Pricing Supplement is SONIA, and the Calculation Method specified in the relevant Pricing Supplement is "SONIA Index", the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily SONIA Rate (as defined below) plus or minus (as indicated in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent.

Compounded Daily SONIA Rate means, with respect to an Interest Period, as determined by reference to the screen rate or index for compounded daily SONIA administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant Interest Determination Date, as further specified in the relevant Pricing Supplement (the "SONIA Compounded Index")) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{SONIA\ Compounded\ Index_{End}}{SONIA\ Compounded\ Index_{Start}} - 1\right) x\ \frac{365}{d}$$

and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards, where:

d is the number of calendar days from (and including) the day in relation to which SONIA Compounded $\text{Index}_{\text{Start}}$ is determined to (but excluding) the day in relation to which SONIA Compounded $\text{Index}_{\text{End}}$ is determined;

Relevant Number is as specified in the relevant Pricing Supplement (or, if no such number is specified, five);

SONIA Compounded $\text{Index}_{\text{Start}}$ means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

SONIA Compounded $\text{Index}_{\text{End}}$ means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period).

(xviii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions (unless the Calculation Agent has been notified of any Successor Rate or Alternative Reference Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 5(c) below, if applicable), the Rate of Interest shall be determined in accordance with Condition 5(c).

If the Notes become due and payable in accordance with Condition 10, the final Rate of Interest shall be calculated for the Interest Period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 5.4.

(c) **Benchmark Replacement**

(1) *Independent Adviser*

Notwithstanding the other provisions of this Condition 5.2, if the Issuer and the Bank, following consultation with the Calculation Agent, determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Rate of Interest (or the relevant component part thereof) applicable to the Notes for any Interest Period remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(i) the Issuer and the Bank shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (which in no event, unless agreed in writing, is the Principal Paying Agent or Calculation Agent) to determine no later than five Business Days prior to the relevant Interest

Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-Off Date**), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if (A) the Issuer and the Bank are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer and the Bank fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant IA Determination Cut-Off Date, then the Issuer and the Bank (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5.2(c) applying *mutatis mutandis* to allow such determinations to be made by the Issuer and the Bank without consultation with the Independent Adviser);

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(c));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) provided however, that if the Independent Adviser (following consultation with the Issuer and the Bank), or the Issuer and the Bank (acting in good faith and in a commercially reasonable manner), fails to determine the Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant Interest Determination Date then the Successor Rate or Alternative Reference Rate as determined in accordance with this Condition 5.2(c) will apply without an Adjustment Spread;

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5.2(c) and the Independent Adviser (following consultation with the Issuer and the Bank) or the Issuer and the Bank (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Bank and subject to delivery of a notice in accordance with Condition 14: (x) the Issuer and the Bank shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Bank's expense), without any requirement for the consent or sanction of Noteholders, be obliged to concur with the Issuer and the Bank in effecting such Benchmark Amendments.

For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;

(vi) the Issuer (failing which, the Bank) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 14, the Noteholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.2(c). Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Noteholders of the same, the Issuer (failing which the Bank) shall deliver to the Principal Paying Agent a certificate signed by two directors of the Issuer (or, as the case may be, two directors of the Bank): (A) that a Benchmark Event has occurred, the Successor Rate or, as the case may be, the Alternative Reference Rate, the applicable Adjustment Spread, the specific terms of the

Benchmark Amendment (if any), in each case as determined in accordance with the provisions of this Condition 5.2(c); and (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and Adjustment Spread.

Such certificate shall be made available for inspection by the Noteholders during normal business hours at the specified offices of the Principal Paying Agent;

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component part thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this Condition 5.2(c)(vii) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5.2(c);

(viii) the Independent Adviser appointed pursuant to this Condition 5.2(c) shall act and make all determinations pursuant to this Condition 5.2(c) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer nor the Bank shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Issuer and the Bank in connection with any determination made by the Issuer and the Bank pursuant to this Condition 5.2(c); and

(ix) in no event shall the Principal Paying Agent or the Calculation Agent be responsible for determining if a Benchmark Transition Event has occurred, or any successor rate or substitute for SONIA, SOFR or €STR or for making any adjustments to any Alternative Reference Rate, Benchmark Replacement, Benchmark Replacement Adjustment, Benchmark Replacement Conforming Changes, the Business Day convention, Benchmark Replacement Date, Interest Determination Date or any other methodology for calculating a successor rate. The Principal Paying Agent and Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or the Bank or their Independent Adviser and have no liability for such actions taken at the direction of the Issuer, the Bank or their Independent Adviser. Neither the Principal Paying Agent nor the Calculation Agent will have any liability for any determination made by or on behalf of the Issuer, the Bank or the Independent Adviser in connection with a SONIA, SOFR or €STR benchmark transition event or Reference Rate Replacement.

For the purposes of this Condition 5.2(c):

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

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

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

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

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

Alternative Reference Rate means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer and the Bank) determines, in accordance with this Condition 5.2(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and of a comparable duration to the relevant Interest Period or, if the Independent Adviser or the Issuer and the Bank (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer and the Bank (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

Benchmark Event means: (i) the relevant Reference Rate ceasing to be published as a result of such benchmark ceasing to be calculated or administered or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified future date, be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which, by a specified future date, the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be (or is or will be deemed by such supervisor to be), by a specified future date, no longer representative of an underlying market or (vi) it has become unlawful for the Issuer, the Bank, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, provided that, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) and (v) above and the relevant specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

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

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer and the Bank at the Bank's expense;

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

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

(2) *SOFR*

This Condition 5.2(c)(2) shall apply, in the case of Notes for which the Specified Currency specified in the applicable Pricing Supplement is U.S. dollars and the Reference Rate specified in the applicable Pricing Supplement is SOFR, if in the applicable Pricing Supplement "Condition 5.2(c)(2) (SOFR) is applicable" is specified for the Benchmark Replacement fall back.

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

Any determination, decision or election that may be made by the Bank pursuant to this Condition 5.2(c)(2), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Issuer and the Bank; and

(iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 5.2(c):

Benchmark means, initially, SOFR, provided that if the Issuer and the Bank determine on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof), as the case may be, or the then-current Benchmark, then **Benchmark** shall mean the applicable Benchmark Replacement;

Benchmark Replacement means the first alternative set forth in the order below that can be determined by the Issuer and the Bank as of the Benchmark Replacement Date:

(i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;

(ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer and the Bank as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Bank as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer and the Bank giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

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

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

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

(ii) in the case of limb (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

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

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

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

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

(v) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

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

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

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

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

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

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 5.2(c)(2) will be notified promptly by the Issuer and the Bank to the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Principal Paying Agent of the same, the Issuer (failing which the Bank) shall deliver to the Principal Paying Agent a certificate signed by two directors of the Issuer (or, as the case may be, two directors of the Bank):

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.2(c)(2); and

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

Such certificate shall be made available for inspection by the Noteholders during normal business hours at the specified offices of the Principal Paying Agent.

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

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

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

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

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

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

(B) in the case of Floating Rate Notes which are Bearer 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 which is a Bearer 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 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, 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 Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement, 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:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, 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:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, 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:

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

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" 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 D_1 will be 30; and

"D_2" 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 D_2 will be 30.

(f) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, 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 Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), 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 Issuer (acting in good faith and in a commercially reasonable manner) shall instruct the Principal Paying Agent or the Calculation Agent, as applicable, as to such rate at such time and by reference to such sources as it determines appropriate for the purposes of the calculation of the applicable rate of interest.

Designated Maturity means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (b) in relation to ISDA Determination, the Designated Maturity.

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer 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 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. To the extent that the Principal Paying Agent is unable to notify the relevant stock exchange on which the relevant Notes are for the time being listed, the Principal Paying Agent shall notify the Issuer and the Bank, who shall procure the performance of such obligation. 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 be promptly 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 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, by the Principal Paying Agent shall (in the absence of wilful default, fraud, or manifest error) be binding on the Issuer, the Bank, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default, fraud or manifest error) no liability to the Issuer, the Bank, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) **Appointment of alternative Calculation Agent**

If the Principal Paying Agent is unable or unwilling to, or fails to, establish or determine the Rate of Interest and Interest Amount for any Interest Period, the Issuer or the Bank, as the case may be, shall appoint a leading bank or financial institution engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Principal Paying Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place.

5.3 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 5.3(a),

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

As used in this Condition 5.3:

Day Count Fraction and related definitions have the meanings given in Condition 5.1;

Initial Rate of Interest has the meaning specified in the applicable Pricing Supplement;

Mid Swap Benchmark Rate means (a) if the Specified Currency is euro, EURIBOR or, (b) in the case of any other Specified Currency, the benchmark rate most closely connected with such Specified Currency and selected by the Issuer or the Bank, as the case may be, on the advice of an investment bank of international repute;

Mid Swap Maturity has the meaning specified in the applicable Pricing Supplement;

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 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 Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Principal Paying Agent);

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 or the Bank, as the case may be, on the advice of an investment bank of international repute;

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 or the Bank, as the case may be, 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 Pricing Supplement;

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

Reset Margin means the margin specified in the applicable Pricing Supplement;

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 Pricing Supplement;

Subsequent Reset Rate Time has the meaning specified in the applicable Pricing Supplement; and

Subsequent Reset Reference Rate means either:

(A) if **Mid Swaps** is specified in the applicable Pricing Supplement, 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 Pricing Supplement, 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 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:

(C) 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

(D) 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.

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

If the Subsequent Reset Rate Screen Page is not available, the Issuer or the Bank shall request each of the Reference Banks (the contact details (including individual contacts) at such Reference Banks to be provided to the Principal Paying Agent by the Issuer or the Bank, as the case may be) 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 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.

If the Subsequent Reset Rate cannot be determined because of the occurrence of a Benchmark Event, the Subsequent Reset Rate shall be calculated in accordance with the terms of Condition 5.2(c) *mutatis mutatis*.

(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 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 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount so 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 the Condition 14. 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.

(d) **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 5.3 by the Principal Paying Agent shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Bank, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default, fraud or manifest error) no liability to the Issuer, the Bank, 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.

(e) **Appointment of alternative Calculation Agent**

If the Principal Paying Agent is unable or unwilling to, or fails to, establish or determine the Subsequent Reset Rate and Interest Amount for any Reset Period, the Issuer or the Bank, as the case may be, shall appoint a leading bank or financial institution engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Principal Paying Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place.

5.4 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 14.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with 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);

(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; and

(c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the applicable RMB Settlement Centre(s).

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 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 provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.2 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 6.1 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 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) 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.

6.3 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.

6.4 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**): (i) where in global form, at the close of the business day before the relevant due date (business day being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business); and (ii) where in definitive form, at the close of business on the fifth (in the case of Renminbi) and the third (in the case of a currency other than Renminbi) business day before the relevant due date (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). For these purposes, **Designated Account** means the account (which, in the case of a payment in Renminbi, means the Renminbi 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 and Renminbi) 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 and (in the case of a payment in Renminbi) a bank in the applicable RMB Settlement Centre(s).

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register: (i) where in global form, at the close of the business day before the relevant due date (business day being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business); and (ii) where in definitive form, at the close of business on the fifth day (in the case of Renminbi) and at the close of business on the fifteenth day (in the case of a currency other than Renminbi) (whether or not such fifth day (in the case of Renminbi) or fifteenth day (in the case of a currency other than Renminbi) is a business day), before the relevant due date. 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 nominal amount of such Registered Note.

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 Bank 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.

6.5 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's or, as the case may be, the Bank's payment obligations hereunder 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 their share of each payment so made by the Issuer or, as the case may be, the Bank 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 has 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 the Bank, adverse tax consequences to the Issuer or the Bank.

6.6 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 9) 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):

(i) in the case of Notes in definitive form only, in the relevant place of presentation;

(ii) in each Additional Financial Centre (other than T2) specified in the applicable Pricing Supplement; and

(b) if T2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which T2 is open; and

(c) either (A) in relation to any sum payable in a Specified Currency other than euro and Renminbi, 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 T2 is open or (C) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settle Renminbi payments in the applicable RMB Settlement Centre(s) (as defined in Condition 6.7).

6.7 RMB Currency Event

If "RMB Currency Event" is specified as being applicable in the applicable Pricing Supplement and a RMB Currency Event exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency specified in the applicable Pricing Supplement converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give irrevocable notice as soon as practicable and not less than five days prior to the due date for payment to the Noteholders in accordance with Condition 14 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 these Conditions:

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 the applicable RMB Settlement Centre(s);

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 the applicable RMB Settlement Centre(s), 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;

Renminbi or **RMB** means the lawful currency for the time being of the People's Republic of China (the **PRC**), which, for these purposes, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;

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

RMB Illiquidity means the general RMB exchange market in the applicable RMB Settlement Centre(s) becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make any payment (in whole or in part) due under the Notes, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in the applicable RMB Settlement Centre(s);

RMB Inconvertibility means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB in the general RMB exchange market in the applicable RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer 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, 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 to deliver RMB (A) between accounts inside the applicable RMB Settlement Centre(s), (B) from an account inside the applicable RMB Settlement Centre(s) to an account outside the applicable RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the applicable RMB Settlement Centre(s) is disrupted or suspended) or (C) from an account outside the applicable RMB Settlement Centre(s) to an account inside the applicable RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer 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, due to an event beyond its control, to comply with such law, rule or regulation);

RMB Settlement Centre(s) means the financial centre(s) specified as such in the applicable Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the applicable Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong; and

Spot Rate means the spot RMB/Relevant Currency exchange rate for the purchase of the Relevant Currency with RMB in the over-the-counter Renminbi exchange market in the applicable RMB Settlement Centre(s) for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (local time in the applicable RMB Currency Centre(s)) 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), each as specified in the applicable Pricing Supplement. If neither rate is available, the Calculation Agent shall determine the Spot 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 the applicable RMB Settlement Centre(s) or elsewhere and the RMB/Relevant Currency exchange rate in the PRC domestic foreign exchange market.

6.8 RMB account

Notwithstanding the foregoing, all payments in respect of any Note in Renminbi will be made solely by credit to a Renminbi account maintained by the payee at a bank in the applicable RMB Settlement Centre(s) 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 the applicable RMB Settlement Centre(s)).

6.9 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 8;

(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; and

(e) 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 8.

7. REDEMPTION AND PURCHASE

7.1 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 and in the relevant Specified Currency on the Maturity Date in each case as specified in the applicable Pricing Supplement.

7.2 Redemption for tax reasons

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 nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Principal Paying Agent and, in accordance with Condition 14, 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 8 or the Bank 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 Relevant Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations (excluding, for the avoidance of doubt, any interpretation by the Issuer or the Bank of the application 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, as the case may be, the Bank 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, as the case may be, the Bank 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 7.2, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two directors of the Issuer or, as the case may be, two directors of the Bank 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, as the case may be, the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, 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 Pricing Supplement to the Noteholders in accordance with Condition 14; 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;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem: (i) in the case of Subordinated Notes, all of the Subordinated Notes; and (ii) in the case of Senior Notes, all or some only of the Notes, in each case then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, the applicable Pricing Supplement 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 Pricing Supplement. 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) 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 14 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 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

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

This Condition 7.4 is only applicable to Senior Notes. If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement 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 7.4 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 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 their 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 by a holder of any Note pursuant to this Condition 7.4 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 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

7.5 Redemption for regulatory reasons (Regulatory Call)

This Condition 7.5 is only applicable to Subordinated Notes. 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 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, 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.

Prior to the publication of any notice of redemption pursuant to this Condition 7.5, 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 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 7.5 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In this Condition 7.5:

Regulatory Redemption Event shall be deemed to have occurred if, as a result of any change 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 are fully excluded from Tier 2 (supplementary) Capital of Bank of Sharjah P.J.S.C. 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 2 (supplementary) Capital at any time following the date on which they were issued; and

Tier 2 (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 published by the Regulator (as each may be supplemented or amended from time to time) (the **Circulars**) are applicable in the United Arab Emirates, Tier 2 (supplementary) Capital (as described in the Circulars); and (b) if the Circulars are no longer applicable in the United Arab Emirates, or if Tier 2 (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.

7.6 Early Redemption Amounts

For the purpose of Conditions 7.2 and 7.5 and Condition 10, 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 Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$ 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 Pricing Supplement 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).

7.7 Purchases

The Issuer, the Bank or any other Subsidiary of the Bank 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 the Bank, surrendered to any Paying Agent for cancellation.

7.8 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 7.7 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.9 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 7.1, 7.2, 7.3, 7.4 above or upon its becoming due and repayable as provided in Condition 10 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 7.6(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 and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Bank will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature (**Taxes**) imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Bank 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, 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) the holder of which is liable for such Taxes in respect of such Note or Coupon by reason of their having some connection with a Relevant Jurisdiction other than the mere holding of such Note or Coupon;

(b) presented for payment in a Relevant Jurisdiction;

(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 6.6); or

(d) where such withholding or deduction is imposed pursuant to Sections 1471 through 1471 of the Code, any regulations or agreements thereunder, or any official interpretations thereof.

As used herein:

(iii) 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 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 14; and

(iv) **Relevant Jurisdiction** means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer), or the Emirate of Sharjah and the United Arab Emirates or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Bank) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer or the Bank, as the case maybe, becomes subject in respect of payments by it of principal and interest on the Notes and Coupons.

9. 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 8) 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 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT

10.1 Events of Default relating to Senior Notes

This Condition 10.1 only applies to Senior Notes.

