



## **National Bank of Abu Dhabi P.J.S.C.**

*(incorporated with limited liability in Abu Dhabi, the United Arab Emirates)*

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### **U.S.\$7,500,000,000 Euro Medium Term Note Programme**

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Under the Euro Medium Term Note Programme described in this Base Prospectus (the "Programme"), National Bank of Abu Dhabi P.J.S.C. (the "Issuer" or the "Bank"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$7,500,000,000 (or the equivalent in other currencies) at the date of issue.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the "UK Listing Authority") for Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (as defined below) (the "Market"). References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

Each Series (as defined in "Overview of the Programme") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes While in Global Form".

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus.**

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#### *Arrangers for the Programme*

**Barclays  
National Bank of Abu Dhabi P.J.S.C.**

#### *Dealers*

Barclays  
BofA Merrill Lynch  
Deutsche Bank  
J.P. Morgan  
Société Générale Corporate & Investment Banking

UBS Investment Bank

BNP PARIBAS  
Citigroup  
HSBC  
National Bank of Abu Dhabi P.J.S.C.  
Standard Chartered Bank

Tranches of Notes (as defined in "Overview of the Programme") may be rated or unrated. Such rating will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Tranches of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") will be disclosed in the relevant Final Terms. A 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. Please also refer to "Risks related to the market generally – Credit ratings may not reflect all risks" in the Risk Factors section of the Base Prospectus.

The ratings for the Issuer's senior debt, as noted in the section headed "National Bank of Abu Dhabi P.J.S.C." below, have been provided by Fitch Ratings Limited ("Fitch"), Moody's Investors Services Ltd ("Moody's") and Standard & Poor's Credit Market Services Europe Limited ("S&P").

Fitch, Moody's and S&P are established in the European Union and are registered under the CRA Regulation.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area (the "EEA Regulated Market") or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "Prospectus Directive"), the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and its subsidiaries (each a "Subsidiary") taken as a whole (together, the "Group"), and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

Certain information under the headings "Risk Factors", "Summary of Provisions Relating to the Notes While in Global Form", "Overview of the UAE and Abu Dhabi" and "The United Arab Emirates Banking Sector and Regulations" has been extracted from information provided by the Hong Kong Monetary Authority (in the case of "Risk Factors"), the Organisation of the Petroleum Exporting Countries (in the case of "Risk Factors" and "Overview of the UAE and Abu Dhabi"), Moody's Investors Service Singapore Pte. Ltd., Fitch, S&P, publications of the UAE and Abu Dhabi governments, including the Abu Dhabi Statistics Centre and the UAE National Bureau of Statistics and the International Monetary Fund (the "IMF") (in the case of "Overview of the UAE and Abu Dhabi"), the Central Bank of the UAE (the "UAE Central Bank") and the IMF (in the case of "The United Arab Emirates Banking Sector and Regulations") and the clearing systems referred to therein (in the case of "Summary of Provisions Relating to the Notes While in Global Form"). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any of the Dealers or the Arrangers (as defined in "Overview of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "*Subscription and Sale*".

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Arrangers and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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. All references in this document to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars, all references to "Renminbi", "RMB" or "CNY" are to the lawful currency of the People's Republic of China ("PRC") (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special

Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), to "dirham" and "AED" refer to United Arab Emirates dirham and to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. The exchange rate between the AED and the United States dollar has been fixed since 22 November 1980 at U.S.\$1.00 = AED 3.673. Such translation should not be construed as representing that United Arab Emirates dirham amounts have been or could have been converted into United States dollars at this or any other rate of exchange. All references to "UAE" are to the United Arab Emirates. Certain amounts (including percentages) included in this Base Prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures to which they relate.

In connection with the issue of any Tranche (as defined in "Overview of the Programme"), one or more relevant Dealers (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

### **NOTICE TO BAHRAIN RESIDENTS**

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

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

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

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

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority").

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

## TABLE OF CONTENTS

Supplemental Base Prospectus .....	7
Overview of the Programme .....	8
Risk Factors .....	12
Documents Incorporated by Reference .....	23
Terms and Conditions of the Notes .....	24
Summary of Provisions Relating to the Notes While in Global Form.....	48
Use of Proceeds.....	52
National Bank of Abu Dhabi P.J.S.C.....	53
Overview of the UAE and Abu Dhabi.....	96
The United Arab Emirates Banking Sector and Regulations .....	102
Taxation.....	109
Subscription and Sale .....	113
Form of Final Terms.....	117
General Information .....	123

## **SUPPLEMENTAL BASE PROSPECTUS**

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In addition to its obligations under Section 87 of the Financial Services and Markets Act 2000 (the "FSMA"), the Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any subsequent issue of Notes and whose inclusion in this Base Prospectus or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to such Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any such subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## OVERVIEW OF THE PROGRAMME

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*The following overview is qualified in its entirety by the remainder of this Base Prospectus.*