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 any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or

(b) the Issuer fails to perform or observe any of its other obligations under the Conditions or the Bank fails to perform or observe any of its other obligations under the Deed of 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 following the service by a Noteholder on the Issuer or the Bank (as the case may be) of notice requiring the same to be remedied; or

(c) (i) any Indebtedness or Sukuk Obligation of the Issuer, the Bank or any of their respective Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness or Sukuk Obligation becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of default (however described), (iii) any security given by the Issuer, the Bank or any of their respective Subsidiaries for any Indebtedness or Sukuk Obligation becomes enforceable and/or steps are taken to enforce the same, or (iv) the Issuer, the Bank or any of their respective Subsidiaries 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 or Sukuk Obligation, provided that each such event shall not constitute an Event of Default unless the aggregate amount of all such Indebtedness or Sukuk Obligation, either alone or when aggregated with all other Indebtedness or Sukuk Obligation in respect of which such an event shall have occurred and be continuing, shall be more than U.S.$15,000,000 (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.$15,000,000 is rendered against the Issuer, the Bank or any of their respective Material 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 60 days after the date thereof; or

(e) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Bank or any of their respective Material Subsidiaries; or

(f) the Issuer, the Bank or of any their respective Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially all of its business, or 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) court or other proceedings are initiated against the Issuer, the Bank or any of their respective Material Subsidiaries 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, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer, the Bank or any of their respective Material Subsidiaries or, as the case may be, in relation to the whole or substantially all of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or substantially all 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 substantially all of the undertaking or assets of any of them and (ii) in any such case (other than the appointment of an administrator) is not discharged within 14 days; or

(h) the Issuer, the Bank or any of their respective Material Subsidiaries 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); or

(i) any event occurs which under the laws of the Cayman Islands, the Emirate of Sharjah or the United Arab Emirates 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 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 it is or becomes unlawful for the Bank to perform or comply with any of its obligations under or in respect of the Deed of Guarantee or any of the obligations of the Issuer or the Bank thereunder are not or cease to be legal, valid, binding or enforceable; or

(k) by or under the authority of any government, (i) the management of the Issuer or the Bank or any of their respective Material Subsidiaries is wholly or substantially displaced or the authority of the Issuer, the Bank or any of their respective Material Subsidiaries 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 Bank or any of their respective Material Subsidiaries or the whole or substantially all of its revenues or assets are seized, nationalised, expropriated or compulsorily acquired; or

(l) the Deed of Guarantee ceases to be, or is claimed by the Issuer or the Bank not to be, in full force and effect; or

(m) the Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Bank,

then any holder of a Note may, by written notice to the Issuer or the Bank 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.

10.2 Events of Default relating to Subordinated Notes

This Condition 10.2 only applies to Subordinated Notes.

(a) If default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest, any Noteholder may institute proceedings in the Cayman Islands (but not elsewhere) for the dissolution and liquidation of the Issuer and in the United Arab Emirates or any Emirate therein (but not elsewhere) for the dissolution and liquidation of the Bank.

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

(i) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Bank; or

(ii) the Issuer or the Bank ceases or threatens to cease to carry on the whole or substantially all of its business, or 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

(iii) (i) court or other formal proceedings are initiated against the Issuer or the Bank 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, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or the Bank or in relation to the whole or substantially all of the undertaking or assets of the Issuer or the Bank or an encumbrancer takes possession of the whole or substantially all of the undertaking or assets of the Issuer or the Bank, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially all of the undertaking or assets of the Issuer or the Bank and (ii) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

(iv) the Issuer or the Bank initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition 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); or

(v) any event occurs which under the laws of the Cayman Islands, the Emirate of Sharjah or the United Arab Emirates or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (i) to (iii) above,

then any holder of a Note may, by written notice to the Issuer or the Bank 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.

(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 Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer or the Bank, as the case may be, under the Notes, the Coupons or the Deed of Guarantee, but the institution of such proceedings shall not have the effect that the Issuer or the Bank, as the case may be, shall be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

(d) No remedy against the Issuer or the Bank, 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 Bank, shall be available to the Noteholders or the Couponholders whether for the recovering of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer or the Bank of any other obligation, condition or provision binding on it under the Notes or the Coupons.

10.3 Definitions

For the purposes of these Conditions:

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

(i) any obligation to purchase such Indebtedness;

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

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

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

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

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

(ii) amounts raised under any note purchase facility;

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

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

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

(c) **Material Subsidiary** means, in relation to the Issuer or the Bank, any Subsidiary:

(i) whose total assets represent not less than 10 per cent. of the consolidated total assets of the Issuer or the Bank (as the case may be) and its Subsidiaries taken as a whole; or

(ii) whose external revenues are not less than 10 per cent. of the consolidated revenues of the Issuer or the Bank (as the case may be) and its Subsidiaries taken as a whole,

in each case in respect of the immediately preceding paragraphs (i) and (ii), as calculated by reference to the most recent audited consolidated financial statements of the Issuer or the Bank (as the case may be), or

(iii) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary that immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary, but shall cease to be a Material Subsidiary under this paragraph (iii) (but without prejudice to the provisions of paragraphs (i) or (ii) above) upon publication of its next audited consolidated financial statements. If: (A) the Issuer or any other Subsidiary of the Bank or the Issuer (as the case may be) shall not in respect of any relevant financial period for whatever reason produce audited accounts; or (B) the Issuer or any other Subsidiary of the Bank or the Issuer (as the case may be) shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer or the Bank (as the case may be) and its Subsidiaries relate, then there shall be substituted for the purposes of this definition the management accounts of the Issuer or such Subsidiary (as the case may be) for such period;

A report by the Chief Executive Officer and the Chief Financial Officer (or any person who at any time carries out the equivalent functions of such person (regardless of such person's title)) of the Issuer or the Bank, as applicable, that in their opinion a Subsidiary is or was or was not at any particular time or throughout a specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

(d) **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; and

(e) **Sukuk Obligation** means any undertaking or other obligation to pay money given in connection with the issue of certificates whether or not in return for consideration of any kind.

11. 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 Principal Paying Agent or the Registrar, as the case may be, may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

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

The Issuer is 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, in the case of Registered Notes, a Registrar and a Transfer Agent;

(b) there will at all times be a Paying Agent in a jurisdiction other than the Relevant Jurisdiction; and

(c) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) 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 shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Bank 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.

13. 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 9.

14. 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 London (which is expected to be the *Financial Times*) or published on the website of the London Stock Exchange (https://www.londonstockexchange.com/) or, if 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 including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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 on the website of the relevant stock exchange or relevant authority and/or 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) or such websites 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 the second day 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 or Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. CURRENCY INDEMNITY

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer and/or the Bank or in the liquidation, insolvency or any similar process of the Issuer and/or the Bank or for any other reason, any payment under or in connection with the Notes or the Coupons is made or falls to be satisfied in a currency (the **other currency**) other than the Specified Currency, then, to the extent that the payment (when converted into the Specified Currency at the rate of exchange on the date of payment or, if it is not practicable for the relevant recipient to purchase the Specified Currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the relevant recipient falls short of the amount due under these Conditions, the Issuer and the Bank jointly and severally undertake that they shall, as a separate and independent obligation, indemnify and hold harmless the recipient against the amount of the shortfall. For the purpose of this Condition, **rate of exchange** means the rate at which the relevant recipient is able on the London foreign exchange market on the relevant date to purchase the Specified Currency with the other currency and shall take into account any premium and other reasonable costs of exchange.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of videoconference platform) 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 or the Deed of Guarantee. Such a meeting may be convened by the Issuer or the Bank 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 outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present and 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 present whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, including the modification of the Deed of Guarantee or certain of these conditions (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), the quorum shall be one or more persons present and 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 present and holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting at which such resolution was passed and whether or not voting, and on all Couponholders.

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

(a) any modification of the Notes, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer and the Bank, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or

(b) any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer and the Bank, not prejudicial to the interests of the Noteholders and the Couponholders.

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 14 as soon as practicable thereafter.

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 votes cast on such resolution, (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 or (iii) consent given by way of Electronic Consent 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 by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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 SUBMISSION TO JURISDICTION

19.1 Governing law

The Agency Agreement, the Deed of Guarantee, the Deed of Covenant, these Conditions (including the remaining provisions of this Condition 19), the Notes, the Coupons and any non-contractual obligations arising out of or in connection with them 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, the Coupons and/or the Talons, these Conditions, the Agency Agreement, the Deed of Covenant or the Deed of Guarantee (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of the nullity of any of them 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 in accordance with the Arbitration Rules of the London Court of International Arbitration (the **LCIA**) (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, England;

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

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

(b) in the event no arbitration has commenced,

require that a Dispute be heard by a court of law (a **Notice to Litigate**). If a Notice to Litigate is given, the Dispute to which such notice refers shall be determined in accordance with Condition 19.5 and, subject as provided below, any arbitration commenced under Condition 19.2 in respect of that Dispute will be terminated. Each party to the terminated arbitration will bear its own costs in relation thereto.

19.4 Termination of Arbitral Proceedings

If a Notice to Litigate is given after service of any Request for Arbitration in respect of any Dispute, the relevant Noteholder(s) or Couponholder(s) must also promptly give notice to the LCIA Court and any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before their appointment is terminated;

(b) their entitlement to be paid their proper fees and disbursements; and

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

19.5 Provisions relating to Judicial Proceedings

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

(a) subject to Condition 19.5(c) below, the courts of England or the courts of the Dubai International Financial Centre (**DIFC**), each at the option of any Noteholder or Couponholder, shall have exclusive jurisdiction to settle any Dispute and each of the Issuer and the Bank irrevocably submits to the exclusive jurisdiction of such courts;

(b) each of the Issuer and the Bank has waived any objection to the courts of England or the courts of the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute and will not argue to the contrary; and

(c) this Condition 19.5 is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding Conditions 19.5(a) and 19.5(b) above, the Noteholders and Couponholders may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, any Noteholders or Couponholder may take concurrent Proceedings in any number of jurisdictions.

19.6 Appointment of Process Agent

Each of the Issuer and the Bank irrevocably appoints Maples and Calder at its registered office at 6th Floor, DUO, 280 Bishopsgate, London EC2M 4RB, United Kingdom as its authorised agent for service of process in England. If for any reason such agent shall be unable or unwilling to act as agent for service of process, the Issuer and the Bank shall forthwith appoint a new agent for service of process in England and shall notify the Noteholders and Couponholders of such appointment. The Issuer and the Bank will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept service. The Issuer and the Bank each agree that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition 19 shall affect the right to serve process in any other manner permitted by law.

19.7 Waiver of immunity

To the extent that the Issuer or the Bank may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or the Bank or its assets or revenues, each of the Issuer and the Bank agrees not to claim and irrevocably and unconditionally waives such immunity to the fullest extent permitted by the laws or such jurisdiction. Further, each of the Issuer and the Bank irrevocably and unconditionally consents to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

19.8 Other documents

Each of the Issuer and the Bank, where applicable, has in the Agency Agreement, the Deed of Guarantee and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be lent by the Issuer to the Bank and will be applied by the Bank for its general corporate purposes.

DESCRIPTION OF THE ISSUER

General

The Issuer, a Cayman Islands exempted company with limited liability, was incorporated on 27 April 2015 under the Companies Act (As Revised) of the Cayman Islands with company registration number 299164. The registered office of the Issuer is at Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands with telephone number +1 345 949 8066.

The authorised share capital of the Issuer is U.S.$50,000 divided into ordinary shares of a nominal or par value of U.S.$1.00 each. As at the date hereof, 100 ordinary shares with a par value of U.S.$1.00 each had been issued and all of the issued shares are fully-paid and are held by the Bank.

Business of the Issuer

The Issuer is a special purpose entity which is a wholly owned subsidiary of the Bank and which has been established for the purpose of: (i) issuing the 2015 Notes and entering into the transactions contemplated by the documents referred to in the prospectus in connection with the 2015 Notes to which it is a party, and (ii) issuing the Notes under the Programme and entering into the transactions contemplated by the documents referred to in this Base Offering Circular to which it is or will be a party.

The Issuer has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the 2015 Notes and any Notes issued under the Programme.

Directors of the Issuer

The management of the Issuer is conducted by a board of directors that consists of the following:

Directors:

Name:	Principal Occupation:
John Irwin	Vice President, Fiduciary, Maples Fund Services (Middle East) Limited
Brent Whittaker	Vice President, MaplesFS Limited
Jamie Sanford	Vice President, MaplesFS Limited

The business address of John Irwin is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Brent Whittaker and Jamie Sanford is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Issuer.

Financial Statements

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Director Services Agreement

Pursuant to the terms of a director services agreement entered into between the Issuer and Maples Fiduciary Services (Cayman) Limited (**Maples Fiduciary**), Maples Fiduciary provides non-executive directors to the Issuer. Maples Corporate Services Limited (**MCS**) provides registered office services to the Issuer in accordance with its standard terms and conditions for the provision of registered office services. In consideration of the foregoing, Maples Fiduciary and MCS receive various fees payable by the Issuer at rates agreed upon from time to time.

SELECTED FINANCIAL INFORMATION

The selected financial information below has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements (and, in each case, the notes thereto), which have each been incorporated by reference and form part of this Base Offering Circular.

The ratios included herein have been prepared based on management information and information in the Financial Statements. Certain metrics in "Key Financial Ratios" below constitute APMs for the purposes of the ESMA Guidelines. See "Presentation of Financial and Other Information—Presentation of Financial Information".

Condensed Consolidated Interim Statement of Profit or Loss

	For the six months ended 30 June	
	2025	**2024**
	(unaudited)	
	(AED'000)	
Interest income	1,159,197	1,014,464
Interest expense	(839,705)	(808,449)
Net interest income	**319,492**	**206,015**
Net fee and commission income	76,523	73,829
Exchange profit	18,028	13,351
Income on investments	40,309	1,607
Net (loss) / income on properties	(1,152)	3,932
Other income	100	1,324
Operating income	**453,300**	**300,058**
Net impairment (loss) / reversal on financial assets	(16,149)	3,696
Net operating income	**437,151**	**303,754**
Personnel expenses	(78,775)	(65,463)
Depreciation	(10,725)	(12,352)
Other expenses	(52,365)	(42,528)
Profit before taxes	**295,286**	**183,411**
Income tax expense	(26,960)	(12,441)
Net profit for the period	**268,326**	**170,970**
Attributable to:		
Equity holders of the Bank	268,978	171,538
Non-controlling interests	(652)	(568)
Net profit/(loss) for the period	**268,326**	**170,970**
Basic and diluted profit per share (AED)	0.090	0.057

Consolidated Statement of Profit or Loss for the Year Ended 31 December

	For the year ended	
	2024	2023
	(audited)	
	(AED'000)	
Interest income	2,085,080	1,762,319
Interest expense	(1,656,071)	(1,538,396)
Net interest income	**429,009**	**223,923**
Net fee and commission income	154,667	177,044
Exchange profit	25,771	15,188
Income / (loss) on investments	11,164	(52,185)
Net income / (loss) on properties	104,431	(97,762)
Other income	1,474	4,483
Operating income	**726,516**	**270,691**
Net impairment (loss) / reversal on financial assets	(44,384)	2,189
Net operating income	**682,132**	**272,880**
Personnel expenses	(136,944)	(179,616)
Depreciation	(21,068)	(23,576)
Other expenses	(107,760)	(127,420)
Impairment of intangible assets	–	(18,365)
Net impairment charge on subsidiary held for sale	–	(199,153)
Profit / (loss) before tax	**416,360**	**(275,250)**
Income tax expense	(31,670)	–
Net profit / (loss) for the year	**384,690**	**(275,250)**
Attributable to:		
Equity holders of the Bank	384,474	(273,521)
Non-controlling interests	216	(1,729)
Net profit / (loss) for the year	**384,690**	**(275,250)**
Basic and diluted profit / (loss) per share (AED)	0.13	(0.10)

Consolidated Statement of Financial Position

	As at 30 June	As at 31 December	
	2025	2024	2023
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
ASSETS			
Cash and balances with central banks	2,596,991	4,639,575	4,558,295
Deposits and balances due from banks	753,376	595,972	618,633
Loans and advances, net	30,097,047	24,302,758	22,067,850
Investment securities, net	9,729,623	10,101,570	7,727,410
Investment properties	1,157,453	1,157,453	1,102,753
Assets acquired in settlement of debts	1,081,285	1,070,090	1,078,084
Other assets	632,626	679,832	1,252,252
Properties and equipment	183,159	190,932	209,613
Subsidiary held for sale	844,790	844,790	844,790
Total Assets	**47,076,350**	**43,582,972**	**39,459,680**
LIABILITIES AND EQUITY			
Liabilities			
Customers' deposits	32,290,414	29,704,942	26,342,597
Deposits and balances due to banks	3,792,639	2,822,812	1,916,341
Repo borrowings	2,321,009	2,420,284	1,702,312
Other liabilities	971,795	1,245,042	1,987,917
Issued bonds	3,577,880	3,563,070	4,004,998
Total liabilities	**42,953,737**	**39,756,150**	**35,954,165**
Equity			
Capital and reserves			
Share capital	3,000,000	3,000,000	3,000,000
Statutory reserve	1,088,469	1,088,469	1,050,000
Impairment reserve	262,885	190,316	190,316
Investment fair value reserve	(783,597)	(811,062)	(754,382)
Currency translation reserve	(386,675)	(386,675)	(386,675)
Retained earnings	940,643	744,234	404,932
Equity attributable to equity holders of the Bank	**4,121,725**	**3,825,282**	**3,504,191**
Non-controlling interests	888	1,540	1,324
Total equity	**4,122,613**	**3,826,822**	**3,505,515**
Total liabilities and equity	**47,076,350**	**43,582,972**	**39,459,680**

Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended 30 June	
	2025	2024
	(unaudited)	
	(AED'000)	
Net profit for the period	**268,326**	**170,970**
Other comprehensive loss items		
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Net changes in fair value of equity instruments measured at fair value through other comprehensive income	19,488	(45,208)
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	6,410	–
Expected credit loss on FVOCI Bonds	1,567	–
Other comprehensive income / (loss) for the period	**27,465**	**(45,208)**
Total comprehensive income for the period	**295,791**	**125,762**
Attributable to:		
Equity holders of the Bank	296,443	126,330
Non-controlling interests	(652)	(568)
Total comprehensive income for the period	**295,791**	**125,762**

Consolidated Statement of Comprehensive Income

	For the year ended 31 December	
	2024	2023
	(audited)	
	(AED'000)	
Net profit / (loss) for the year	**384,690**	**(275,250)**
Other comprehensive (loss)/income items		
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Net changes in fair value of equity instruments measured at fair value through other comprehensive income	(67,542)	(49,008)
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of debt instruments measured at fair value though other comprehensive income	(2,058)	–
Expected credit loss on FVOCI bonds	6,217	–
Translation differences from a subsidiary	–	(386,675)
Other comprehensive loss for the year	**(63,383)**	**(435,683)**
Total comprehensive income / (loss) for the year	**321,307**	**(710,933)**
Attributable to:		
Equity holders of the Bank	321,091	(709,204)
Non-controlling interests	216	(1,729)
Total comprehensive income / (loss) for the year	**321,307**	**(710,933)**

Extract of Condensed Consolidated Interim Statement of Cash Flows

	For the six months ended 30 June	
	2025	2024
	(unaudited)	
	(AED'000)	
Cash used in operations	(3,636,779)	(730,214)
Cash used in investing activities	453,598	(712,834)
Cash generated from financing activities	1,231,021	1,355,539
Net decrease in cash and cash equivalents during the period	**(1,952,160)**	**(87,509)**
Cash and cash equivalents at the beginning of the period	2,818,405	2,395,016
Cash and cash equivalents at the end of the period	**866,245**	**2,307,507**

Extract of Consolidated Statement of Cash Flows

	For the year ended 31 December	
	2024	2023
	(audited)	
	(AED'000)	
Cash generated from / (used in) operations	1,717,191	(1,204,206)
Cash generated (used in) / generated from investing activities	(2,397,472)	124,830
Cash generated from financing activities	1,103,670	157,786
Net increase / (decrease) in cash and cash equivalents during the year	**423,389**	**(921,590)**
Cash and cash equivalents at the beginning of the year	2,395,016	3,316,606
Cash and cash equivalents at the end of the year	**2,818,405**	**2,395,016**

Key Financial Ratios

The following table sets out certain key ratios calculated with results derived from the Financial Statements. These ratios (other than the capital adequacy ratio and earnings per share) are not calculated on the basis of IFRS and are not IFRS measures of financial performance. These ratios (other than the capital adequacy ratio and earnings per share) constitute APMs for the purposes of the ESMA Guidelines. See "*Presentation of Financial Information*".

	As at / for the six months ended 30 June	As at / for the year ended 31 December	
	2025	2024	2023
	(% unless otherwise specified)		
Net interest margin	1.61	1.17	0.65
Net loans/total assets	63.93	55.76	55.93
Customers' deposits/total assets	68.59	68.16	66.76
Net advances to total deposits ratio	93.2	81.8	83.8
Liquid assets ratio	12.72	17.57	16.73
Cost to income ratio	31.30	36.58	128.92
ASRR	87.53	78.66	76.56
Return on equity	13.02	10.05	(7.85)
Return on assets	1.14	0.88	(0.70)
Non-performing financings ratio (net)	3.78	4.17	4.29
Non-performing financings provisions ratio	85.6	84.9	85.9
Capital adequacy ratio*	14.04	15.3	14.7
Earnings/(loss) per share (*AED*)	0.09	0.13	(0.10)

Notes:

* Calculated in accordance with UAE Central Bank regulations.

FINANCIAL REVIEW

The following discussion contains an analysis of the audited consolidated results of operations of the Group as at and for the years ended 31 December 2023 and 31 December 2024 and of the unaudited condensed consolidated interim financial information as at and for the six-month periods ended 30 June 2025 and 30 June 2024 and should be read in conjunction with the Financial Statements. Unless otherwise specified, the financial data discussed below has been extracted without material adjustment from the financial statements referred to above.

References in this financial review to 2023 and 2024 are for the 12 months ended 31 December 2023 and 31 December 2024, respectively. The percentage or percentage changes in this financial review are based on the amounts reported in the Group's financial statements referred to above. 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.

Business Overview

The Bank is a public joint stock company incorporated by an Amiri Decree issued on 22 December 1973 by His Highness Sheikh Dr. Sultan Bin Mohammed Al Qasimi, the ruler of Sharjah and was registered in February 1993 under the Commercial Companies Law Number 8 of 1984 (as amended). The Bank commenced operations in May 1974 and is primarily a corporate bank, catering to UAE-based businesses. It offers general banking services, project finance, trade facilities, syndicated loans, and short-to-medium term loans.

The Group's total assets amounted to AED 47.1 billion as at 30 June 2025, an 8.0 per cent. increase from AED 43.6 billion as at 31 December 2024 which was a 10.4 per cent. increase from AED 39.5 billion as at 31 December 2023.

The Group reported net profit of AED 268.3 million for the six months ended 30 June 2025 and net profit for the year of AED 384.7 million in 2024 compared to a net loss of AED 275.3 million in 2023.

Significant Accounting Policies

Certain of the Group'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 the Bank.

The Bank 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 a summary of significant accounting policies and judgments, see Notes 4 and 5 to the 2024 Financial Statements.

RESULTS OF OPERATIONS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 AND 30 JUNE 2024

Net interest income

The following table sets out the Group's net interest income for the six-month periods ended 30 June 2025 and the 30 June 2024.

	For the six months ended 30 June		Percentage Change
	2025	**2024**	**2025/2024**
	(unaudited)		*(%)*
	(AED'000)		
Interest income	1,159,197	1,014,464	14.3
Interest expense	(839,705)	(808,449)	3.9
Net interest income	**319,492**	**206,015**	**55.1**

The Group's net interest income for the six-month period ended 30 June 2025 increased by 55.1 per cent. to AED 319.5 million from AED 206.0 million for the six-month period ended 30 June 2024. This increase was principally the result of a 14.3 per cent. increase in interest income to AED 1.2 billion for the six-month period ended 30 June 2025 from AED 1.0 billion for the six-month period ended 30 June 2024.

Operating income

The following table sets out the Group's operating income for the six-month periods ended 30 June 2025 and 30 June 2024.

	For the six months ended 30 June		Percentage Change
	2025	**2024**	**2025/2024**
	(unaudited)		*(%)*
	(AED'000)		
Net interest income	**319,492**	**206,015**	**55.1**
Net fee and commission income	76,523	73,829	3.6
Exchange profit	18,028	13,351	35.0
Income on investments	40,309	1,607	2,408.3
Net (loss) / income on properties	(1,152)	3,932	(129.3)
Other income	100	1,324	(92.4)
Operating income	**453,300**	**300,058**	**51.1**

The Group's non-interest income for the six-month period ended 30 June 2025 increased by 42.3 per cent. to AED 133.8 million from AED 94.0 million for the six-month period ended 30 June 2024. This increase was principally the result of an AED 38.7 million increase in income on investments due to a gain of AED 21.8 million on an investment, an AED 15.1 million dividend and fair value gains of AED 2.0 million, supported by a 3.6 per cent. increase in net fee and commission income and a 35.0 per cent. increase in exchange profit.

As a result of the foregoing, the Group's operating income for the six-month period ended 30 June 2025 increased by 51.1 per cent. to AED 453.3 million from AED 300.1 million for the six-month period ended 30 June 2024.

Net impairment (loss) / reversal on financial assets

For the six-month period ended 30 June 2025, the Group recognised a net impairment loss on financial assets of AED 16.1 million compared to a net impairment reversal on financial assets of AED 3.7 million for the six-month period ended 30 June 2024.

Net operating income

As a result of the foregoing, the Group's net operating income for the six-month period ended 30 June 2025 increased by 43.9 per cent. to AED 437.2 million from AED 303.8 million for the six-month period ended 30 June 2024.

General and administrative expenses

The Group's general and administrative expenses for the six-month period ended 30 June 2025 increased 17.9 per cent. to AED 141.9 million from AED 120.3 million for the six-month period ended 30 June 2024. This increase was principally the result of a 20.3 per cent. increase in personnel expenses and a 23.1 per cent. increase in other expenses.

Income tax expense

For the six-month period ended 30 June 2025, the Group recognised income tax expense of AED 27.0 million compared to AED 12.4 million for the six-month period ended 30 June 2024.

Net profit for the period

As a result of the foregoing, the Group's net profit for the period ended 30 June 2025 increased by 56.9 per cent. to AED 268.3 million from AED 171.0 million for the period ended 30 June 2024.

RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 31 DECEMBER 2023

Net interest income

The following table sets out the Group's net interest income in 2023 and 2024.

	For the year ended 31 December		Percentage Change
	2024	**2023**	**2024/2023**
	(AED'000)		*(%)*
Interest income	2,085,080	1,762,319	18.3
Interest expense	(1,656,071)	(1,538,396)	7.6

Net interest income	**429,009**	**223,923**	**91.6**

The Group's net interest income increased by 91.6 per cent. from AED 223.9 million in 2023 to AED 429.0 million in 2024. This increase was a result of an 18.3 per cent. increase in interest income from AED 1.8 billion in 2023 to AED 2.1 billion in 2024, which was partially offset by a 7.6 per cent. increase in interest expense from AED 1.5 billion in 2023 to AED 1.7 billion in 2024.

The increase in the Group's interest income in 2024 was principally the result of a 13.2 per cent. increase in interest income from loans and advances to customers from AED 1.3 billion in 2023 to AED 1.5 billion in 2024 and a 33.5 per cent. increase in interest income from investment securities at amortised cost from AED 358.1 million in 2023 to AED 478.2 million in 2024. These increases reflected increases in the volume of the Group's portfolio of loans and advances, bonds and sukuk.

The increase in the Group's interest expense in 2024 was principally the result of a 9.3 per cent. increase in interest expense in respect of customers' deposits from AED 1.1 billion in 2023 to AED 1.2 billion in 2024 and an 11.7 per cent. increase in interest expense in respect of issued bonds from AED 202.5 million in 2023 to AED 226.1 million in 2024. These increases reflected an increase in the Group's portfolio of customer deposits and an increase in the Bank's borrowings.

Operating income

Non-interest income

The following table sets out the Group's non-interest income in 2023 and 2024.

	For the year ended 31 December		Percentage Change
	2024	2023	2024/2023
	(AED'000)		*(%)*
Net interest income	**429,009**	**223,923**	**91.6**
Net fee and commission income	154,667	177,044	(12.6)
Exchange profit	25,771	15,188	69.7
Income / (loss) on investments	11,164	(52,185)	(121.4)
Net income / (loss) on properties	104,431	(97,762)	(206.8)
Other income	1,474	4,483	(67.1)
Operating income	**726,516**	**270,691**	**168.4**

Net fee and commission income

The Group's non-interest income is principally generated through fees and commissions.

The Group's net fee and commission income decreased by 12.6 per cent. from AED 177.0 million in 2023 to AED 154.7 million in 2024. This decrease was principally the result of a 34.7 per cent. decrease in management and commitment fees principally due to a non-recurring service charge of AED 44 million in 2023 and a 47.0 per cent. decrease in trade finance activities principally due to a decrease in fee income from acceptances under import letters of credit.

Exchange profit

The Group's exchange profit increased by 69.7 per cent. from AED 15.2 million in 2023 to AED 25.8 million in 2024. This increase was the result of normal foreign exchange operations for rates charged to customers and foreign exchange translation.

Income / (loss) on investments

In 2024, the Group reported income on investments of AED 11.2 million compared to a loss on investments in 2023 of AED 52.2 million. The loss in 2023 was principally the result of revaluation loss on investments and an impairment on an investment measured at amortised cost recognised in 2023.

Net income / (loss) on properties

In 2024, the Group reported net income on properties of AED 104.4 million compared to net loss on properties in 2023 of AED 97.8 million. The loss in 2023 was principally a result of certain properties being revalued lower in 2023 compared to 2024 and the Bank taking a conservative approach in respect of such revaluations.

Other income

The Group's other income principally comprised income generated from a limited number of transactions that are infrequent and non-recurring in nature.

Operating income

As a result of the foregoing, the Group's operating income increased by 168.4 per cent. from AED 270.7 million in 2023 to AED 726.5 million in 2024.

Net impairment (loss) / reversal on financial assets

In 2024, the Group reported a net impairment loss on financial assets of AED 44.4 million compared to an impairment reversal on financial assets of AED 2.2 million in 2023.

The following table sets out the Group's net impairment loss on financial assets in 2024.

	Opening balance	**Net charge / (reversals) during the year**	**Write off during the year**	**Closing balance**
		(AED'000)		
Deposits and balances due from banks	132,582	100	–	132,682
Loans and advances	1,731,369	55,239	(38)	1,786,570
Investments	3,599	(548)	–	3,051
Unfunded exposure	30,263	(12,159)	–	18,104
Other assets	27,964	–	–	27,964
Total	**1,925,777**	**42,632**	**(38)**	**1,968,371**
Charge on FVOCI Bonds		6,217		
Other adjustments		(4,465)		
Net impairment loss on financial assets		**44,384**		

The following table sets out of the Group's net impairment loss on financial assets in 2023.

	Opening balance	**Subsidiary held for sale adjustment**	**Net charge / (reversals) during the year**	**Write off during the year**	**Closing balance**
			(AED'000)		
Cash and balances with central banks	153,148	(20,936)	(132,212)	-	-
Deposits and balances due from banks	1,683	(7)	130,906	-	132,582
Loans and advances	1,775,177	(10,576)	(9,506)	(23,726)	1,731,369
Investments	10,720	(6,936)	(185)	-	3,599
Unfunded exposure	33,164	(45)	(2,856)	-	30,263
Other assets	27,964	-	-	-	27,964
	2,001,856	**(38,500)**	**(13,853)**	**(23,726)**	**1,925,777**
Direct charge			11,664		
Net impairment reversal on financial assets			**(2,189)**		

The Group's non-performing financings provisions ratio in 2024 was 84.9 per cent. compared to 85.9 per cent. in 2023. This ratio does not take into consideration mortgaged properties and other realisable collateral available against impaired loans.

Net operating income

As a result of the foregoing, the Group's net operating income increased by 150.0 per cent. from AED 272.9 million in 2023 to AED 682.1 million in 2024.

Profit / (loss) for the year

General and administrative expenses

The following table sets out the components of the Group's general and administrative expenses in 2024 and 2023.

	For the year ended 31 December	**Percentage Change**

	2024	2023	2024/2023
	(AED'000)		*(%)*
Personnel expenses	(136,944)	(179,616)	(23.8)
Depreciation	(21,068)	(23,576)	(10.6)
Other expenses	(107,760)	(127,420)	(15.4)
	(265,772)	**(330,612)**	**(19.6)**

The Group's general and administrative expenses decreased by 19.6 per cent. from AED 330.6 million in 2023 to AED 265.8 million in 2024.

This decrease was principally the result of a 23.8 per cent. decrease in personnel expenses from AED 179.6 million in 2023 to AED 136.9 million in 2024 due to a reduction in salaries and related benefits and a 15.4 per cent. decrease in other expenses from AED 127.4 million in 2023 to AED 107.8 million in 2024 principally due to a decrease in operating expenses and subsidiaries management fees.

Salaries and employee related expenses constituted approximately 51.5 per cent. of the Group's total general and administrative expenses in 2024.

Net profit / (loss) for the year

As a result of the foregoing, the Group reported net profit for the year of AED 384.7 million in 2024 compared to a net loss for the year of AED 275.3 million in 2023.

ASSETS

The following table sets out the components of the Group's total assets as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	As at 31 December	
	2025	**2024**	**2023**
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Cash and balances with central banks	2,596,991	4,639,575	4,558,295
Deposits and balances due from banks	753,376	595,972	618,633
Loans and advances, net	30,097,047	24,302,758	22,067,850
Investments securities, net	9,729,623	10,101,570	7,727,410
Investment properties	1,157,453	1,157,453	1,102,753
Assets acquired in settlement of debts	1,081,285	1,070,090	1,078,084
Other assets	632,626	679,832	1,252,252
Properties and equipment	183,159	190,932	209,613
Subsidiary held for sale	844,790	844,790	844,790
Total Assets	**47,076,350**	**43,582,972**	**39,459,680**

The Group's total assets amounted to AED 47.1 billion as at 30 June 2025, an 8.0 per cent. increase from AED 43.6 billion as at 31 December 2024, which was a 10.4 per cent. increase from AED 39.5 billion as at 31 December 2023.

The increase as at 30 June 2025 compared to 31 December 2024 was principally the result of a 23.8 per cent. increase in loans and advances (net) from AED 24.3 billion as at 31 December 2024 to AED 30.1 billion as at 30 June 2025 (see further, "*—Loans and advances*").

The increase as at 31 December 2024 compared to 31 December 2023 was principally the result of a 30.7 per cent. increase in investment securities (net) from AED 7.7 billion as at 31 December 2023 to AED 10.1 billion as at 31 December 2024 and a 10.1 per cent. increase in loans and advances (net) from AED 22.1 billion as at 31 December 2023 to AED 24.3 billion as at 31 December 2024 (see further, "*—Loans and advances*").

The Group is required to maintain statutory deposits with the UAE Central Bank. The statutory deposits with central banks are not available to finance the day-to-day operations of the Group. As at 31 December 2024, the statutory deposits with the UAE Central Bank amounted to AED 70.0 million (compared to AED 320.7 million as at 31 December 2023).

Loans and advances

As at 30 June 2025, net loans and advances represented 63.9 per cent. of the Group's total assets.

The following table sets out the Group's net loans and advances as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	As at 31 December	
	2025	2024	2023
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Overdrafts	8,289,761	6,511,448	4,663,532
Commercial loans	21,106,237	16,665,417	14,715,439
Bills discounted	944,767	1,180,987	2,085,781
Other advances	1,569,622	1,731,476	2,334,467
Gross amount of loans and advances	**31,910,387**	**26,089,328**	**23,799,219**
Expected credit losses	(1,813,340)	(1,786,570)	(1,731,369)
Net loans and advances	**30,097,047**	**24,302,758**	**22,067,850**

The Group's net loans and advances amounted to AED 30.1 billion as at 30 June 2025, a 23.8 per cent. increase from AED 24.3 billion as at 31 December 2024 which was a 10.1 per cent. increase from AED 22.1 billion as at 31 December 2023.