- Issuer:** National Bank of Abu Dhabi P.J.S.C.
- The Issuer was incorporated on 13 February 1968 with limited liability and is registered as a public joint stock company in accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Issuer's shares are listed on the Abu Dhabi Securities Exchange. The Government of Abu Dhabi, via the Abu Dhabi Investment Council, holds 69.77 per cent. of the Issuer's share capital.
- The Issuer operates in the UAE under a banking licence granted by the UAE Central Bank. Its registered office address is P.O. Box 4, Abu Dhabi, United Arab Emirates (telephone number: +9712 6111111).
- The Issuer is one of the primary bankers to the Government of Abu Dhabi and public sector companies in the emirate. It is a leading corporate bank and has retail banking, investment banking, stockbroking and treasury operations. It has a large international presence, with 62 international branches, cash offices, subsidiaries and representative offices as at the date of this Base Prospectus.
- The Issuer is organised into seven major business divisions, which form the basis of the primary segment reporting information in the Issuer's consolidated annual financial statements. These are Domestic Banking, Financial Markets, International Banking, Corporate & Investment Banking, Global Wealth, Islamic Banking and Head Office.
- Description:** Euro Medium Term Note Programme.
- Size:** Up to U.S.\$7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
- Arrangers:** Barclays Bank PLC  
National Bank of Abu Dhabi P.J.S.C.
- Dealers:** Barclays Bank PLC  
BNP Paribas  
Citigroup Global Markets Limited  
Deutsche Bank AG, London Branch  
HSBC Bank plc  
J.P. Morgan Securities plc  
Merrill Lynch International  
National Bank of Abu Dhabi P.J.S.C.  
Société Générale  
Standard Chartered Bank  
UBS Limited
- The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose

appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

<b>Fiscal Agent:</b>	Deutsche Bank AG, London Branch
<b>Registrar:</b>	Deutsche Bank Luxembourg S.A.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (if any)), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest (if any) and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the "Final Terms").
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Form of Notes:</b>	The Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Overview of the Programme – Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".
<b>Clearing Systems:</b>	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent, the relevant Dealer and, where relevant, the Registrar.
<b>Initial Delivery of Notes:</b>	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity of at least one month.

<b>Denomination:</b>	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or</li> <li>(ii) on the basis of the reference rate set out in the relevant Final Terms.</li> </ul> <p>The Margin (if any) relating to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer for such Series of Floating Rate Notes.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer 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 and the relevant Dealer.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Interest Periods and Interest Rates:</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.
<b>Redemption:</b>	The relevant Final Terms will specify the basis for calculating the redemption amounts payable.
<b>Optional Redemption:</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
<b>Status of the Notes:</b>	The Issuer can issue Senior Notes and Subordinated Notes pursuant to the Programme.
<b>Status of the Senior Notes:</b>	The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer, see " <i>Terms and Conditions of the Notes – Status of the Senior Notes</i> ".
<b>Status and Subordination of the Subordinated Notes:</b>	The Subordinated Notes will constitute direct, conditional (as described in Condition 3(b)) and unsecured obligations of the Issuer. Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3(b).
<b>Negative Pledge:</b>	See " <i>Terms and Conditions of the Notes – Negative Pledge</i> ".
<b>Cross Default:</b>	See " <i>Terms and Conditions of the Notes – Events of Default</i> ".

<b>Early Redemption:</b>	Except as provided in "Optional Redemption" above, Notes (subject, in the case of Subordinated Notes, to the prior approval of the UAE Central Bank (the "Regulator", which expression shall include any successor thereto as the relevant regulator of banks in the UAE) where required) will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See " <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ".
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the UAE, subject to customary exceptions (including the International Capital Market Association's standard European Union tax exceptions), all as described in " <i>Terms and Conditions of the Notes – Taxation</i> ".
<b>Governing Law:</b>	English
<b>Listing:</b>	Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
<b>Ratings:</b>	Tranches of Notes may be rated or unrated. Such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Selling Restrictions:</b>	<p>United States, Public Offer selling restriction under the Prospectus Directive (in respect of Notes having a denomination of less than €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)), United Kingdom, the UAE (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Japan, Hong Kong, the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan). See "<i>Subscription and Sale</i>".</p> <p>Category 2 selling restrictions will apply for the purposes of Regulation S under the United States Securities Act of 1933, as amended.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p>

## RISK FACTORS

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*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

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

#### ***The Group's financial performance is affected by general economic conditions***

Risks arising from changes in credit quality and the recoverability of amounts due from borrowers and counterparties are inherent in banking businesses. Adverse changes in global economic conditions, or arising from systemic risks in the financial systems, could affect the recovery and value of the Group's assets and require an increase in the Group's provisions. The Group uses different hedging strategies to minimise risk, including securities, collaterals and insurance that reduce the credit risk level to be within the Group strategy and risk appetite. However, there can be no guarantee that such measures will eliminate or reduce such risks.

#### ***Non-Performing loans***

As at 31 March 2013, the Issuer had AED 5,961 million of impaired loans and as at 31 March 2013, carried impairment allowances of AED 5,650 million to cover potential loan losses. For further detail on the historic trends with respect to the level of the Issuer's impaired loans, please refer to the section entitled "*National Bank of Abu Dhabi P.J.S.C. – Non-Performing Loans*". As a consequence of adverse market conditions, the Issuer has increasingly focused on restructuring its impaired loans and loans with debtors in financial distress and has provided for impaired loans by way of loan impairment allowances. In accordance with International Financial Reporting Standards ("IFRS"), the Issuer 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 received. However, the actual loan losses could be materially different from the loan impairment allowances. The Issuer's management believes that the levels of impairment allowances for impaired loans and loans under stress as at 31 March 2013 are sufficient to cover the Issuer's potential loan losses as at that date. As at 31 March 2013, impairment allowances (including collective impairment allowances) covered 95 per cent. of the Issuer's impaired loans and advances.

If the Issuer fails to restructure appropriately or control the levels of, and adequately provide for, its impaired loans and loans under stress, the Issuer may need to make further impairment charges and its business, results of operations, financial condition and prospects could be materially adversely affected.

#### ***Liquidity risk may impair the Issuer's ability to fund its business and make timely payments on the Notes***

Liquidity risk is the risk that the Issuer does not have sufficient funds available at all times to meet its contractual and contingent cash flow obligations. The Issuer seeks to manage its liquidity risk by holding a stock of highly liquid assets which can be readily realised for cash and by focusing on the liquidity profile of its assets and liabilities. However, the Issuer's liquidity may be adversely affected by a number of factors, including significant unforeseen changes in interest rates, ratings downgrades, higher than anticipated losses on investments and disruptions in the financial markets generally.

An inability on the Issuer's part to access funds or to access the markets from which it raises funds may put the Issuer's positions in liquid assets at risk and lead it to be unable to finance operations adequately. A dislocated credit environment compounds the risk that the Issuer 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 Issuer's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, because the Issuer receives a significant portion of its funding from deposits, the Issuer 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.

In addition, there are always some timing differences between cash payments the Issuer owes on the Issuer's liabilities and the cash payments due to it on its investments. The Issuer's ability to overcome these cash mismatches and make timely payments on the Notes may be adversely affected if the fixed income markets were to experience significant liquidity problems. Also, under certain market conditions, the Issuer could be unable to sell additional products and unable to sell the Issuer's portfolio investments in sufficient amounts to raise the cash required to pay the Notes when due.

Furthermore, in circumstances where the Issuer's competitors have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, this also may adversely affect the Issuer's access to funds and the Issuer's cost of funding.

All of the abovementioned factors relating to liquidity risk could have an adverse effect on the Issuer's business, financial condition, results of operations or prospects. Like most banks, the Issuer has been affected by the decreased availability and increased cost of wholesale funding that has been a feature of recent dislocations in global financial markets. The Issuer has continued to perform well in its funding activities during this period. However, until global financial markets return to more normal levels, it is difficult to predict what impact the current markets are likely to have on the Issuer and other participants in the financial sector.

***The principal shareholder of the Issuer owns 69.77 per cent. of the share capital and may influence the Group's business significantly***

As at the date of this Base Prospectus, the Issuer's principal beneficial shareholder is the Abu Dhabi Investment Council ("ADIC", which is wholly-owned by the Government of Abu Dhabi), holding approximately 69.77 per cent. of the Issuer's share capital and representing the Government of Abu Dhabi. By virtue of such shareholding, ADIC has the ability to influence the Issuer's business significantly through its ability to control and/or block corporate actions or resolutions that require shareholder approval. Accordingly, ADIC could cause the Issuer to pursue transactions, make dividend payments or other distributions or payments to shareholders or undertake other actions which are contrary to the commercial interests of the Issuer. If circumstances were to arise where the interests of ADIC conflicted with the interests of the Noteholders, the Noteholders may be disadvantaged by any such conflict.

***Competition***

Generally, the banking market in the UAE has been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the "WTO"), the Gulf Cooperation Council (the "GCC") or any other similar entities, it is likely to lead to a more competitive environment for the Issuer and other domestic financial institutions. Such increase in competition could have a material adverse effect on the business, results of operations, financial condition and prospects of the Issuer. For further detail on the level of competition in the UAE banking sector, please refer to the section entitled "*The United Arab Emirates Banking Sector and Regulations*".

**Factors Relating to the UAE**

***The UAE has a commodity and services economy based in the Middle East and is developing its other industries***

The Issuer has the majority of its operations in the UAE and accordingly its business and results of operations are, and will continue to be, generally affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

Investors should also be aware that these markets are subject to risks similar to other developed and developing markets, including in some cases significant legal, economic and political risks. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large scale development projects, the oil and gas industry dominates Abu Dhabi's economy and, according to the Abu Dhabi Statistics Centre, contributed approximately 58.5 per cent. to its nominal GDP in 2011.

Since mid-2007 and the more widespread dislocation in international financial markets, it has become increasingly difficult to accurately predict likely short to medium-term trends in the economies in which the Issuer operates. Nonetheless, there is evidence of significant weakening in each of these economies, including the Issuer's key markets, such as the UAE, where a number of concerns (including commercial and other property market concerns) continue to impact consumer and investor confidence. Although the Issuer intends to continue its focus on controlled growth and asset quality, any contraction of its key markets will impact the Issuer and other participants in the financial sector.

Declines in international prices for hydrocarbon products in the future could therefore adversely affect the UAE's economy which, in turn, could have an adverse effect on the Issuer's business, financial condition and results of operations and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

### ***Enforcing foreign judgments and arbitration awards in the UAE***

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

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

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

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty than would be expected in other jurisdictions. The Issuer has confirmed that the Programme limit in the nominal amount of U.S.\$7,500,000,000 does not exceed the Issuer's capitalisation and therefore the update of the Programme and/or any issuance thereunder does not contravene Article 180 of the Commercial Companies Law of the UAE. However, the Emirates Securities and Commodities Authority ("SCA") may alter its interpretation of Article 180 in such a way that would require the Issuer to obtain approval for the issuance of the Notes under the Programme. The implications of such a decision by the Emirates SCA are not clear.

The Notes, the Agency Agreement, the Deed of Covenant (each as defined in "*Terms and Conditions of the Notes*") and the Dealer Agreement (as defined in "*Subscription and Sale*") 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 LCIA Rules with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England and Wales 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 has, or would at the relevant time have, assets in the United Kingdom 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. Any arbitration award rendered in London should therefore be enforceable in Abu Dhabi 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 Abu Dhabi courts find that the subject matter of the dispute is not capable of settlement by arbitration, or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. There is, however, no system of binding judicial precedent in the UAE and it is unclear if

some of these decisions are subject to any appeal (it should be noted that only the Dubai Court of Cassation decision was a final decision). In practice, however, how the New York Convention provisions would be interpreted and applied by the UAE courts, and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention, remains largely untested.