The increase as at 30 June 2025 compared to 31 December 2024 was principally the result of a 26.6 per cent. increase in commercial loans from AED 16.7 billion as at 31 December 2024 to AED 21.1 billion as at 30 June 2025 and a 27.3 per cent. increase in overdrafts from AED 6.5 billion as at 31 December 2024 to AED 8.3 billion as at 30 June 2025.

The increase as at 31 December 2024 compared to 31 December 2023 was principally the result of a 13.3 per cent. increase in commercial loans from AED 14.7 billion as at 31 December 2023 to AED 16.7 billion as at 31 December 2024 and a 39.6 per cent. increase in overdrafts from AED 4.7 billion as at 31 December 2023 to AED 6.5 billion as at 31 December 2024.

The following table sets out the composition of the Group's loans and advances portfolio by economic sector as at 31 December 2024 and 31 December 2023.

	As at 31 December	
	2024	2023
	(audited)	
	(AED'000)	
Services	8,204,969	6,371,799
Trading	3,783,964	3,659,109
Personal loans	3,738,521	4,486,526
Manufacturing	3,270,766	2,893,831
Government related entities	2,762,518	2,236,096
Financial institutions	1,685,173	685,447
Government	851,433	713,768
Construction	542,450	795,020
Mining and quarrying	435,817	939,718
Transport and communication	178,339	193,508
Other	635,378	824,397
	26,089,328	**23,799,219**
Expected credit losses	(1,786,570)	(1,731,369)
Net loans and advances	**24,302,758**	**22,067,850**

The Group holds collateral against loans and advances in the form of mortgage interests over properties, vehicles and machineries, cash margins, fixed deposits, guarantees and others. The Group does not lend against security but lends on the basis of the customer's overall risk profile. However, the Group usually seeks collateral in relation to new customers or for specific transactions. The Group accepts guarantees mainly from well-reputed local or international banks, well-established local or multinational corporate entities and high net worth private individuals. The Group's management has estimated the fair value collateral as at 30 June 2025 to be AED 15.4 billion (compared to AED 12.5 billion as at 31 December 2024 and AED 13.6 billion as at 31 December 2023). Valuations are carried out annually as required under the lending agreements. The fair value of the collateral includes cash deposits which are not under lien and the Group has the right to set-off against the outstanding facilities.

See "*Risk Management—Loan Classification and Impairment Policy*" for further information of the Group's provision for impaired loans and advances.

Investment securities

The following table sets out the Group's investment securities as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June 2025	As at 31 December 2024	2023
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Investments measured at fair value			
Investments measured at FVTPL			
Quoted equity securities	–	–	134,706
Quoted debt securities	331,703	423,181	–
	331,703	**423,181**	**134,706**
Investments measured at FVTOCI			
Quoted equity securities	784,113	400,844	104,544
Unquoted equity securities	76,505	76,173	120,222
Quoted debt securities	1,389,332	1,319,444	–
	2,249,950	**1,796,461**	**224,766**
Total investments measured at fair value	**2,581,653**	**2,219,642**	**359,472**
Investments measured at amortised cost			
Quoted debt securities	2,649,107	883,579	190,567
Unquoted debt securities	4,501,287	7,001,400	7,180,970
Expected credit losses	(2,424)	(3,051)	(3,599)
Total investments measured at amortised cost	**7,147,970**	**7,881,928**	**7,367,938**
Total investments	**9,729,623**	**10,101,570**	**7,727,410**

All of the quoted investments are listed on the securities exchanges in the U.A.E. (Abu Dhabi Securities Exchange (the **ADX**) and the Dubai Financial Market). Included in the debt securities measured at amortised cost are bonds and sukuk with the fair value of AED 2.6 billion as at 30 June 2025, AED 2.7 billion as at 31 December 2024 and AED 2.1 billion as at 31 December 2023 given as collateral against borrowings under repo agreements (see further, Note 13 to the Interim Financial Statements and Note 17 to the 2024 Financial Statements).

Investment properties

As at 30 June 2025, the Group had investment properties amounting to AED 1.2 billion.

The following table sets out details of the Group's investment properties as at 31 December 2024 and 31 December 2023.

	Plots of land	Commercial and residential units	Total
		(AED'000)	
Opening balance at 1 January 2023	**278,447**	**879,662**	**1,158,109**
Decrease in fair value during the year	6,277	(61,633)	(55,356)
Balance at 31 December 2023	**284,724**	**818,029**	**1,102,753**
Increase in fair value during the year	–	54,700	54,700
Fair value at 31 December 2024	**284,724**	**872,729**	**1,157,453**

FUNDING – LIABILITIES AND EQUITY

The following table sets out the Group's total liabilities and equity as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June 2025	As at 31 December 2024	2023

	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Liabilities			
Customers' deposits	32,290,414	29,704,942	26,342,597
Deposits and balances due to banks	3,792,639	2,822,812	1,916,341
Repo borrowings	2,321,009	2,420,284	1,702,312
Other liabilities	971,795	1,245,042	1,987,917
Issued bonds	3,577,880	3,563,070	4,004,998
Total liabilities	**42,953,737**	**39,756,150**	**35,954,165**
Equity			
Capital and reserves			
Share capital	3,000,000	3,000,000	3,000,000
Statutory reserve	1,088,469	1,088,469	1,050,000
Impairment reserve	262,885	190,316	190,316
Investment fair value reserve	(783,597)	(811,062)	(754,382)
Currency translation reserve	(386,675)	(386,675)	(386,675)
Retained earnings	940,643	744,234	404,932
Equity attributable to equity holders of the Bank	**4,121,725**	**3,825,282**	**3,504,191**
Non-controlling interests	888	1,540	1,324
Total equity	**4,122,613**	**3,826,822**	**3,505,515**
Total liabilities and equity	**47,076,350**	**43,582,972**	**39,459,680**

Customers' deposits

The Group's customers' deposits amounted to AED 32.3 billion as at 30 June 2025, an 8.7 per cent. increase from AED 29.7 billion as at 31 December 2024 which was a 12.8 per cent. increase from AED 26.3 billion as at 31 December 2023.

The following table sets out the type of the Group's customers' deposits as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	**As at 31 December**	
	2025	**2024**	**2023**
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Current and other accounts	6,122,206	6,324,769	4,586,738
Saving accounts	117,843	95,283	98,911
Time deposits	26,050,365	23,284,890	21,656,948
	32,290,414	**29,704,942**	**26,342,597**

As at 30 June 2025, 80.7 per cent. of the Group's customers' deposits were time deposits, 19.0 per cent. were current and other accounts and 0.4 per cent. were savings accounts.

Issued Bonds

On 18 September 2019, the Bank issued senior unsecured fixed rate notes, totalling U.S.$600 million (equivalent to AED 2,204 million) for a five-year maturity at mid swaps plus 250 basis points, to yield 4.015 per cent., classified at amortised cost. The notes were issued under this Programme, which was historically listed on The Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**). These notes were fully repaid in 2024.

On 14 March 2023, the Bank issued senior unsecured fixed rate notes, totalling U.S.$500 million (equivalent to AED 1,836.5 million) for a five-year maturity at a coupon of 7 per cent., classified at amortised cost. The notes were issued under this Programme, which was historically listed on Euronext Dublin.

On 12 September 2024, the Bank issued senior unsecured fixed rate notes, totalling U.S.$500 million (equivalent to AED 1,836.5 million) for a five-year maturity at a coupon of 5.25 per cent., classified at amortised cost. The notes were issued under this Programme.

Equity

The following table sets out the Group's total equity as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	As at 31 December	
	2025	2024	2023
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Capital and reserves			
Share capital	3,000,000	3,000,000	3,000,000
Statutory reserve	1,088,469	1,088,469	1,050,000
Impairment reserve	262,885	190,316	190,316
Investment fair value reserve	(783,597)	(811,062)	(754,382)
Currency translation reserve	(386,675)	(386,675)	(386,675)
Retained earnings	940,643	744,234	404,932
Equity attributable to equity holders of the Bank	**4,121,725**	**3,825,282**	**3,504,191**
Non-controlling interests	888	1,540	1,324
Total equity	**4,122,613**	**3,826,822**	**3,505,515**
Total liabilities and equity	**47,076,350**	**43,582,972**	**39,459,680**

In accordance with the Bank's Articles of Association, and in compliance with Decretal Federal Law No. (14) of 2018, a minimum of 10 per cent. of profit should be transferred to a non-distributable statutory reserve until such time as this reserve equals 50 per cent. of the Bank's issued capital.

DIVIDENDS

At the Annual General Meeting of the shareholders to approve the 2024 Financial Statements, held on 23 April 2025, the shareholders approved no cash dividends distribution.

COMMITMENTS AND CONTINGENT LIABILITIES

Credit-related commitments include commitments to extend credit, standby letters of credit, and guarantees which are designed to meet the requirements of the Group's customers.

Commitments to extend credit represent contractual commitments to make loans and advances and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

These contracts would have market risk if issued or extended at a fixed rate of interest. However, these contracts are primarily made at zero or floating interest rates.

The table below sets out the Group's commitments and contingent liabilities as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	As at 31 December	
	2025	2024	2023
	(unaudited)	*(audited)*	
	(AED'000)	*(AED'000)*	
Financial guarantees for loans	207,829	207,829	207,829
Other guarantees	1,798,928	1,540,525	1,311,368
Letters of credit	304,990	292,343	459,086
	2,311,747	**2,040,697**	**1,978,283**
Irrevocable commitments to extend credit	995,521	545,953	476,117
	3,307,268	**2,586,650**	**2,454,400**

DESCRIPTION OF THE GROUP

OVERVIEW

Bank of Sharjah P.J.S.C. is a public joint stock company with limited liability, incorporated by an Emiri Decree issued on 22 December 1973 by His Highness Sheikh Dr. Sultan Bin Mohammed Al Qasimi, the ruler of Sharjah, and had initial paid up capital of AED 15 million. It commenced operations in May 1974 as the first consortium bank to be established in the GCC in association with Banque Paribas. The Bank's commercial registration number is 44505. The registered office of the Bank is at Bank of Sharjah, Al Khan Street, P.O. Box 1394, Sharjah, United Arab Emirates. The Bank's telephone number is +971 6 569 4411.

The founding members of the Bank were the Government of Sharjah, the Hassawi Group and Banque Paribas who each held 20 per cent. of the Bank's shares. In the wake of the merger between BNP and Paribas, the newly formed BNP Paribas sold its stake in the Bank in 2002. The Bank is primarily a corporate bank, catering to UAE-based businesses. It offers general banking services, project finance, trade facilities, syndicate loans, and short-to-medium term loans. In addition, the Bank engages in private banking, wealth management, and investment banking. The Bank strategically invests in regional public entities and targets large and medium-sized corporates as well as performing small and medium-sized enterprises (**SMEs**) that demonstrate a high propensity of upward trends when viewed with a medium or long-term perspective. This has allowed the Bank to expand the depth of its customer base in the GCC and the Levant regions.

The Bank has increased its capital since inception from AED 15 million to AED 3 billion. As at 30 June 2025, the Sharjah Government, through Sharjah Asset Management, owned 39.25 per cent. of the Bank. The United Al Saqr Group owned 9.31 per cent. As at 30 June 2025, 13 shareholders owned 79.97 per cent. of the Bank of which 70.80 per cent. was controlled by the Board. The balance of the capital, 29.20 per cent., is held publicly. The Bank's shares have been listed and traded on the ADX since April 2004.

The Group's total assets amounted to AED 47.1 billion as at 30 June 2025, an 8.0 per cent. increase from AED 43.6 billion as at 31 December 2024 which was a 10.4 per cent. increase from AED 39.5 billion as at 31 December 2023.

The Group reported net profit of AED 268.3 million for the six months ended 30 June 2025 and net profit for the year of AED 384.7 million in 2024 compared to a net loss for the year of AED 275.3 million in 2023.

As at 30 June 2025, the Group's total capital adequacy ratio was 14.04 per cent. and its return on equity was 13.0 per cent.

The Bank has a long-term issuer rating of BBB+ (stable outlook) from Fitch and BBB+ (stable outlook) from Capital Intelligence. Both Fitch and Capital Intelligence are established in the European Union and registered under the CRA Regulation.

History and Development

The Bank was originally founded in Sharjah in 1973, commenced operations in 1974 and opened its first branch in Abu Dhabi in 1988, followed by Dubai in 1996, Al Ain in 2007, Dubai Media City in 2011 and Mussafah, Abu Dhabi, in 2018. In 2004, the Bank was listed on the ADX.

In 2012, in order to enhance the Bank's Private Banking Wealth Management office (**PBWM**), a collaboration agreement was signed between PBWM and Commerzbank International S.A., Luxembourg (**Commerzbank Luxembourg**). In January 2017, PBWM signed a new collaboration agreement in respect of its private banking and wealth management business with Bank Julius Baer & Co. Ltd (**Bank Julius Baer**). PBWM's operations are based in Dubai Media City. See "*Description of the Group— Private Banking Wealth Management*" for further details on the Bank's collaboration agreement with Commerzbank Luxembourg and with Bank Julius Baer.

STRATEGY

The Group's new strategy is built on three fundamental pillars: Growth, People and Governance. These pillars are supported by core values including sustainable business growth, people development, high performance culture, ethics, transparency, organisational efficiency, risk management framework and key stakeholder management.

The Group's strategy focuses on the following:

Focus on wholesale and commercial banking with government-related entities and large to mid-sized corporate customers

The Group intends to maintain commercial banking as its core focus, with an increased emphasis on government-related entities (**GREs**), large corporates and family offices to grow and diversify its portfolio.

Commercial banking is core to the Group's business and the Bank considers it as an important contributor to the UAE economy which it expects will continue to grow. In 2024, the Commercial Banking business line reported total operating income of AED 358.9 million (representing 49.4 per cent. of the Group's total operating income). As a result of the Group's historical focus on large to mid-sized corporate customers and the emphasis it has traditionally placed on developing strong relationships with key corporate customers, the Bank believes that it is well placed to continue to grow its commercial banking business in the future and consequently to continue to enhance its ability to generate significant revenues from this segment of banking services in the UAE, with an enhanced focus on ancillary businesses. Conversely, whilst the Bank does not plan to substantially increase its retail banking offering in the near term, it is laying the foundations to support moderate growth in its retail banking offering over the coming years.

Focus on providing quality service and transactional banking and treasury solutions to customers

The Group is committed to delivering high-quality customer service. Emphasising strong customer relationships, the Group aims to develop an in-depth understanding of its customers' businesses to offer tailored solutions. This includes enhancing transactional banking (i.e. trade and cash management) and treasury services, providing an improved suite of banking products.

Selective focus on SMEs

The Group selectively onboards SME customers that demonstrate a high probability of stable growth when viewed with a medium or long-term perspective. The Bank intends to continue to develop relationships with such SMEs with a view of assisting their growth to become larger corporates in line with the Group's traditional customer base.

Greater Focus on International Business

The Group will selectively underwrite businesses in the GCC region, targeting sovereign, GREs, financial institutions and large corporate entities with strong credit profiles. This selective approach aims to diversify the asset book, improve risk profiles, and book return-accretive deals. The Group also expects to attract deposits by focusing on developing international and regional business.

Maintain a conservative attitude to risk by maintaining its capital adequacy ratio and low level of non-performing facilities

The Group maintains strict controls over its business and processes resulting from the Group's conservative attitude towards risk, emphasising the need to maintain high levels of liquidity and capital adequacy. The Group has maintained a capital adequacy ratio of 15.26 per cent. as at 31 December 2024 and 14.04 per cent. as at 30 June 2025, calculated in accordance with Basel III and has experienced low levels of non-performing loan facilities (net of ECL and collateral), with approximately AED 2,118.0 million (or 3.8 per cent. of all loan facilities) classified as non-performing as at 30 June 2025.

COMPETITIVE ADVANTAGES

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

Focused strategy

The Group's long-term strategy has been, and will continue to be, focused on commercial banking with large to mid-sized corporates. Over time, the Group has developed strong, loyal relationships with its corporate customers and is differentiated from its competitors by its focus on this profitable core business. This has enabled the Group to develop critical expertise in commercial banking and has given it stability of income over long periods of time.

In 2024, the Group’s operating income from Commercial Banking was AED 358.9 million compared to AED 264.3 million in 2023 and its total assets amounted to AED 33.6 billion as at 30 June 2025 compared to AED 29.9 billion as at 31 December 2024 and AED 28.3 billion as at 31 December 2023 (being 71.4 per cent., 68.6 per cent. and 71.6 per cent. of the Group's total assets, respectively).

See "*Commercial Banking*" below for further details on the Group's commercial banking business activities.

Quality of service to customers

The Group prides itself on providing very high quality and personalised customer service and believes that developing and maintaining long-term business relationships has been instrumental to its success. The Group believes in proactively assisting customers and clients with measures that focus on their individual needs and provide a speedy and effective service.

The Group's agility in decision-making combined with its internal structure and processes allows the Group to provide bespoke, tailor-made solutions to cater for its customers' financing needs and banking requirements. Central to the Group's business model is a customer-oriented culture, which underscores the importance of cultivating strong relationships with clients. This focus on building connections and gaining an in-depth understanding of each customer's business allows for the customisation of services, ensuring a swift response to any banking requirements. This creates loyalty amongst the Group's key customer base, leading to continuous business opportunities and reducing the likelihood that customers will engage with the Group's competitors.

Committed and experienced workforce

The Board and Senior Management have extensive experience in the banking industry and the Bank's Chairman has been with the Bank since 2004. In alignment with the new growth strategy recently approved by the Board, some members of the Senior Management team have been replaced with professionals who bring broader expertise. This strategic shift is designed to expand the Bank's customer base, introduce additional products and services, and enhance its cross-selling capabilities. The Group has what it regards as a high employee retention rate (90.4 per cent. in 2024 and 94.3 per cent. in 2023). See further "*Management and Employees*".

Well defined and developed credit policies and procedures

The Group believes it has well-defined and conservative lending policies and procedures. See "*—Risk Management—Credit Approval Procedures*".

Stable funding base

Approximately 68.6 per cent. of the Group's assets at 30 June 2025 were funded by customer deposits, 7.6 per cent. by debt capital markets instruments (bonds), 2.1 per cent. by other liabilities, 8.1 per cent. by inter-bank funding, 4.9 per cent. by repo borrowings and the balance by its capital and reserves. The Group has a loyal deposit base of corporate customers, which are regarded by the Group as relatively stable and a low-cost source of funding. As at 30 June 2025, the 10 largest depositors with the Group accounted for approximately 53 per cent. of customers' deposits.

Strong brand and strong links with the community

The Bank has a strong brand in the UAE, and in particular in Sharjah, with a loyal customer base with whom the Bank has long standing relationships. The Bank is committed to national and regional development by funding various educational, cultural and sports institutions and through its direct contributions and donations to various charitable organisations.

COMPETITION

The Bank's principal competitors include both banks which are locally incorporated in the UAE, as well as certain foreign banks operating in the UAE. As at 30 June 2025, there were 50 banks licensed by the UAE Central Bank, of which 23 were banks that were locally incorporated in the UAE (source: UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2). The main competitors of the Bank are UAE banks with significant commercial banking operations in the UAE itself.

Despite the relatively high level of competition in the banking sector, the recent and continuing growth of the UAE economy is expected to lead to an overall growth in demand for banking services. The Bank's objective is to participate in this growth and to increase its market share within its strategic framework and traditional values.

SHARE CAPITAL AND SHAREHOLDERS

As at 30 June 2025, the authorised, issued and fully paid-up ordinary share capital of the Bank comprised 3,000,000,000 ordinary shares of AED 1 each.

As at 30 June 2025, the Sharjah Government, through Sharjah Asset Management, owned 39.25 per cent. of the Bank. The United Al Saqr Group owned 9.31 per cent. As at 30 June 2025, 13 shareholders owned 79.97 per cent. of the Bank of which 70.80 per cent. was controlled by the Board. The balance of the capital, 29.20 per cent., is held publicly.

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

Name of Subsidiary	Proportion of ownership interest *(%)*	Country of incorporation	Principal activities
Emirates Lebanon Bank S.A.L.	100	Lebanon	Financial institution
El Capital FZC	100	UAE	Investment in a financial institution
BOS Real Estate FZC	100	UAE	Real estate development activities
BOS Capital FZC	100	UAE	Investment
Polyco General Trading L.L.C.	100	UAE	General trading
Borealis Gulf FZC	100	UAE	Investment and real estate development activities
BoS Funding Limited	100	Cayman Islands	Financing activities
Muwaileh Capital FZC	90	UAE	Developing of real estate & related activities
BOS Repos Limited	100	Cayman Islands	Financing activities
BOS Derivatives Limited	100	Cayman Islands	Financing activities
GTW Holding LTD	100	UAE (ADGM)	To facilitate the sale of real estate assets
GDLR Holding LTD	100	UAE (ADGM)	To facilitate the sale of real estate assets
BOS Real Estate Egypt	100	Egypt	Real estate development activities

Emirates Lebanon Bank was classified as held for sale in April 2023 (see "*Presentation of Financial and Other Information –Presentation of Financial Information*"). The remaining subsidiaries listed above together contributed 2.5 per cent. of the Group's total assets as at 30 June 2025.

DESCRIPTION OF THE GROUP'S BUSINESS

The Group runs a predominantly commercial banking business. Its Commercial Banking business line principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and, to a limited extent, individual customers.

The Group also runs an Investment Banking business line, which involves the management of the Group's investment portfolio.

The following table sets out the Group's operating income, profit for the year after taxes, assets and liabilities attributable to each of the Group's business lines as at and for the six months ended 30 June 2025 and as at and for the years ended 31 December 2024 and 31 December 2023.

As at / for the six months ended 30 June 2025	Commercial Banking	Investment Banking	Unallocated	Total
	(AED'000)			
Total operating income	256,885	196,415	–	453,300
Net profit/(loss) for the period	129,894	176,117	(37,685)	268,326
Segment assets	33,633,964	11,731,866	1,710,520	47,076,350
Segment liabilities	38,590,612	3,577,880	785,245	42,953,737

As at / for the year ended 31 December 2024	Commercial Banking	Investment Banking	Unallocated	Total
	(AED'000)			
Total operating income	358,850	367,666	–	726,516
Net profit/(loss) for the year	107,014	330,414	(52,738)	384,690
Segment assets	29,887,713	12,103,812	1,591,447	43,582,972
Segment liabilities	35,297,446	3,563,070	895,634	39,756,150

As at / for the year ended 31 December 2023	Commercial Banking	Investment Banking	Unallocated	Total
	(AED'000)			
Total operating income	264,318	6,373	–	270,691
Net profit/(loss) for the year	5,953	(239,262)	(41,941)	(275,250)
Segment assets	28,256,179	9,674,953	1,528,548	39,459,680
Segment liabilities	30,972,647	4,004,998	976,520	35,954,165

Unallocated line items comprise mainly head office expenses and tax assets.

Commercial Banking

The Group's principal activity is in domestic lending to large and mid-sized corporates. Commercial Banking is the largest business line in terms of revenue, assets and liabilities. In 2024, operating income from Commercial Banking was AED 358.9 million (compared to AED 264.3 million in 2023), its total assets amounted to AED 29.9 billion (compared to AED 28.3 billion as at 31 December 2023) and its total liabilities amounted to AED 35.3 billion (compared to AED 31.0 billion as at 31 December 2023). As at 30 June 2025, Commercial Banking had total assets to AED 33.6 billion and total liabilities of AED 38.6 billion.

Exposure to UAE customers constituted 96.9 per cent. of total loans as at 31 December 2024 compared to 96.9 per cent. as at 31 December 2023.

The Group's Commercial Banking services include:

- current accounts;
- loans;
- overdrafts;
- charge cards;
- letters of credit (including sight letters of credit, deferred payment letters of credit, revolving letters of credit, standby letters of credit and transferable letters of credit);
- letters of guarantee (including car, telephone, shipping and tender contracts; bid bonds; performance bonds; advance payment bonds; retention money guarantees; maintenance guarantees; labour guarantees; and customs duty guarantees);
- project finance;
- wages protection; and
- escrow management.

The Group also provides retail banking services to the employees of some of its Commercial Banking customers including current accounts, savings accounts, fixed deposit accounts, debit cards, charge cards, personal loans, car loans and notice accounts. As at 31 December 2024, the revenue which the Group derived from such services and products was not material.

Trade finance

The Group provides a range of trade related services to manufacturing customers in Sharjah and traded goods and construction customers across the UAE. Products include letters of credit, letters of guarantee, collections as agent, bills financing and bills discounting. Credit is extended, predominantly, to UAE entities. See further, "*Financial Review—Commitments and contingent liabilities*".

Project finance

The Group has a strong track record of leading well-structured transactions and generating stable income. The Group is well positioned with experienced and capable resources to assist in the development and delivery of complex financings. The Group offers commercial, financial and strategic advisory services to customers as well as structuring, arranging and syndicating finance for projects, and to a lesser extent, assets.

Distribution and delivery channels

The Group's corporate customers are served through teams of professional corporate bankers with in-depth industry knowledge. These corporate bankers are located in Sharjah, Dubai, Abu Dhabi and Al Ain to ensure the efficient delivery of corporate banking solutions to customers. As at 30 June 2025, the Group had 6 branches in its network (including PBWM and the Bank's head office). The Group also serves its customers through ATMs, internet banking and mobile banking. As at 30 June 2025, the Group had 12 ATMs in its network.

Private Banking Wealth Management

The Group's PBWM office provides a wide range of tailor-made products, wealth management investment solutions, guidance and advice to its high-net-worth individual customers, particularly in relation to: (i) strategies in equities, fixed income, and investment funds and in structured products; (ii) assets in management (discretionary portfolio management); (iii) assets in structures; and (iv) assets in precious metals.

Since 2017, the PBWM has worked in collaboration with Bank Julius Baer. Through this collaboration, PBWM clients can choose to book assets with Bank Julius Baer while their account and relationship management stays with the Bank.

Investment Banking

The Investment Banking business line involves the management of the Group's investment portfolio, which includes investments in equity and debt securities.

As at 30 June 2025, 8.8 per cent. of the Group's investment portfolio was comprised of equity investments. As at 30 June 2025, 8.9 per cent. of the Group's investments in equities were unquoted equities. All of the Group's quoted equity investments (which constituted 91.1 per cent. of total investments in equities as at 30 June 2025) are listed on the securities exchanges in the UAE (in particular, ADX and Dubai Financial Market).

As a merchant and corporate bank, the Group maintains a strategic equity investment portfolio spread across a range of industry sectors.

See "*Financial Review—Assets—Investment Securities*" for further details on the composition and analysis of the Group's other financial assets.

RISK MANAGEMENT

The Group has established Board and Senior Management committees to oversee risk management.

Board Committees

The Board executive committee (the **Board Executive Committee**), the Board credit and investment committee (the **Board Credit & Investment Committee**), and the Board risk committee (the **Board Risk Committee**), collectively, under delegation from the Board, define and monitor policies, processes and systems to execute the Board-approved strategy of the Bank, and to manage the various business, operational, market and credit risks of the Group.

The Board corporate governance, compliance, AML and CFT committee reviews the Bank's corporate governance policy and approves the annual corporate governance report, as well as advising the Board on external developments or policy changes concerning governance while monitoring compliance for all Group entities with governance related regulations and laws.

The Board remuneration, nomination and compensation committee oversees all the elements of Group remuneration, including pensions and compensation payments payable to the Senior Management; monitors disclosures made to investors and the public; verifies the independence of the directors of the Bank (the **Directors**); and ensures the Directors sitting on the Board and Committees are suitably skilled and have appropriate understanding of the Group's structure and operations.

The Board audit committee (the **Board Audit Committee**) oversees the contracting of, and monitoring the independence and objectivity of, the external auditors, while also monitoring as part of its normal course of activity, the integrity of the Group's financial statements and the periodic published financial reports. This committee also monitors compliance with the accounting standards, and the listing and disclosure rules applicable to the Group. The committee monitors and revises, where necessary, internal financial and control systems, the overall culture and attitude towards control established within the Group, business continuity plans, and follows up on corrective actions where required. The committee further considers and reviews the findings of principal investigations in internal control matters, ensures co-ordination between internal and external auditors and that proper arrangements are available to allow independent and fair investigation of any abnormalities reported or identified.

The Group has also established a Board Central Bank affairs committee, which supports the Group's management in its interactions with the UAE Central Bank in order to strengthen this relationship, and a Board non-performing loans and real estate committee, which establishes strategies and guidelines for the management of the Group's remedial/stressed accounts.

Senior Management Committees

The following Senior Management committees have been established:

- *Asset & Liability Management Committee* – Monitors the strategic management of the balance sheet, including the Group's capital, liquidity and risk profile, taking into account market developments, ensuring that the Group meets all its obligations and abides by the regulatory requirements.
- *IFRS 9 Committee* – Responsible for ensuring that the Group complies with the requirements under Basel III and IFRS 9, ensuring the completeness, accuracy, timeliness and consistency expected by regulators in these two developmental areas, while addressing the challenges of a fast-changing regulatory landscape.
- *Credit and Investment Committee* – Establishes guidelines for executing the Group's credit policies set by the Board. Further, the committee reviews the Group's credit portfolio; the market and business trends impacting that portfolio; approves credit facilities as per the delegation set by the Board from time to time; and reviews credit proposals to be submitted to the Board Credit & Investment Committee for approval.
- *Executive Committee* – Meets monthly and when required to discuss significant issues across the business units of the Group and to oversee the Board-approved plan for executing the Group's strategy.
- *HR Committee* – Strategically manages the human resources (**HR**) processes of the Group to ensure their consistency with the business objectives. Moreover, it oversees and reviews the appropriateness of staff-related matters and compensation packages needed for achieving the Group's objectives.
- *Information Security Steering Committee* – Directs, approves, monitors and evaluates information security issues within the Group; ensures that information security policies and objectives are established and compatible with the strategic direction of the Group; ensures that regulatory information security standards are implemented and monitored; and promotes the continual improvement of information security governance across the organisation.
- *Information Technology Steering Committee* – Oversees the execution of the Group's IT strategy and its technology system developments, ensuring that IT projects are prioritised, well-defined and executed in a manner that is aligned to business requirements.
- *Internal Controls Committee* – Ensures that effective internal controls are in place, monitoring the Group's activities; updating and implementing rules and procedures pertaining to various functions across the Group; ensuring that organisational measures are taken, particularly with respect to the segregation of duties, aimed at mitigating the Group's risk exposures.
- *Product Approval Committee* – Is responsible for ensuring that any new product or service or any change to a product or service undergoes appropriate assessment of all risks and financial impacts prior to implementation. The Bank has a defined policy and process for introduction of such changes and the committee ensures compliance with that policy.
- *Model Management Committee* – Reviews and approves all significant modelling decisions related to each step of the model life cycle, in relation to each model included in the Bank's model inventory. This committee's main objective is to oversee the development and usage of the Bank's models in line with the UAE Central Bank's model management regulation and standards and the Bank's model management framework and policy

Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and by limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group also has a credit review and analysis unit which independently reviews adherence to all risk management policies and processes.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Policies relating to credit are reviewed and approved by the Board. All credit lines are approved in accordance with the Group's credit policy set out in the Group's credit policy manual. Credit and marketing functions are segregated. In addition, whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. The Group further limits risk through diversification of its assets by economic and industry sectors.

All credit facilities are administered and monitored by the Bank's credit risk department. Periodic reviews are conducted by the Group's credit review and analysis unit and facilities are risk graded based on criteria established in the Group's credit policy manual.

Cross border exposure and financial institutions exposure limits for money market and treasury activities are approved as per guidelines established by the Board Credit & Investment Committee and are monitored by the Senior Management on a daily basis.

The Board is responsible for overseeing the credit management framework of the Bank, including setting the credit policies of the Group. It also establishes risk appetite, industry caps and, in conjunction with the Board Credit & Investment Committee (where appropriate and permitted under the CRMS, as defined and further described in "*The United Arab Emirates Banking Sector and Prudential Regulations*" below), approves and monitors policy exceptions, and conducts periodic portfolio reviews to ascertain portfolio quality.

Commercial/institutional lending underwriting

All credit applications for commercial and institutional lending are subject to the Group's credit policies, underwriting standards and industry caps (if any) and to regulatory requirements, as applicable from time to time. The Group does not lend to companies operating in industries that are considered by the Group to be inherently risky and where specialised industry knowledge is required. In addition, the Group sets credit limits for all customers based on their creditworthiness and repayment capacity.

All credit facilities extended by the Group are made subject to prior approval pursuant to a delegated signature authority system under the ultimate authority of the Board.

Credit review procedures and loan classification

The Group's credit risk and analysis unit, reporting to the Chief Risk Officer, subjects the Group's risk assets to an independent quality evaluation in conformity with the guidelines of the UAE Central Bank and the Group's internal policies, in particular the CRMS, in order to assist in the early identification of accrual and potential performance problems. The credit review and analysis unit validates the risk ratings of all commercial customers, provides an assessment of portfolio risk by product and industry and monitors observance of all approved credit policies, guidelines and operating procedures across the Group.

All commercial/institutional loan facilities of the Group are assigned one of ten risk ratings (1-10) where 1 is being excellent and 10 being loss with no reimbursement capacity and total provisioning.

If a credit is impaired, interest suspended will not be credited to the consolidated income statement. Specific allowance for impairment of classified assets is made based on recoverability of outstanding and risk ratings of the assets.

The Group also complies with IFRS 9 in accordance with which it assesses the need for any impairment losses on its loan portfolio by calculating the net present value of the expected future cash flows for each loan. As required by UAE Central Bank guidelines, the Group takes the higher of the loan loss provisions required under IFRS 9 and UAE Central Bank regulations.

The Board Executive Committee and Board Risk Committee

The Board Executive Committee and the Board Risk Committee have a broad range of authority delegated by the Board to manage the Group's asset and liability structure and funding strategy. The Board Executive Committee and Board Risk Committee review credit exposures; liquidity ratios; asset and liability structure; interest rate and foreign exchange exposures; internal and statutory ratio requirements; funding gaps; and general domestic and international economic and financial market conditions. The Board Executive Committee and Board Risk Committee formulate liquidity risk management guidelines for the Group's operation on the basis of such review.

The Senior Management monitors the liquidity on a daily basis and uses an interest rate simulation model to measure and monitor interest rate sensitivity and varying interest rate scenarios.

The following table sets out the Group's maximum exposure to credit risk as at 31 December 2024.

Loans and Advances	As at 31 December 2024
	(AED'000)
Grade 1	–
Grade 2	–
Grade 3	667,192
Grade 4	4,480,291
Grade 5	6,354,686
Grade 6	7,587,946
Grade 7	4,894,825
Default grades 8-10	2,104,388
Total gross carrying amount	**26,089,328**
Allowance for impairment losses	(1,786,570)
Net carrying amount	**24,302,758**

The following table sets out the UAE Central Bank classification of the Group's loans and advances as at 31 December 2024 and 31 December 2023.

	As at 31 December	
	2024	2023
	(AED'000)	
Normal	12,601,745	12,021,025
Other loans exceptionally monitored	1,106,583	1,021,838
Substandard	4,795,890	4,219,030
Doubtful	4,804,414	4,590,712
Loss	2,780,696	1,946,614
Total gross carrying amount	**26,089,328**	**23,799,219**
Allowance for impairment losses	(1,786,570)	(1,731,369)
Net carrying amount	**24,302,758**	**22,067,850**

As at 31 December 2024, loans and advances measured at amortised cost included AED 2.2 billion (compared to AED 1.2 billion as at 31 December 2023) of loans that were past due but not impaired. Past due but not impaired includes loans and advances that are either fully secured or there is no concern over the credit worthiness of the counterparty as per Senior Management's judgment.

Concentrations of Risks of Financial Assets with Credit Risk Exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations therefore indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to limit concentrations of exposures to counterparties, geographies and industries. Identified concentration of credit risk is controlled and managed accordingly.