### ***Political, economic and related considerations***

Although the UAE has enjoyed significant economic growth in recent years, there can be no assurance that such growth or stability will continue. Since early 2008, global credit markets, particularly in the United States and Europe, have experienced difficult conditions. These challenging market conditions have resulted in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates, have been adversely affected by the crisis. Investors should note that the Issuer's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East.

As of the date of this Base Prospectus, the ongoing economic deterioration of several European countries, including Greece, Italy, the Republic of Ireland, Spain and Portugal, together with the risk of contagion to other, more stable countries, has exacerbated the global economic crisis. In particular, the risk of default on the sovereign debt of those countries and the impact this would have on the Eurozone countries, including the potential that some countries (albeit those with a relatively small GDP) could leave the Eurozone (either voluntarily or involuntarily) has raised concerns about the ongoing viability of the Euro currency and the European Monetary Union. The financial performance of the Issuer may be materially and adversely affected by a worsening of general economic conditions in the markets in which the Issuer operates, as well as by United States, European and international trading market conditions and/or related factors. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such policies or level of performance can or will be sustained.

No assurance can be given that the UAE federal government (the "UAE Federal Government") will not implement regulations or fiscal or monetary policies or new legal interpretations of existing regulations, relating to, or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Issuer's business, financial condition, or prospects or which could adversely affect the market price and liquidity of the Notes.

The Issuer currently has a significant proportion of its operations and interests in the UAE, with a particular focus on Abu Dhabi. While the UAE is seen as a relatively stable political environment with generally healthy international relations, certain other jurisdictions in the Middle East are not. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("MENA") region, including Algeria, Bahrain, Egypt, Jordan, the Islamic Republic of Iran, Libya, Oman, the Kingdom of Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict in certain countries, with armed conflict in Syria ongoing as at the date of this Base Prospectus. This has given rise to increased political uncertainty across the region. The situation has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date the impact on Abu Dhabi and the UAE has not been significant. The Issuer's business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East. 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 Issuer would be able to sustain its current profit levels if adverse political events or circumstances were to occur.

A general downturn, political instability or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Issuer's business, financial condition and results of operations. Investors should also note that the Issuer's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

### ***Impact of regulatory changes***

The Issuer is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure its compliance with economic, social and other objectives and

limit their exposure to risk. These regulations include UAE federal laws and regulations (particularly those of the UAE Federal Government and the UAE Central Bank), as well as the laws and regulations of the other countries in which the Issuer operates. Such regulations may limit the Issuer's ability to lend to a single borrower or group of related borrowers, increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business. As a result of the current global economic and financial environment, the regulations currently governing UAE commercial banks are being reviewed by the UAE Central Bank, which may or may not lead to the establishment of more stringent regulations or changes in current regulations in the future. Any changes in such laws and regulations and/or the manner in which they are interpreted or enforced may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. In particular, changes in UAE Central Bank regulations or policy may affect UAE banks' large exposure limits, reserves, provisions, impairment allowances and other applicable ratios. Furthermore, non-compliance with regulatory guidelines could expose the Issuer to potential liabilities and fines. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

***Foreign exchange movements may adversely affect the Issuer's profitability***

The Issuer maintains its accounts, and reports its results, in AED. The UAE dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980. However, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Issuer's results of operations and financial condition. The Issuer has among its portfolio U.S. dollar-denominated assets and liabilities and any alteration to, or abolition of, this foreign exchange peg, particularly if the UAE dirham weakens against the U.S. dollar, will expose the Issuer to U.S. dollar foreign exchange movements against the AED and could have an adverse effect on the Issuer's business, results of operations, financial condition and prospects, and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

***No third party guarantees***

Investors should be aware that no guarantee is given in relation to the Notes by the shareholders of the Issuer or any other person.

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

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

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

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

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 those times, 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.

***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on other Notes.

### *Notes issued at a substantial discount or premium*

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

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

The Issuer's obligations under the Subordinated Notes issued by it will be unsecured and will be subordinated to all unsubordinated payment obligations of the Issuer as set out in Condition 3(b).

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

- (a) the Issuer being solvent (as defined in Condition 3(b)) at the time of such payment; and
- (b) the Issuer being capable of making such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still being solvent immediately thereafter.

If the Issuer was wound up, liquidated or dissolved (or any other analogous action was taken), the Issuer's liquidator (or analogous insolvency official appointed in relation to the Issuer), would apply the assets of the Issuer to satisfy all claims of the Senior Creditors (as defined in Condition 3(b)). In such a situation, and if the condition as to solvency set out above is not satisfied, the holders of the Subordinated Notes shall not be entitled to receive any amounts under the Subordinated Notes.

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

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

*Renminbi is not freely convertible and this may adversely affect the liquidity of Notes denominated in Renminbi*

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Currently participating banks in Singapore, Hong Kong and Taiwan have been permitted to engage in the settlement of Renminbi trade transactions. This represents a current account activity.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the "SAFE Circular"), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the relevant Ministry of Commerce People's Republic of China ("MOFCOM") to the relevant local branch of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the foreign guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign guarantee regime.

On 12 October 2011, MOFCOM promulgated the Circular on Issues concerning Cross-border Renminbi Foreign Direct Investment (the "MOFCOM Circular"). Pursuant to the MOFCOM Circular, MOFCOM and its local counterparts are authorised to approve Renminbi foreign direct investments ("RMB FDI") in accordance with existing PRC laws and regulations regarding foreign investment, with certain exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM. The MOFCOM Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement under the PRC strategic investment regime.

On 13 October 2011, the People's Bank of China (the "PBOC") issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the "PBOC RMB FDI Measures") as part of the implementation of the PBOC's detailed RMB FDI accounts administration system, which covers almost all aspects of RMB FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

As the SAFE Circular, MOFCOM Circular and the PBOC RMB FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue gradually to liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. 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 Notes denominated in Renminbi which may adversely affect the liquidity of such Notes.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Singapore, Hong Kong and Taiwan. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited and Bank of China, Taipei Branch (each an "RMB Clearing Bank") has entered into settlement agreements with the PBOC to act as the RMB clearing bank in Singapore, Hong Kong and Taiwan respectively.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside Singapore, Hong Kong and Taiwan that are in the same bank group of the participating banks concerned with their own trade position, and the relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC only 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. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Growth in 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 which will have the effect of further restricting the availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Notes denominated in Renminbi. To the extent the Issuer is required to source Renminbi outside the PRC to service the Notes denominated in

Renminbi, there is no assurance that the Issuer will be able to source Renminbi outside the PRC to service its obligations under such Notes on satisfactory terms, if at all.

If the Issuer is unable to source such Renminbi, the Issuer's obligation to make a payment in Renminbi under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency (as defined below) if "RMB Currency Event" is specified as being applicable in the relevant Final Terms.

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

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi denominated 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 Notes denominated in Renminbi 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 (as defined in the Conditions), 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 U.S. dollars 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 Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

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

Investors may be required to provide certificates or 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 7(i) (as set out in the RMB provisions below), all Renminbi payments to investors in respect of Notes denominated in Renminbi will be made solely: (i) for so long as such Notes are represented by a Temporary Global Note, a Permanent Global Note or a Global Certificate held with the common depository, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system; or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than described in the Conditions, 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).

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

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of Notes denominated in Renminbi by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes denominated in Renminbi minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between the PRC and Hong Kong for avoidance of double taxation, Noteholders who are Hong Kong residents,

including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of such Notes.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of Notes denominated in Renminbi, the value of the relevant Noteholder's investment in such Notes may be materially and adversely affected.

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

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

#### *Meetings of Noteholders*

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

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect to provide information in accordance with the Directive) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *U.S. Foreign Account Tax Compliance Withholding*

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depository for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

### *Change of law*

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

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

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

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

### ***Risks related to the market generally***

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

#### *The secondary market generally*

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

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

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

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

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

#### *Interest rate risks*

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

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out in the "*National Bank of Abu Dhabi P.J.S.C.*" section of this Base Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the auditors report and condensed reviewed consolidated interim financial statements of the Issuer for the three months ending 31 March 2013;
- (b) the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012, including the information set out at the following pages in particular:

Balance Sheet.....	Page 41
Profit and Loss Account .....	Page 42
Accounting Principles and Notes .....	Pages 46 to 99
Audit Report .....	Page 40
- (c) the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2011, including the information set out at the following pages in particular:

Balance Sheet.....	Page 41
Profit and Loss Account .....	Page 42
Accounting Principles and Notes .....	Pages 46 to 97
Audit Report .....	Page 40
- (d) the "Terms and Conditions of the Notes" section contained in previous Base Prospectuses dated 5 December 2005, pages 15-34 (inclusive), 20 December 2006, pages 17-37 (inclusive), 28 April 2008, pages 18-39 (inclusive), 17 June 2009, pages 19-40 (inclusive), 15 June 2010, pages 19-40 (inclusive), 14 June 2011, pages 20-43 (inclusive) and 28 June 2012, pages 21-44 (inclusive).

The Issuer maintains its accounts in AED and prepares its financial statements in accordance with IFRS.

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

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and have been made available at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued pursuant to an agency agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement") dated 2 July 2013 between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "Deed of Covenant") dated 2 July 2013 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrar", the "Transfer Agents" and the "Calculation Agent(s)". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where such Notes have more than 27 interest payments remaining, talons for further Coupons (the "Talons") (the "Couponholders") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "Tranche" means Notes which are identical in all respects.

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

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

### **1 Form, Denomination and Title**

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, 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).

*All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.*

*So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples in excess thereof provided in the relevant Final Terms.*

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown in the relevant Final Terms.

This Note may also be a Senior Note, or a Subordinated Note, as indicated in the relevant Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in

relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unexpired Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) Transfer of Registered Notes**

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

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

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

**(d) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(e) Exchange Free of Charge**

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

**(f) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

**3 Status of the Senior Notes and Subordinated Notes**

**(a) Status of the Senior Notes**

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

**(b) Status of Subordinated Notes**

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

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer. Accordingly, payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment. No payment shall be payable by the Issuer in respect of the Subordinated Notes except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter. For this purpose, the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its assets exceed its liabilities, and the "Senior Creditors" shall mean creditors of the Issuer (including depositors) other than creditors in respect of indebtedness where, by the terms

of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the Noteholders.

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

#### **4 Negative Pledge**

This Condition 4 only applies to Senior Notes.