As at 31 December 2024, 96.9 per cent. of the Group's gross loans and advances were concentrated in the UAE.

As at 31 December 2024, the Group's top 10 borrower groups (being customers from within the same group of companies) accounted for approximately 50 per cent. of the Group's net loans and advances. However, the Group believes that within those borrower groups, there is significant risk diversity across industry and economic sectors as many of the Group's largest customers have discrete and separate business activities which span the entirety of the UAE's economy.

For further information on the Group's impairment policies, see "*—Loan Classification and Impairment Policy*" below.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities.

The Group manages its liquidity in accordance with UAE Central Bank requirements and the Group's internal guidelines. The UAE Central Bank sets cash ratio requirements on overall deposits ranging between 1.0 per cent. for time deposits and 7.0 per cent. for demand deposits. The UAE Central Bank also imposes a mandatory 1:1 utilisation ratio, whereby loans and advances (combined with inter-bank placements having a remaining term of 'greater than three months') should not exceed stable funds as defined by the UAE Central Bank. Stable funds are defined by the UAE Central Bank to mean free-own funds, inter-bank deposits with a remaining term of more than six months, and stable customer deposits. To guard against liquidity risk, the Group diversifies its funding sources and manages its assets with liquidity in mind, seeking to maintain a preferable proportion between cash, cash equivalent, and readily marketable securities. The Board Risk Committee sets and monitors liquidity ratios and regularly revises and updates the Group's liquidity management policies to ensure that the Group will be in a position to meet its obligations as they fall due. Management of liquidity risk within the parameters prescribed by the Board Risk Committee has been delegated to the Asset & Liability Management Committee.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or potential damage to the Group's reputation.

The Treasury department communicates with other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury maintains a portfolio of short-term liquid assets to ensure liquidity is maintained within the Group's operations as a whole.

The daily liquidity position is monitored and regular liquidity stress testing is performed under a variety of scenarios covering both normal and severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board Risk Committee. The daily position sheet, which reports the liquidity and exchange positions of the Group is reviewed by Senior Management. A summary report, including any exceptions and remedial action taken, is submitted to the Board Risk Committee.

As at 30 June 2025, 12.72 per cent. of the Group's total assets were liquid assets, compared to a minimum regulatory requirement of 10 per cent. The ASRR of the Group as at 30 June 2025 stood at 87.53 per cent. which is below the maximum limit of 100 per cent. set by the UAE Central Bank.

Market risk management

Market risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, property prices and equity prices. The Group classifies exposures to market risk into trading, or non-trading/banking book. For further details on the Group's market risk – trading book, see Note 35, Market risk management (a) and for further details on the Group's market risk – non-trading or banking book, see Note 35, Market risk management (b) to the 2024 Financial Statements.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities.

The Group uses simulation-modelling tools to periodically measure and monitor interest rate sensitivity. The results are monitored and analysed by the Senior Management. Since most of the Group's financial assets and liabilities are floating rate, deposits and loans generally re-price simultaneously providing a natural hedge, which reduces interest rate exposure. Moreover, the majority of the Group's assets and liabilities will be re-priced within one year or less, thereby further limiting interest rate risk.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, and may have legal or regulatory implications, or lead to financial losses. The Group would not be able to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group could minimise the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including internal audit reviews.

Credit Approval Procedures

Credit approval is subject to robust prescriptive procedures. Credit officers and managers are responsible for origination while the credit review and analysis unit independently validates all aspects of originated applications including financial data, risk appetite and strategic importance. Once approved by the credit review and analysis unit, cases are referred to the relevant sanctioning authority, which is either the Senior Management credit committee, the Group's Chief Executive Officer or the Board Credit & Investment Committee depending on the level of credit requested.

Loan Classification and Impairment Policy

Loans and advances and provision for impairment

Loans and advances are non-derivative financial assets originating from or acquired by the Group with fixed or determinable payments. Loans and advances are stated at amortised cost less any amounts written off and allowance for doubtful accounts. The carrying values of loans and advances which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value being hedged with the resultant adjustment recognised in the consolidated income statement.

Allowance for impairment is made against loans and advances when their recovery is in doubt taking into consideration IFRS requirements for fair value measurement. Loans and advances are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such a default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The ratio of provisions held to aggregate impaired loans (the coverage ratio) is an indicator of the Group's achievements in managing lower default rates and improving recovery rates. For the computation of the coverage ratio, the Group considers the total impairment provision including the portfolio provision for risk inherent in the Group's portfolio.

The total impairment provision for loans and advances of the Group was AED 1.8 billion as at 30 June 2025 (compared to AED 1.8 billion as at 31 December 2024 and AED 1.7 billion as at 31 December 2023) of which AED 397 million as at 30 June 2025 (compared to AED 397 million as at 31 December 2024 and AED 396 million as at 31 December 2023) represented provisions in respect of the individually impaired loans and advances and the remaining AED 1,416 million as at 30 June 2025 (compared to AED 1,389 million as at 31 December 2024 and AED 1,335 million as at 31 December 2023) represented the portfolio provision to reflect the risk inherent in the Group's loan portfolio.

Regulatory and Internal Audit

Industry regulation and supervision

Banking and financial institutions in the UAE are subject to governmental supervision and regulation exercised by the Securities and Commodities Authority (**SCA**), the UAE Central Bank and the competent local authority in the Emirate in which the institution is registered, which in Sharjah is the Department of Economic Development.

The principal source of banking regulation in the UAE is the UAE Central Bank. The UAE Central Bank provides prudential supervision of each bank's capital adequacy, liquidity and anti-money laundering controls and its general banking activities. Monitoring by the UAE Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission of data including, but not limited to, deposited funds, loans and mortgage business, liquidity status and anti-money laundering measures.

The Bank submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. In addition, the Bank's memorandum and articles of association and any amendments thereto, its audited financial statements, its distribution of dividends and certain other documents are all approved by the UAE Central Bank.

As a UAE company, the Bank is also subject to supervision and regulation by both the UAE Ministry of Economy and Planning and other regulatory authorities within each of the Emirates that collectively constitute the UAE. In addition, the Department of Economic Development has a very wide jurisdiction in relation to issues such as the incorporation of companies and the regulation of internal and external trade. Finally, as a company listed on the ADX, the Bank is subject to the rules and regulations of that securities market as enforced by the SCA.

Internal audit

The Group has an independent internal audit function supported by subject matter experts from international accounting firms. The Group has engaged with different firms to provide services in carrying out reviews and assignments on internal audit matters in accordance with the Board-approved audit plan for the year under the supervision of the Group Head of Internal Audit.

The function reports directly to the Board Audit Committee. The annual audit plan is approved by the Board Audit Committee. The function adopts a risk-based audit methodology and the frequency of the audits of auditable function within the Group is based on various risk factors. The audits are executed in accordance with the plan and all reports are presented to the Board Audit Committee. All audit observations are recorded and followed up for timely management actions, outstanding audit issues are discussed with Senior Management on a monthly basis and exceptions are escalated to the Board Audit Committee.

CAPITAL ADEQUACY

The Group's objectives when managing capital are: (i) to comply with the capital requirements set by the UAE Central Bank; (ii) to safeguard the Group's ability to continue as a going concern and increase the returns for the shareholders; and (iii) to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Senior Management, employing techniques based on the guidelines developed by the Basel Committee and the UAE Central Bank. The UAE Central Bank is the Bank's principal regulator and sets and monitors its capital requirements. The required information is filed with the UAE Central Bank on a quarterly basis.

The UAE Central Bank requires each bank to: (i) hold the minimum level of regulatory capital; and (ii) maintain a ratio of total regulatory capital to risk-weighted assets, at or above a minimum of 10.5 per cent.

The Group complies with the Basel III capital adequacy guidelines and its risk asset ratios are well in excess of those set by the Basel Committee.

The Group has successfully implemented the standardised approaches to credit risk as required by the UAE Central Bank.

For operational risk, the UAE Central Bank has given banks the option to use the "Basic Indicator Approach" or the "Advanced Measurement Approach" and the Group has chosen to use the Basic Indicator Approach.

The capital adequacy ratios are computed based on circulars issued by the UAE Central Bank.

The following table sets out the Group's capital structure and capital adequacy in accordance with Basel III requirements as at 30 June 2025, 31 December 2024 and 31 December 2023.

	As at 30 June	**As at 31 December**	
	2025	**2024**	**2023**
	(unaudited)	*(audited)*	
Capital base	*(AED'000 except as specified)*		
Tier 1 capital	4,052,756	3,865,227	3,700,274
Tier 2 capital	376,005	320,821	324,171
Total	**4,428,761**	**4,186,048**	**4,024,445**
Risk weighted assets			
Credit risk	30,080,420	25,665,669	25,933,669
Market risk	295,795	587,802	272,735
Operational risk	1,173,102	1,185,911	1,231,102
Total risk weighted assets	**31,549,317**	**27,439,382**	**27,437,506**
Tier 1 capital ratio *(%)*	12.85	14.1	13.5
Capital adequacy ratio *(%)*	14.04	15.3	14.7

ANTI-MONEY LAUNDERING POLICIES

The Group has implemented detailed anti-money laundering and KYC policies and procedures. The Board Audit Committee oversees the Group's compliance with anti-money laundering rules and regulations applicable to the Group. The responsibility for implementation and compliance rests with the Head of Compliance, assisted by a team experienced in monitoring and ensuring compliance to standards of international best practice.

All transactions are closely monitored and suspicious transactions are reported to the Anti-Money Laundering and Suspicious Cases Unit of the UAE Central Bank. The Compliance Unit monitors all transactions for countries or individuals mentioned in the OFAC list, as well as United Kingdom, European Union and United Nations sanctions lists and is supported by sophisticated technology in identifying suspicious transactions before the underlying transactions are processed by the banking systems.

INFORMATION TECHNOLOGY

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

The IT strategy for the next three years was formulated to ensure that the anticipated growth in business volumes is accommodated and that the Group benefits from the use of the latest technology. Automation levels are continually upgraded and the Group operates an ongoing process of constant re-engineering.

The Group uses state of the art servers based on different platforms. Whilst some software is currently developed in-house, the Group has entered into strategic agreements with leading software developers to develop and install various automation and system changes requested by the business (for example, Misys Banking Solution for the core banking system, CR2 Limited for electronic services, World Check for anti-money laundering and sanctions). The Group also has an ATM network consisting of 12 machines as at 30 June 2025. These machines are linked to national and international switches (e.g. UAESWITCH, Visa) which provides the Group's customers with easy access to their funds. The Group also utilises multiple data centres to ensure business continuity in case of disruptions.

INSURANCE

The Group has various insurance policies in place, including fire, property, terrorism, third-party liability and bankers blanket bond insurance policies. The Group believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which it may be exposed.

LITIGATION

During the ordinary course of its business, the Group may be subject to legal proceedings and adjudications. The Group is not involved in any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and the results of operations and is not aware of any such litigation, arbitration or administrative proceeding that is pending or threatened. Therefore, no material provision has been made as at 31 December 2024 regarding any outstanding legal proceedings against the Group.

RELATED PARTY TRANSACTIONS

The Group enters into transactions with major shareholders, Directors, Senior Management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The related parties balances and the significant transactions with related parties for the six months ended 30 June 2025 and the years ended 31 December 2024 and 31 December 2023 are as follows:

	30 June	31 December	
	2025	2024	2023
		(AED'000)	
Balances at the end of the reporting period			
Loans and advances	5,468,423	1,637,929	957,407
Letters of credit, guarantee and acceptances	235,306	213,565	225,649
	5,703,729	**1,851,494**	**1,183,056**
Collateral deposits	(263,528)	(172,239)	(104)
Expected credit losses	(1 ,657)	(3,422)	(2,066)
Net exposure	**5,438,544**	**1,675,833**	**1,180,886**
Other deposits	7,270,544	7,090,609	5,738,669
Investment in Government of Sharjah bonds	4,805,439	7,174,847	7,000,000
Transactions during the reporting period			
Interest income	269,556	491,459	405,561
Interest expense	161,146	480,412	229,050
Rent expense	4,250	8,500	8,500
Compensation of Directors and key management personnel			
Short term benefits	3,052	15,904	34,736
End of service benefits	94	244	3,850
Total compensation as at the end of the period/year	**3,146**	**16,148**	**38,586**

As at the date of this Base Offering Circular, to the best of the management of the Group's knowledge and understanding, the Group is in compliance with the UAE Central Bank's guidelines and regulations on related party transactions.

MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

The Bank operates under the direction of the Board, which comprises 11 members including the Chairman of the Board, Sheikh Mohamed Bin Saud Al Qasimi. In line with Basel III, the Board has overall responsibility for the Bank, including approving and overseeing the implementation of the Group's strategic objectives, risk strategy, corporate governance and corporate values. It is the Board's responsibility to direct and supervise the general management. The majority of the Board are independent and meet regularly, six times a year. In addition, the Board may convene whenever the need arises upon the invitation of the Chairman, by three of its Directors or by the Group Chief Executive Officer.

The term of the Board is three years at the end of which a new Board is elected. Directors whose term expires may be re-elected. The Board elects a Chairman and Deputy Chairman by a simple majority vote.

The Board appoints two executive committees, the Board Executive Committee and the Board Credit & Investment Committee and other committees from amongst its members and also appoints a Group Chief Executive Officer who is responsible for implementing board resolutions and running the day-to-day business of the Bank, although the overall responsibility for the direction and strategy of the business of the Group remains vested in the Board.

The following table provides certain information in relation to the Board:

Name	Position	Year of Appointment
His Highness, Doctor Sheikh Sultan bin Muhammad Al-Qasimi	Honorary Chairman	1973
Sheikh Mohammed Bin Saud Al Qasimi	Chairman, Non-Executive Director	2004
Sheikh Saif Bin Mohammed Bin Butti Al Hamed	Deputy Chairman, Non-Executive Director	1999
Mr. Abdul Aziz Mubarak Al Hasawi	Non-Executive Director	2005
Mr. Salem Al Ghammai	Independent Non-Executive Director	2017
Mr. Abdulla Sherif Al Fahim	Independent Non-Executive Director	2018
Mr. Salah Ahmed Abdalla Al Noman Al Shamsi	Independent Non-Executive Director	2019
Mr. Amer Khansaheb	Independent Non-Executive Director	2020
Mr. Waleed Al Sayegh	Independent Non-Executive Director	2022
Mrs. Arwa Al Owais	Independent Non-Executive Director	2023
Mr. Talal Abdulaziz Al Midfa	Independent Non-Executive Director	2023
Mr. Mubarak Saud Al Besharah	Independent Non-Executive Director	2023

The Board comprises members of the ruling families of the UAE and businessmen from the UAE and Kuwait. The business address of each of the Directors is Bank of Sharjah, Al Khan Street, PO Box 1394, Sharjah, United Arab Emirates.

Sheikh Mohammed Bin Saud Al Qasimi –Chairman, Non-Executive Director

Sheikh Mohamed Bin Saud Al Qasimi has been a member of the Board since 2004 and was Deputy Chairman from 2008 until his appointment as Chairman in 2019. He is a member of the Sharjah ruling family and the Chairman of the Government of Sharjah – Finance Department and is a prominent businessman.

Sheikh Saif Bin Mohammed Bin Butti Al Hamed – Deputy Chairman, Independent Non-Executive Director

Sheikh Saif Bin Mohammed Bin Butti Al Hamed has been a member of the Board since 1999 and was appointed Vice Chairman in 2019. He is a member of the Abu Dhabi ruling family and a prominent businessman, who owns substantial businesses in the UAE and sits on many company boards. He is the son of Sheikh Mohamed Bin Butti Al-Hamed, the uncle, and a former Representative for the Western Region, of His Highness the Ruler of Abu Dhabi, and a major shareholder of United Al Saqr Group, Abu Dhabi.

Mr. Abdul Aziz Al Hasawi – Non-Executive Director

Mr. Abdul Aziz Al Hasawi has been a member of the Board since 2005. He is the son of the late Mr. Mubarak Al-Hassawi, one of the three main founders of the Bank. He is a well-known Kuwaiti businessman, chairman and a senior executive in several leading institutions across Kuwait. He owns and manages companies across the region including the UAE, Saudi Arabia, Lebanon and Bahrain as well as other jurisdictions in Europe

Mr. Salem Al Ghammai – Independent Non-Executive Director

Mr. Salem Al Ghammai has been a member of the Board since 2017. He has held several posts in the education sector including as a member of the Advisory Board of Sharjah, a member of UNESCO Executive Council, and a member, and later the Vice-Chairman and Chairman, of the Executive Council of the Arab Organization for Education, Culture and Science.

Mr. Abdulla Sherif Al Fahim – Independent Non-Executive Director

Mr. Abdulla Sherif Al Fahim has been a member of the Board since 2018. He is a prominent businessman in Sharjah and owns several businesses in leading sectors of the Sharjah economy.

Mr. Salah Ahmed Abdalla Al Noman Al Shamsi – Independent Non-Executive Director

Mr. Salah Ahmed Abdalla Al Noman Al Shamsi has been a member of the Board since 2019. He is a prominent businessman in Sharjah and owner of a number of successful companies that have contributed to the growth and development of the Emirate.

Mr. Amer Abdulaziz Khansaheb – Independent Non-Executive Director

Mr. Amer Abdulaziz Khansaheb has been a member of the Board since 2020. He is the Managing Director of Khansaheb Investment, one of Dubai's longest standing family-owned business conglomerates. He also sits on the board of Khansaheb Civil Engineering. Khansaheb Investment owns a diverse portfolio of businesses, operating across multiple industries such as construction, facilities management, real estate, healthcare, manufacturing, food and beverage, and aviation training.

Mr. Amer has been a Chartered Financial Analyst (CFA) charter holder since 2010. He was the president of CFA Society Emirates from 2013 to 2019. Mr. Amer holds a degree in Civil and Environmental Engineering from American University of Beirut, Lebanon as well as a Master of Science degree in Project Management from British University in Dubai, the UAE. He is a board member and Managing Director of Union Properties PJSC.