So long as any Note remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries will create, or have outstanding any mortgage, charge, lien, pledge or other security interest (other than (i) arising solely by operation of law or (ii) a Permitted Security Interest) (each a "Security Interest"), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or payment under any guarantee or indemnity granted by the Issuer or any Principal Subsidiary in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purpose of these Conditions:

- (i) "Excluded Subsidiary" at any time means a Subsidiary of the Issuer which is a special purpose company whose principal assets are constituted by a project or projects and none of whose indebtedness is directly or indirectly the subject of security or a guarantee, indemnity or any other form of assurance, undertaking or support from the Issuer or any of its Principal Subsidiaries;
- (ii) "Group" means the Issuer and its Subsidiaries;
- (iii) "Indebtedness" shall be construed so as to include any obligation for the payment or repayment of money, whether present or future, actual or contingent;
- (iv) "Permitted Security Interest" means any Security Interest:
  - (a) in respect of any Relevant Indebtedness of any member of the Group incurred:
    - (A) to finance the ownership, acquisition, development, redevelopment or operation of any asset; or
    - (B) to finance or facilitate the receipt of any specified revenues or receivablesin respect of which the person or persons to whom any such Relevant Indebtedness is or may be owed (for the purposes of this definition the "Lender") by such member of the Group (for the purposes of this definition the "Borrower") has or have no recourse whatsoever to any other member of the Group for the repayment thereof other than:
    - (C) recourse to the relevant Borrower for amounts limited to the cash flow or the net cash flow from such asset, revenues or receivables, as the case may be; and/or
    - (D) recourse to the proceeds of enforcement of any Security Interest (x) given by such Borrower over such asset, revenue or receivable or the income, cash flow or other proceeds deriving therefrom ("Relevant Property") and/or (y) given by any owner of voting equity interest in a Borrower over such equity interest ("Related Property") to secure such Relevant Indebtedness provided that the extent of such recourse to such Borrower is limited solely to the amount of any recoveries made in respect of such enforcement, or
  - (b) securing Relevant Indebtedness of any person existing at the time that such person is acquired by or merged into or consolidated with any member of the Group, provided, however, that such Security Interest was not created in contemplation of such

acquisition, merger or consolidation and does not extend to any assets or property of any member of the Group other than that of such person prior to such acquisition, merger or consolidation, as the case may be;

- (v) "Principal Subsidiary" means a Subsidiary of the Issuer (not being an Excluded Subsidiary):
- (a) whose total assets represent not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole; or
  - (b) whose external turnover is more than 10 per cent. of the consolidated turnover of the Issuer and its Subsidiaries taken as a whole,
- all as calculated by reference to the then latest audited consolidated accounts of the Issuer; or
- (c) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary but shall cease to be a Principal Subsidiary under this sub-paragraph (c) (but without prejudice to the provisions of sub-paragraph (a) or (b) above) upon publication of its next audited accounts.

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

- (vi) "Relevant Indebtedness" means any Indebtedness having an original maturity of more than one year which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which (with the consent of the issuer thereof) are for the time being listed or traded on a stock exchange or other recognised securities market other than any notes, bonds or other debt securities issued by an acquired Subsidiary prior to the date of the acquisition and not issued in contemplation of such acquisition; and
- (vii) "Subsidiary" means any entity whose financial statements at any time are required by law or in accordance with relevant generally accepted accounting principles to be fully consolidated with those of the Issuer.

## **5 Interest and other Calculations**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note (other than where the Specified Currency is Renminbi and the relevant Final Terms specifies a Business Day Convention to be applicable) bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

Where the Specified Currency of a Fixed Rate Note is Renminbi and the relevant Final Terms specifies a Business Day Convention to be applicable (each an "Adjusted Renminbi Fixed Rate Note"), that Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. For this purpose, "Interest Payment Date" means the Interest Payment Date(s) specified as such in the relevant Final Terms as adjusted in accordance with the applicable Business Day Convention. The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such Interest Payment Date will be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of that Adjusted Renminbi Fixed Rate Note by the applicable Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards. Each such calculation will be made by the Calculation Agent. For this purpose, "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.

If a Fixed Coupon Amount or a Broken Amount is specified hereon and except as otherwise specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed

Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

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

**(i) Interest Payment Dates**

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

**(ii) Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

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

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

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

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the day specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

**(B) Screen Rate Determination for Floating Rate Notes**

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

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being any of LIBOR, EURIBOR or EIBOR, as specified in the relevant Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Abu Dhabi time in the case of EIBOR) on the Interest Determination Date in question as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(i) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is EIBOR, the principal Abu Dhabi or Dubai office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is EIBOR, the United Arab Emirates inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such 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 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Fiscal Agent and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is EIBOR, the United Arab Emirates inter-bank market as the case may be, provided that, if the Rate of Interest cannot be determined in

accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

**(c) Zero Coupon Notes**

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

**(d) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 7(i)).

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

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(f) Calculations**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

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

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption

Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(a) (in the case of Adjusted Renminbi Fixed Rate Notes) or Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) Definitions**

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

"Business Day" means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating (a "TARGET2 Business Day"); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settlement payments in the applicable RMB Settlement Centre(s) (as defined below); and/or
- (iv) in the case of a currency and/or one or more Business Centres specified in the relevant Final Terms (if any), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) specified in the relevant Final Terms (if any) or, if no currency is indicated, generally in each of the Business Centres;

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

- (i) if "Actual/Actual" or "Actual/Actual – ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified hereon, the actual number of days in the 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 hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30.

- (viii) if "Actual/Actual-ICMA" is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

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

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

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

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

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes (other than Adjusted Renminbi Fixed Rate Notes), means the Fixed Coupon Amount or Broken Amount, as the case may be;

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

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Abu Dhabi prior to the first day of such Interest Accrual Period if the Specified Currency is United Arab Emirates dirhams;

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

"Interest Period Date" means each Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;

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

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

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

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

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

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

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

**(i) Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6 Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount specified in the relevant Final Terms.