Mr. Waleed Al Sayegh – Independent Non-Executive Director

Mr. Al Sayegh has been a member of the Board since 2022. He is the Director General of Finance Department – Government of Sharjah and the chief executive officer of Sharjah Asset Management which is the investment arm of the Government of Sharjah.

Mr. Al Sayegh has worked in the government sector for more than 25 years and has more than 20 years of experience in auditing and accounting. He sits on the boards of a number of companies and has won numerous awards in the financial and governmental sectors.

Mrs. Arwa Al Owais (Independent Non-Executive Director)

Mrs. Arwa Al Owais has been a member of the Board since May 2023. Mrs. Al Owais joined the Government of Sharjah, Finance Department in 2006, has been director of the fiscal policy department since September 2022 and holds two master's degrees in management information technology and governance from the Canadian University Dubai, the UAE and in law, financial crimes and money laundering from the University of Dubai, the UAE in addition to graduating from the Sharjah Leadership Programme.

Mr. Talal Abdulaziz Al Midfa (Independent Non-Executive Director)

Mr. Talal Abdulaziz Al Midfa has been a member of the Board since May 2023. Mr. Al Midfa has been director of the human resources and administrative department at the Sharjah Airport International Free Zone (Saif-zone) since 2008. Mr. Al Midfa holds a master's degree in business administration from the University of Sharjah, the UAE.

Mr. Mubarak Saud Al Besharah (Independent Non-Executive Director)

Mr. Mubarak Saud Al Besharah has been a member of the Board since May 2023. Mr. Al Besharah is the chief executive officer of the MB Group of companies formed in 2003. Prior to being the chief executive officer of the MB Group, he was a managing director at the Kuwait Commercial Real Estate Company for nine years. Mr. Al Besharah is also the Chairman of SKM Air conditioning Co. in Sharjah.

SENIOR MANAGEMENT

The Bank has a highly experienced and qualified Senior Management team appointed by the Board. Senior Management's role is separate from that of the Board. The Directors provide guidance to the Senior Management team on the best way for achieving the Group's aims and objectives. A key focus for Senior Management is ensuring that the Group is conducting its business in line with its objectives while maintaining a focus on internal controls and risk management. The Board ensures that Senior Management acts in a fair and honest fashion and in the best interests of the Group's stakeholders.

The following table provides certain information in relation to Senior Management:

Name	Position	Year of Appointment
Mohamed Khadiri	Group Chief Executive Officer	2023
Walid Abboud	Group Chief Financial Officer	2015
Sridhar Karlapudi	Group Chief Operating Officer	2024
Graeme Woods	Group Chief Risk Officer	2018
Mr. Nasser Salem Al Ali	Chief Wholesale Banking Officer	2025
Damian White	Chief Treasury Officer	2024
Paul Cox	Chief Retail Banking Officer	2025
Asim Shrivastava	Chief Credit Officer	2023
Amina Al Halwaji	Chief Human Resources Officer	2021

Mohamed Khadiri –Group Chief Executive Officer

Mr. Khadiri was appointed Group Chief Executive Officer in May 2023. Mr. Khadiri has over 20 years of experience in corporate and investment banking in the United States and MENA markets. Prior to joining the Bank, Mr. Khadiri was General Manager at Kuwait International Bank. During his career he has worked for a number of international financial institutions including Salomon Smith Barney, Citibank, Barclays, and HSBC.

Mr. Khadiri holds a Master of Business Administration degree in Finance and Information Technology from Boston College, the United States, a Master of Science in Finance degree from Northeastern University, the United States, and a bachelor's degree in business administration & accounting from Institut Superieur de Commerce et d'Administration des Entreprises (ISCAE), Morocco.

Walid Abboud –Group Chief Financial Officer

Mr. Abboud was appointed Group Chief Financial Officer in February 2015 and was Acting Chief Operating Officer from March 2024 to December 2024. Mr. Abboud has over 16 years of experience in the financial services industry, particularly in the field of audit and other banking-related exposures. Prior to joining the Bank, Mr. Abboud held senior positions in leading audit firms in the Middle East.

Mr. Abboud holds professional qualifications as a Certified Public Accountant and Certified Internal Auditor, a bachelor's degree in accounting and finance from Lebanese University, Lebanon, and is a graduate of the Certified Oxford Strategic Management Executive Programme.

Sridhar Karlapudi –Group Chief Operating Officer

Mr. Karlapudi was appointed Group Chief Operating Officer in December 2024. Mr. Karlapudi has around 27 years' experience in the banking industry across the MENA region and the United Kingdom.

Prior to joining the Group, Mr. Karlapudi worked in prominent financial institutions including Citibank, Barclays, Mashreq and Abu Dhabi Islamic Bank and most recently at Ahli United Bank.

Mr. Karlapudi is a Chartered Accountant and holds a bachelor's degree in commerce from the University of Madras, India.

Graeme Woods –Group Chief Risk Officer

Mr. Woods was appointed Group Chief Risk Officer in October 2018. Mr. Woods has over 30 years' experience in the banking industry and has held senior risk leadership roles at ANZ Banking Group in Australia, and the National Bank of Abu Dhabi and First Abu Dhabi Bank in the UAE. His experience covers multiple geographies across Australia, Asia Pacific and the Middle East. He has also served on a number of subsidiary boards in Australia and Asia Pacific.

Mr. Woods holds a Bachelor of Business from Victoria University, Australia and a Post Graduate Diploma in Banking and Finance from Monash University, Australia. Mr. Woods is also a member of the UAE Banks Federation's risk management committee.

Nasser Salem Al Ali–Chief Wholesale Banking Officer

Mr. Nasser was appointed Chief Wholesale Banking Officer in August 2025. Mr. Nasser has over 25 years of banking experience and has held senior leadership roles at HSBC and First Abu Dhabi Bank, with strong track record in corporate, commercial and Islamic banking across the UAE and wider MENA region.

Mr. Nasser holds a master's degree in Big Data & Business Analytics from the ESCP Business School, UAE.

Damian White –Chief Treasury Officer

Mr. White was appointed Chief Treasury Officer in May 2024. Mr. White has over 20 years of banking experience, commencing with treasury roles at Lehman Brothers and National Australia Bank, before taking up leadership roles in the GCC with Al Rajhi Bank and Noor Bank. Prior to his banking career, Damian spent eight years in the Australian Army as an Infantry Officer.

Mr. White holds a Master of Business Administration from the Melbourne Business School, Australia.

Paul Cox –Chief Retail Banking Officer

Mr. Cox was appointed Group Retail Banking Officer in July 2025. Mr. Cox has over 30 years of retail banking and wealth management experience, holding senior leadership roles across multiple functions and geographies. Before taking up his current position, Mr. Cox held executive positions with HBOS in the UK, HSBC in UK, Asia and MENA, as well as First Abu Dhabi Bank in the Middle East.

Mr. Cox holds an undergraduate degree in Business and Finance Management from Durham University, UK and multiple qualifications specific to the wealth, mortgage and insurance sectors.

Asim Shrivastava –Chief Credit Officer

Mr. Shrivastava was appointed Chief Credit Officer in October 2023. Mr. Shrivastava has over 30 years of corporate relationship management, credit and risk experience in Asia, the Middle East and Canada. Prior to joining the Bank, Mr. Shrivastava held positions at First Abu Dhabi Bank, HSBC, Mashreqbank and Standard Chartered Bank.

Mr. Shrivastava holds a Master of Business Administration from Mumbai University, India and is a graduate of St. Stephen's College New Delhi, India.

Amina Al Halwaji –Chief Human Resources Officer

Ms. Al Halwaji was appointed Chief Human Resources Officer in June 2021. Ms. Al Halwaji has over 20 years of experience spanning across the full suite of human resources related functions. Prior to joining the Bank, Ms. Al Halwaji held positions at Standard Chartered Bank, Citibank and HSBC.

Ms. Al Halwaji holds an undergraduate degree specialising in human resources from University of Toledo, United States.

BOARD AND SENIOR MANAGEMENT COMMITTEES

The Group has established a number of Board and Senior Management committees to supervise, manage and facilitate a wide range of the Group's business lines, operations, corporate governance, compliance and remuneration functions. For further information on such committees, see "*—Description of the Group—Risk Management*".

CONFLICTS

As at the date of this Base Offering Circular, there are no existing or potential conflicts of interest between any duties owed to the Bank by its Directors and Senior Management referred to above and the private interests or external duties of those Directors and Senior Management.

As at the date of this Base Offering Circular, there are no existing or potential conflicts of interest between the Government of Sharjah and the Bank or between members of the ruling families of the UAE and the Bank and the private interests or external duties of those members of the ruling family of the UAE.

EMPLOYEES

As at 30 June 2025, the Bank had 310 employees. The majority of Senior Management are bankers who joined the Bank with a considerable number of years of experience and having previously worked for multinational banks.

The Bank considers business continuity planning to be critical and from a human resource perspective the Bank has taken measures to manage key man risks in all critical functions.

THE UNITED ARAB EMIRATES BANKING SECTOR AND PRUDENTIAL REGULATIONS

Summary

According to data published by the UAE Central Bank, as at 30 June 2025 there were a total of 50 banks (23 locally incorporated banks, 6 banks incorporated in the GCC and 21 other foreign banks) licensed to operate in the UAE (excluding investment and wholesale banks) (*source*: UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2). As a result, the UAE could be, and has historically been, viewed as an over-banked market, even by regional standards and there has traditionally been little impetus for consolidation (see "*—Characteristics of the Banking System—Historic lack of consolidation*" below).

Within the UAE, the financial and insurance sector was estimated to have contributed approximately 10.2 per cent. of GDP (at current prices) in 2024 (*source*: FCSC National Accounts (GDP 2024)).

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by banks to the UAE Central Bank.

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate. However, the marginal lending facility (**Marginal Lending Facility**) allows non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see "*—Recent Trends in Banking—Liquidity*" below).

Characteristics of the Banking System

Historic lack of consolidation

The UAE may be, and has historically been, seen as being over-banked with 50 banks licensed by the UAE Central Bank as at 30 June 2025 (excluding investment and wholesale banks) (*source*: UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2), serving an estimated population of 11 million people at the end of 2024 (*source*: OPEC Annual Statistical Bulletin 2025).

Traditionally there has been little impetus for consolidation with the federal structure of the UAE encouraging, to some extent, the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also historically hampered the process of consolidation. As a result, during the period between the October 2007 merger of Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C., which created Emirates NBD P.J.S.C. and 2017, there was very limited merger activity domestically in the sector. However, following the merger between National Bank of Abu Dhabi and First Gulf Bank, which was consummated on 30 March 2017, and Abu Dhabi Commercial Bank, Union National Bank and Al Hilal Bank, which was consummated on 1 May 2019 and the acquisition of Noor Bank P.J.S.C. by Dubai Islamic Bank P.J.S.C. in January 2020, commentators have suggested that the UAE may see more consolidation of the banking sector in order to improve profitability and reduce inefficiencies.

While the anticipated attempts at consolidation would further reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as IT system development.

Domestic Focus

The UAE incorporated banks are predominantly focused on the UAE market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector.

With a large number of banks competing for a limited number of wholesale lending opportunities, most banks historically turned to retail banking, a previously untapped market. However, increasing competition in this area has gradually eroded margins and encouraged a relaxation of lending criteria.

Expansion of retail operations has also required heavy investment in distribution channels. As a consequence, IT costs have been a prominent feature of many UAE banks' expenses in addition to employee costs.

Limited Foreign Ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. As a result, international banks have largely established their presence in the UAE banking market through the Dubai International Financial Centre (established in 2002) and the Abu Dhabi Global Market (established in 2013), free zones established in the UAE with their own legal framework.

UAE banks are subject to a requirement that a certain percentage of its shareholding must be held by UAE nationals, limiting foreign ownership of UAE banks. In 2018, this minimum permissible shareholding by UAE nationals in UAE banks was increased to 60 per cent. (Federal Law No. 14 of 2018). As at 30 June 2025, 88.01 per cent. of the Bank's shares were owned by UAE nationals.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. The hydrocarbon sector (mining and quarrying, including crude oil and natural gas) accounted for 24.5 per cent. of the UAE's nominal GDP in 2024 (*source*: preliminary data of the FCSC).

Islamic Banking

Shari'a (Islamic) law forbids the charging of interest on any financial transaction as one of the key Islamic financial rules (**Shari'a Principles**). A number of banks have developed in the Islamic world to serve customers who wish to observe such Shari'a Principles. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest and adhere to Shari'a Principles. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include, without limitation, Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Ajman Bank, Sharjah Islamic Bank P.J.S.C., Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co. (P.S.C.) (Salama), Tamweel and Amlak Finance. In addition, the majority of local and international conventional financial institutions that operate in the UAE offer Shari'a-compliant products through separately licensed Islamic operations. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks.

Legal Environment

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) Shari'a law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply their own rules, regulations and practices.

Supervision of Banks

Under the 2018 Federal Law, the UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the Federal Government would ultimately stand as de facto defender of the currency and the "lender of last resort".

The 2018 Federal Law grants the UAE Central Bank powers to:

- draw up and implement monetary policy;
- exercise currency issuance;
- organise licensed financial activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of the 2018 Federal Law and international standards;
- set up appropriate regulations and standards for the protection of customers of licensed financial institutions;

- monitor the credit condition in the UAE, in order to contribute to the achievement of balanced growth in the national economy;
- manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base as per the provisions of the 2018 Federal Law; and
- regulate, develop, oversee and maintain soundness of the financial infrastructure systems in the UAE.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue UAE federal government debt. However, the UAE Central Bank does issue Monetary Bills (**M-Bills**) to UAE banks via auction, denominated in UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. The M-Bills programme was launched in January 2021 to replace UAE Central Bank Certificates of Deposit. The secondary market in M-Bills is currently developing but they can be used as collateral for UAE dirham funding from the UAE Central Bank at any time.

The UAE dirham is linked to the IMF's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices. However, see "*Risk Factors—Foreign exchange movements may adversely affect the profitability of the Group*".

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 20 of 2018 regarding the procedures for Anti- Money Laundering and Combating the Financing of Terrorism and Illicit Organisations. Pursuant to this, the UAE has established the National Committee to Counter Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organisations which is responsible for co-ordinating policy and systems on anti-money laundering and the combating of terrorism financing and assessing the effectiveness of such policies and systems and the representation of the UAE in international forums on these matters. Federal Law No. 20 of 2018 also recommends the establishment of an independent "Financial Information Unit" within the UAE Central Bank to receive and investigate reports submitted by financial institutions and corporate entities regarding suspected illicit financial activity.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority (**DFSA**) regulates all banking and financial services activities in the DIFC, while the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector in the ADGM. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the ADX (both of which were established in 2000), have grown over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index since 2014, they continue to experience bouts of volatility.

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC, which commenced operations on 26 September 2005. In December 2009, the Dubai Financial Market announced its intention to acquire Nasdaq Dubai, with completion of the acquisition having occurred in July 2010. The Dubai Financial Market and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which led to an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and as part of a policy of "**Emiratisation**", organisations in the UAE are subject to a scoring system which takes into account the employment and progression of Emirati employees at the organisation. The minimum threshold for Emirati employees for each organisation is dependent on a number of factors. UAE Cabinet Decree number 3/10/267 of 2015 dated 25 October 2015 (the **Emiratisation Circular**) does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

Accounting Standards

Since 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS Accounting Standards (formerly International Accounting Standards).

Structure of the banking system

Banking institutions in the UAE fall into a number of categories. Domestic banks, also known as "national" banks, of which there were 23 as at 30 June 2025 (excluding investment and wholesale banks) (*source*: UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2), are required to be public shareholding companies with a minimum share capital of AED 40 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there were 38 as at 30 June 2025 (comprising 27 banks (excluding investment banks) and 11 wholesale banks) (*source:* UAE Central Bank, UAE Monetary, Banking & Financial Markets Developments – 2025 Q2), need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. "Financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers) may also be licensed to operate within the UAE.

Profitability

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. In addition to strong oil revenues, the UAE has seen an inflow of funds from expatriates supporting domestic demand after the COVID-19 pandemic and UAE banks have benefitted from rising interest/profit rates. According to Fitch, the average net interest margin of the banking sector in the UAE in the first nine months of 2024 was 3.1 per cent. compared to 3.2 per cent. in 2023 and 2.8 per cent. in 2022.

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. UAE banks are mostly funded through on demand- or time-based customer deposits made by private individuals or private sector companies.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans, advances and Islamic financing to customers and interbank assets maturing after three months.

Since 2008, the UAE Central Bank has made available an AED 50 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 M-Bill repo facility under which banks can use M-Bills as collateral for UAE dirham funding from the UAE Central Bank.

In line with Basel III requirements, the UAE Central Bank has issued the UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank in May 2015 and which entered into force in July 2015) (the **Liquidity Notice**) and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;

- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to enable the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide) as per the below.

	Ratio	**Applicability Period**
Interim ratios:	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – until LCR implementation for approved banks
	Advances to Stable Resources Ratio (ASRR < 100%)	30 September 1986 until NSFR implementation for approved banks
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	Effective transition from 1 January 2016 for approved banks
	Net Stable Funding Ratio (NSFR < 100%)	Effective January 2018 onwards for approved banks

The Central Bank's eligible liquid assets ratio (**ELAR)** is an interim ratio which was designed to apply pending the liquidity coverage ratio (**LCR)** becoming effective (as described below). Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR (and away from assessment against the interim ELAR), with effect from 1 January 2016. Any UAE banks taking up this option were required to comply with the ELAR until 1 January 2016, after which date they are required to move to compliance with the LCR (subject to receipt of UAE Central Bank approval).

Under ELAR, banks must hold an amount equivalent of at least 10 per cent. (or some other percentage as set by the UAE Central Bank) of their total on balance sheet liabilities at all times in eligible assets (listed below). This ratio will be subject to upward revision from time to time either as a result of UAE Central Bank policy or as a result of a recalibration exercise when assessing the impact of the LCR. Eligible assets under ELAR include:

- account balances at the UAE Central Bank;
- physical cash at the bank;
- UAE Central Bank CDs;
- UAE federal government bonds and sukuk;
- reserve requirements;
- UAE local government and public sector entities' publicly traded debt securities that are assigned a 0 per cent. credit risk weighting under the Basel II standardised approach (limited to a maximum of 20 per cent. of eligible liquid assets); and
- foreign, sovereign debt instruments or instruments issued by their central banks or multilateral development banks, which receive a 0 per cent. credit risk weighting under the Basel II standardised approach (limited to a maximum of 15 per cent. of eligible liquid assets).

The LCR represents a 30-day stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose. As discussed below, as part of the TESS, banks that are subject to the LCR are able to fall below the regulatory LCR requirement of 100 per cent. provided that their LCR is higher than or equal to 70 per cent.

As part of the UAE Central Bank's gradual implementation of the Basel III reforms in the UAE, the UAE Central Bank has introduced LCR in a phased manner, setting an initial benchmark of 60 per cent. upon commencement of LCR compliance, increasing to 100 per cent. by 2019. This graduated approach was designed to ensure that the LCR could be introduced without disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity in the UAE.

The ASRR is an interim ratio which applies to UAE banks until they become subject to the NSFR (as described below). The ASRR recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The Net Stable Funding Ratio (**NSFR**) is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It came into effect in January 2018, but only applies to UAE banks which have moved to assessment under the LCR. The NSFR also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR 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 RSF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

As at the date of this Base Offering Circular, the Bank reports its liquidity position to the UAE Central Bank using the interim ratios of ELAR and ASRR, pending UAE Central Bank approval to transition to using the Basel III ratios of LCR and NSFR.

Marginal Lending Facility

In 2014, the UAE Central Bank introduced an Interim Marginal Lending Facility which allowed non-Islamic UAE banks to use certain assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress. In March 2022, this was replaced with the Marginal Lending Facility, which performs the same function.

The UAE Central Bank accepts a range of tradeable securities and foreign exchange as eligible collateral for the purposes of accessing the Marginal Lending Facility, including securities issued by sovereigns (originating in the UAE and outside the UAE) and securities issued by corporates and financials or supranational, municipal, or public sector issuers. In order to be eligible, collateral must meet minimum credit rating requirements specified in the terms and conditions of the Marginal Lending Facility. Banks accessing the Marginal Lending Facility must borrow a minimum of AED 10 million.

Position of Depositors

While as at the date of this Base Offering Circular no bank has been permitted to fail, there is no formal deposit protection scheme in the UAE.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks denominated in their respective domestic currencies are risk-weighted at zero per cent. Under the 2018 Federal Law, the UAE Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III Reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the **January 2011 Press Release**) included an additional Basel III requirement (the **Non-Viability Requirement**) as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

(a) the governing jurisdiction of the bank has in place laws that:

   (i) require such Tier 1 and Tier 2 instruments to be written off upon such event; or

(ii) otherwise require such instruments to fully absorb losses before taxpayers are exposed to loss;

(b) a peer group review confirms that the jurisdiction conforms with clause (a); and

(c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The Basel III Regulations and the Accompanying Standards (each as defined below) confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve Regulatory Capital (as defined below) classification from the UAE Central Bank. The Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Offering Circular.

In May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the **Consultation Document**), detailing the Basel III requirements expected to be followed by banks operating in the UAE once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (together, **Regulatory Capital**). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the **Basel III Regulations)** in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The Basel III Regulations are supported by the accompanying standards entitled "Standards for Capital Adequacy of Banks in the UAE" which were published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSD/N/2020/4980 (the **Accompanying Standards**). The Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements.

Banks which are classified as domestic systemically important banks by the UAE Central Bank will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a supervisory review and evaluation process of the UAE Central Bank.

Furthermore, UAE banks are required to include a countercyclical capital buffer (**CCyB**) in the minimum capital adequacy ratio. The CCyB is based on the geographic composition of a bank's portfolio of relevant credit exposures and is assessed by each bank every quarter. In December 2024, the UAE Central Bank announced the introduction of a CCyB requirement on private sector exposure in the UAE, effective from 1 January 2026. The phase in period for the requirement is 12 months from 1 January 2025 with the CCyB rate of 0.50 per cent. becoming effective on 1 January 2026

(See "*Risk Factors—The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Group's business*").

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances. As part of the UAE Central Bank's stimulus package in response to COVID-19, the minimum reserve requirement for all current, call and savings deposits was decreased from 14 per cent. to 7 per cent. This requirement was then raised to 11 per cent. by the UAE Central Bank in 2023.

Credit Risk Management Standards and Provisions for Loan Losses

In 2024, the UAE Central Bank introduced the Credit Risk Management Standards (the CRMS) for UAE banks. The CRMS emphasise critical areas across the credit risk lifecycle such as governance, underwriting, staging and provisioning criteria, credit risk mitigation and portfolio management.

The CRMS mandates that financial institutions establish a comprehensive framework to manage credit risk effectively. Such framework should align with the institution's risk appetite, risk profile, systemic importance and capital strength and must take current and forward-looking market factors and macroeconomic environment into consideration. Furthermore, the framework must take a group-wide view of credit risk exposures, significant sources of concentration risk and be comprehensive in terms of products, activities and geographies.

The CRMS assigns ultimate responsibility to the Board for the oversight of the bank's credit risk management strategy and requires that the Board must approve material facilities (being, at a minimum, any exposure greater than 10 per cent. of the bank's tier 1 capital).

IFRS 9 was introduced for UAE banks in 2018 and established an ECL model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. IFRS 9 uses a three stage approach in recognising increased credit risk at each stage of risk (i.e., Stage 1 for current facilities, Stage 2 for significant increase in credit risk and Stage 3 for impaired loans). The CRMS replaced the UAE Central Bank's guidelines issued in 2018 relating to IFRS 9 and its standards on provisioning issued in 2011. The CRMS outlines the requirements for ensuring banks in the UAE are identifying problem exposures early and taking sufficient provisions reflective of the credit risk. In particular, a key feature of the CRMS is the enhanced focus on loan book staging, aligned with IFRS 9 principles, and the introduction of a more structured criteria for determining when a liability should move from Stage 1 to Stage 2 and when a liability should be classified as Stage 3.

As part of the UAE Central Bank's stimulus package in response to COVID-19, banks are able to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five-year period until 31 December 2024.

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.

In May 2023, the UAE Central Bank published Circular No. 01/2023 on large exposures (the **Large Exposures Regulation**), superseding the prior large exposure circular. The Large Exposures Regulation sets out large exposure limits for various types of counterparty. Violation of any provision of the Large Exposures Regulation shall be subject to supervisory action, administrative and financial sanctions, as deemed appropriate by the UAE Central Bank. Set out below is a table showing a summary of the limits introduced by the Large Exposures Regulations (defined as a percentage of the bank's Tier 1 capital base calculated under Basel II):

	Cap as percentage of Tier 1 capital base	
	Aggregate percentage	**Individual percentage**
UAE federal government and their non-commercial public sector entities treated as sovereign	Not applicable	Not applicable
Foreign Sovereign rated AA- or above	Not applicable	Not applicable
UAE local governments and their non-commercial entities	100%	No cap for UAE local governments; 25% for each non-commercial entity
Commercial entities of UAE federal government and UAE local governments (excluding standalone government related entities below)	100%	25%
Self-Sustainable commercial entities of UAE federal and local governments	Not applicable	25%
A single borrower or a group of related borrowers	Not applicable	25%
Shareholders who own 5 per cent. or more of the bank's capital and their related entities	50%	20%
Globally systemically important bank ("**G-SIB**") exposure to another G-SIB	Not applicable	15%

	Cap as percentage of Tier 1 capital base	
UAE incorporated bank's exposure to its foreign branches	30%	Not applicable
Bank's non-bank subsidiaries and affiliates	25%	10%
Board members	25%	5%
Bank's external auditors	Prohibited	Prohibited

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau (**AECB**) is a public joint stock company wholly owned by the UAE federal government. As per UAE Federal law No. (6) of 2010 concerning credit information and amendments, the AECB is mandated to regularly collect credit information from financial and non-financial institutions in the UAE. The AECB aggregates and analyses this data to calculate credit scores and produce credit reports. The Group has entered into a data and credit information supply agreement with the AECB. The availability of credit reports reduces the risk involved in the origination of customer lending and banking business generally.

Shari'a compliance

UAE law requires financial institutions licensed by the UAE Central Bank to operate their Islamic banking business activities in compliance with the rules, standards and general principles established by the Higher Shari'ah Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'ah Authority before undertaking certain licensed financial activities.

Corporate governance

Banks in the UAE are subject to the Corporate Governance Regulations and the Corporate Governance Standards which were issued by the UAE Central Bank in 2019 with a view to ensuring banks have a comprehensive approach to corporate governance.

TAXATION

The following summary of certain Cayman Islands, United Arab Emirates, United States and European Union tax consequences relating to the Notes is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Base Offering Circular. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and/or have retrospective effect, and could affect the tax consequences for holders of the Notes. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Notes. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of acquiring, holding and disposing of Notes, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Base Offering Circular, and of any actual changes in applicable tax laws after such date.

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 a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Offering Circular 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 tax consequences of an investment in the Notes to be issued under the Programme. 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 the 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 Notes, nor will gains derived from the disposal of Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has received an undertaking from the Governor in Cabinet of the Cayman Islands pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands that, for a period of 20 years from 12 May 2015, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the 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: (i) on or in respect of the shares, debentures or other obligations (which includes the Notes) of the Issuer; or (ii) by way of the withholding in whole or part, of any relevant payment (as defined in Section 6(3) of the Tax Concessions Act (As Revised)). Subject as set out below, 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 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 approximately 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 summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law and practice in force at the date of this Base Offering Circular and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the Emirate of Sharjah legislation establishing a general corporate taxation regime (the Sharjah Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future.

On 9 December 2022, the UAE Ministry of Finance issued the Corporate Tax Law to enact a Federal corporate tax regime in the UAE, which came into effect for accounting periods beginning on or after 1 June 2023. Thus, the first accounting period that the CIT is applicable commenced on 1 January 2024. Further to amendments to the Corporate Tax Law implementing the Pillar Two GloBE model rules of the OECD, effective from 1 January 2025, a domestic top-up tax liability may arise where the effective tax rate of a corporate group's operations in a jurisdiction is below 15 per cent.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Sharjah taxation in respect of payments of interest or principal on debt securities (including the Notes) or payments under the Deed of Guarantee. In the event of the imposition of any such withholding or deduction, the Issuer or, as the case may be, the Bank has undertaken to gross-up any payments (subject to certain limited exceptions).

The Constitution of the UAE specifically reserves to the UAE Federal Government the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into "double taxation arrangements" with certain other countries.

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. The Issuer may be and the Bank is a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands and the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 26 September 2025 (the **Programme Agreement**), agreed with the Issuer and the Bank a 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 Issuer (failing which, the Bank) has 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 Deed of Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder. The applicable Pricing Supplement 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 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 except in accordance with Regulation S of the Securities Act. 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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 Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(i) 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 the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Regulation; and

(ii) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable

Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to above shall require the Issuer, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision: (i) the expression an **offer of Notes to the public** in relation to any Notes in any 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 for the Notes; and (ii) the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

   (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

   (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

   (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision: (i) the expression **an offer of Notes to the public** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and (ii) the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Bank; 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 UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any 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.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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 Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the 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.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market) other than in compliance with any laws applicable in the UAE (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market) governing the issue, offering or sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the **DFSA**) Rulebook; and

(b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business module of the DFSA Rulebook.

Abu Dhabi Global Market

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 Abu Dhabi Global Market unless such offer is:

(a) an "Exempt Offer" in accordance with the Market Rulebook of the Financial Services Regulatory Authority (the **FSRA**);

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Module of the FSRA rulebook; and

(c) made only in circumstances in which the "Financial Promotion Restriction" set out in section 18(1) of the Financial Services and Markets Regulations 2015 does not apply.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for the Notes issued under the Programme.

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 any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia (the **CMA**) resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017), as amended by CMA Resolution number 1-53-2025 dated 21/11/1446H (corresponding to 19 May 2025) (the **KSA Regulations**), made through a capital market institution licensed to carry out arranging activities.

The Notes to be issued under the Programme may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to institutional and qualified clients under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of, or as otherwise required by, the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual who has a minimum net worth (either singly or jointly with a spouse) of U.S.$1,000,000 (excluding that person's principal place of residence);

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000;

(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); or

(d) any other entity which is an “accredited investor” as defined in the Rulebook of the Central Bank of Bahrain.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre).

This Base Offering Circular: (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

Malaysia

This Base Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (**CMSA**).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, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the SFA), pursuant to Section 274 of the SFA; or (b) to an accredited investor (as defined in Section 4A of the SFA), pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made by it to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Offering

Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular and none of the Issuer, the Bank and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Bank and 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 any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

Persons into whose possession this Base Offering Circular, any Pricing Supplement or any Notes may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes by the Issuer and its entry into the Programme Agreement, the Agency Agreement and the Deed of Covenant have been duly authorised by resolutions of the Board of Directors of the Issuer dated 25 September 2025.

The update of the Programme, the issue of Notes thereunder and the Bank's entry into the Programme Agreement, the Agency Agreement and the Deed of Guarantee has been duly authorised by a resolution of the Board of Directors of the Bank dated 13 March 2025 and a resolution of the shareholders of the Bank dated 23 April 2025.

Listing of Notes

Application has been made to the London Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to trading on the ISM. The ISM is not a UK regulated market for the purposes of UK MiFIR or a regulated market for the purposes of MiFID II. The ISM is a market designated for professional investors.

Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Base Offering Circular.

The admission to trading of the Programme is expected to be granted on or around 26 September 2025. It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

Documents Available

For the period of 12 months from the date of this Base Offering Circular, copies of the following documents will, when published, be available for inspection at https://www.bankofsharjah.com/en/aboutus/investor-relations/shareholders/news-disclosure:

(a) the Memorandum and Articles of Association (with an English translation thereof if applicable) of each of the Issuer and the Bank;

(b) the Interim Financial Statements, the 2024 Financial Statements and the 2023 Financial Statements;

(c) the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(d) a copy of this Base Offering Circular; and

(e) any future offering circulars, base prospectuses, prospectuses, information memoranda, supplements to and Pricing Supplement related to Notes issued pursuant to this Base Offering Circular and any other documents incorporated therein by reference.

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 and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

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 Issuer and the 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 performance or financial position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

There has been no significant change in the financial performance or financial position of the Bank or the Group since 30 June 2025 and there has been no material adverse change in the prospects of the Bank or the Group since 31 December 2024.

Litigation

The Issuer 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 Issuer is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Neither the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this Base Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Bank or of the Group.

Auditors

Since the date of its incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The current auditors of the Bank are Grant Thornton. Grant Thornton have audited the Annual Financial Statements, without qualification, in accordance with International Standards on Auditing as stated in their audit report incorporated by reference into this Base Offering Circular.

Grant Thornton have reviewed the Interim Financial Statements, without qualification, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" as stated in their review report incorporated by reference into this Base Offering Circular.

Dealers transacting with the Issuer and the Bank

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 Issuer, the Bank and their respective affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Bank and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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 Issuer, the Bank and their affiliates. The Dealers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which may affect the future trading of the Notes.

Certain of the Dealers or their affiliates that have a lending relationship with the Issuer, the Bank and their affiliates routinely hedge their credit exposure to the Issuer, the Bank and their affiliates 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.

Cayman Islands Data Protection

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the **DPA**) based on internationally accepted principles of data privacy.

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

By investing in the Notes, Noteholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice (a copy of which may be requested from the Issuer by email at TreasuryOperations@bankofsharjah.com) and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Notes.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

ISSUER

BoS Funding Limited
c/o Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

BANK

Bank of Sharjah P.J.S.C.
Al Khan Road
P.O. Box 1394
Sharjah
United Arab Emirates

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

To the Issuer and the Bank
as to English law and United Arab Emirates law

Greenberg Traurig Limited
Al Fattan Currency House, Tower 2 Suite 2302
Dubai International Financial Centre
PO Box 9976
Dubai
United Arab Emirates

To the Issuer
as to Cayman Islands law

Maples and Calder (Dubai) LLP
Level 14, Burj Daman
Dubai International Financial Centre
P.O. Box 119980
Dubai
United Arab Emirates

To the Arranger and Dealers
as to English law and United Arab Emirates law

Simmons & Simmons Middle East LLP
Level 17, ICD Brookfield Place
Dubai International Financial Centre
P.O. Box 506688
Dubai
United Arab Emirates

AUDITORS TO THE BANK

Grant Thornton Audit and Accounting Limited (Dubai Branch)
The Offices 5
Level 3, Office 3030
One Central, DWTC
P.O. Box 1620
Dubai
United Arab Emirates

ARRANGER
Standard Chartered Bank
7th Floor, Building One
Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates

DEALERS

Abu Dhabi Commercial Bank PJSC
Abu Dhabi Commercial Bank Building
Sheikh Zayed Bin Sultan Street
P.O. Box 939
Abu Dhabi
United Arab Emirates

Al Ahli Bank of Kuwait K.S.C.P. (DIFC Branch)
Emirates Financial Towers, Office Nos. 2202-04
Dubai International Financial Centre
P.O. Box 507162
Dubai
United Arab Emirates

Arab Banking Corporation (B.S.C.)
ABC Tower
Diplomatic Area
P.O. Box 5698
Manama
Kingdom of Bahrain

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Emirates NBD Bank PJSC
Baniyas Road
Deira PO Box 777
Dubai
United Arab Emirates

First Abu Dhabi Bank PJSC
FAB Building, Khalifa Business Park
Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

Mashreqbank psc
Mashreqbank Global Headquarters
Al Umniyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai
United Arab Emirates

QNB Capital LLC
Level 3, QNB Msheireb Downtown
P.O. Box 1000
Doha
State of Qatar

Standard Chartered Bank
7th Floor, Building One
Gate Precinct
Dubai International Financial Centre
P.O. Box 999
Dubai
United Arab Emirates