**(b) Early Redemption**

**(i) Zero Coupon Notes**

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

of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

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

*(ii) Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount.

***(c) Redemption for Taxation Reasons***

The Notes may (subject, in the case of Subordinated Notes, to the prior approval of the UAE Central Bank (the "Regulator", which expression shall include any successor thereto as the relevant regulator of banks in the UAE) where required) be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the relevant Final Terms to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the UAE or any emirate therein or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

If Call Option is specified hereon, the Issuer may (subject, in the case of Subordinated Notes, to the prior approval of the Regulator where required), on giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Noteholders redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

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

(i) If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Issuer redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together (where applicable) with interest accrued to the date fixed for redemption.

- (ii) If a Change of Control Event occurs, the Issuer shall, at the option of the holder of any Note, redeem or purchase or procure the purchase of such Note on the Redemption Date upon the holder of such Note giving notice to the Issuer at any time during the Redemption Period as specified in paragraph (iii) below (at the Change of Control Redemption Amount specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption. The Issuer will give notice to the Noteholders in accordance with Condition 14 immediately upon becoming aware of the occurrence of a Change of Control Event.

For the purpose of this paragraph (ii):

a "Change of Control Event" will occur if at any time the Government of Abu Dhabi ceases to own, directly or indirectly, through the Abu Dhabi Investment Council or otherwise at least 50 per cent. of the issued share capital of the Issuer;

"Redemption Date" means, in respect of any Redemption Period, the date which falls 14 days after the end of such Redemption Period; and

"Redemption Period" means, in relation to any Change of Control Event, the period from and including the date on which a Change of Control Event occurs to and including the date falling 60 days thereafter (whether or not the Issuer has given the notice referred to above in respect of such event).

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

**(f) Purchases**

The Issuer and any of its subsidiaries may, (subject, in the case of Subordinated Notes, to the prior approval of the Regulator where required) at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(g) Cancellation**

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

**7 Payments and Talons**

**(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

**(b) Registered Notes**

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

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

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

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

All payments are subject in all cases (i) to any applicable fiscal or other laws, regulations and directives applicable thereto 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. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. 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 relevant Final Terms. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including London) so long as the Notes are admitted to the official list of the Financial Conduct Authority in its capacity as competent authority and admitted to trading on the London Stock Exchange's Regulated Market, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

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

**(f) *Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) *Talons***

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

**(h) *Non-Business Days***

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" in the relevant Final Terms and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency;
- (ii) (in the case of a payment in euro) which is a TARGET2 Business Day; or
- (iii) (in the case of Renminbi) on which the relevant RMB Settlement Centre(s) settle Renminbi payments.

**(i) *RMB Currency Event***

If "RMB Currency Event" is specified as being applicable in the relevant Final Terms and a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, 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 relevant Final Terms converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable 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 this Condition:

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in 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;

"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);

"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 a payment under the Notes, as determined by the Issuer 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 on any payment date 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 between accounts inside the applicable RMB Settlement Centre(s) or 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), 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); and

"Spot Rate" means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in 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 at the applicable RMB Settlement 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). If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the applicable RMB Settlement Centre(s) or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market.

**(j) RMB account**

Notwithstanding the foregoing, all payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a Renminbi account maintained by the payee at a bank in 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)).

## **8 Taxation**

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

### **(a) Other connection**

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

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

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

### **(c) Payment to individuals**

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

### **(d) Payment by another Paying Agent**

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

### **(e) Presentation in the UAE or any emirate therein**

presented (or in respect of which the Certificate representing it is presented) for payment in the UAE or any emirate therein.

As used in these Conditions, "Relevant Date" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

## **9 Prescription**

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

## **10 Events of Default**

### **10.1 Events of Default for Senior Notes**

This Condition 10.1 only applies to Senior Notes.

If any of the following events ("Events of Default") occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

#### **(a) Non-Payment**

default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date, in the Specified Currency, of interest or principal in respect of any of the Notes; or

#### **(b) Breach of Other Obligations**

the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or

#### **(c) Cross-Default**

(i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

#### **(d) Enforcement Proceedings**

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 90 days; or

#### **(e) Winding up or Dissolution**

any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or

#### **(f) Cessation of Business**

the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits 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) Liquidation proceedings etc.**

any court or other formal proceedings are initiated against the Issuer or any of its Principal 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 or other similar official (and such proceedings are not being actively contested in good faith by the Issuer or the relevant Principal Subsidiary, as the case may be), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any

of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and in any case (other than the appointment of an administrator) is not discharged within 30 days; or

**(h) Consent to Proceedings**

the Issuer or any of its Principal 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) Analogous Events**

any event occurs which under the laws of the UAE or any emirate therein or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (h) above; or

**(j) Authorisation and Consents**

any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of the UAE or any emirate therein is not taken, fulfilled or done; or

**(k) Illegality**

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or any of the material obligations of the Issuer thereunder are not or cease to be legal, valid, binding or enforceable.

**10.2 Events of Default for Subordinated Notes**

This Condition 10.2 only applies to Subordinated Notes.

**(a) Non Payment**

If default is made in the payment, in the Specified Currency, of any principal or interest due under 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 UAE or any emirate therein (but not elsewhere) for the dissolution and liquidation of the Issuer.

**(b) Liquidation and Other Events**

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, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or
- (ii) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer stops or threatens to stop payment of, or is unable to, or admits 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) (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force

against the whole or a substantial part of the undertaking or assets of the Issuer and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

- (iv) the Issuer 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
- (v) any event occurs which under the laws of the UAE or any emirate therein or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (i) to (iv) above,

then the holder of any Note may give written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, that such Note is due and payable, whereupon the same shall, subject to Condition 2, become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment without presentation, demand, protest or other notice of any kind.

**(c) Breach of Obligations**

To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons, but the institution of such proceedings shall not have the effect that the Issuer shall be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

**(d) Other Remedies**

No remedy against the Issuer, 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, 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 of any other obligation, condition or provision binding on it under the Notes or the Coupons.

## **11 Meeting of Noteholders and Modifications**

**(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum Rate of Interest or Redemption Amount, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding.

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

**(b) Modification of Agency Agreement**

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

**12 Replacement of Notes, Certificates, Coupons and Talons**

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

**13 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, provided that the Issuer will not issue any additional Notes unless such additional Notes do not cause holders of Notes to become subject to any United States reporting obligation or any United States withholding tax which holders of Notes would otherwise not have been subject to had the Issuer not issued the further Notes, and references in these Conditions to "Notes" shall be construed accordingly.

**14 Notices**

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

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

**15 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer as the case may be, to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For

the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

## **16 Contracts (Rights of Third Parties) Act 1999**

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

## **17 Governing Law and Dispute Resolution**

### **(a) Governing Law**

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

### **(b) Agreement to Arbitrate**

Subject to Condition 17(c), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Coupons and the Talons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "Dispute") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("LCIA") (the "Rules"), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (i) the place of arbitration shall be London, England and all hearings shall take place in London, England;
- (ii) the language of the arbitration shall be English;
- (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto. The chairman of the arbitrators shall be a lawyer experienced in international securities transactions;
- (iv) within 15 days from receipt by the registrar of the LCIA of the response to the Request for Arbitration (as defined in the Rules), the claimant(s), irrespective of their number, shall nominate jointly one arbitrator and the respondent(s), irrespective of their number, shall nominate jointly the second arbitrator. The chairman of the arbitral tribunal shall be nominated by the two party nominated arbitrators within 15 days of the last of their appointments;
- (v) in the event that the claimant(s) and/or the respondent(s) fail to nominate an arbitrator or the party nominated arbitrators fail to agree the chairman of the arbitral tribunal within the time limits specified in this Condition, the LCIA court shall, at the written request of the claimant(s) or the respondent(s), make such appointments forthwith; and
- (vi) upon request of a party to a Dispute or any party to the Notes, which itself wishes to be joined to arbitration proceedings in relation to a Dispute, the arbitral tribunal may join any party to the Notes to arbitration proceedings in relation to that Dispute between them. Each of the parties to the Notes hereby consents to be joined to arbitration proceedings in relation to any Dispute at the request of a party to that Dispute, and to accept the joinder of a party requesting to be joined pursuant to this Condition 17(b)(vi).

### **(c) Option to Litigate**

Notwithstanding Condition 17(b) above, any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

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

require that a Dispute be heard by a court of law. If any Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 17(d) and, subject as provided below, any arbitration commenced under Condition 17(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

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

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

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

In the event that a notice pursuant to Condition 17(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition 17(d) is for the benefit of the holders of the Notes only. As a result, and notwithstanding paragraph (i) above, any Noteholder may take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the holders may take concurrent Proceedings in any number of jurisdictions.

**(e) Service of Process**

The Issuer agrees that the process by which any Proceedings or Disputes in England are begun may be served on it by being delivered to the London branch of the Issuer at One Knightsbridge, London, SW1X 7LY or at any other address for the time being at which process may be served on it in accordance with Section 1139 of the Companies Act 2006 (as modified or re-enacted from time to time). If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent or the Registrar, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent or the Registrar. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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### Initial Issue of Notes

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

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

### Relationship of Accountholders with Clearing Systems

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

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples in excess thereof specified in the relevant Final Terms.

If a Global Note or a Global Certificate, as the case may be, may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event (as defined in the relevant Global Note or Global Certificate, and as described further below under "- Exchange"), only one Specified Denomination can be specified (or all Specified Denominations must be an integral multiple of the lowest Specified Denomination). The clearing systems will not accept the Notes for clearing if the "U.S.\$200,000 plus integral multiples of U.S.\$1,000" construct is used unless exchange of the Global Note or a Global Certificate, as the case may be, for Definitive Notes is limited to the occurrence of an Exchange Event.

### Exchange

#### **Temporary Global Notes**

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

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

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### ***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "- Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of paragraph (iii) below, Registered Notes:

- (i) by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;
- (ii) if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

### ***Permanent Global Certificates***

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

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

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

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

### ***Partial Exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

### ***Delivery of Notes***

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse,

or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Base Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **Exchange Date**

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

### **Amendment to Conditions**

The temporary Global Notes, the permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Base Prospectus. The following is a summary of certain of those provisions:

#### *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(f)(v) and Condition 8(d) will apply to the Definitive Notes only.

Whilst the Notes are represented by a Global Note or a Global Certificate, "Business Day" in Condition 7(h) means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating; and/or
- (iii) in the case of a currency and/or one or more Business Centres specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Global Certificate is being held is open for business.

#### *Prescription*

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

### *Meetings*

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

### *Cancellation*

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

### *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

### *Issuer's Option*

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

### *Noteholders' Option*

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

### *Events of Default*

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 2 July 2013 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

### *Notices*

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

## **USE OF PROCEEDS**

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The net proceeds from the issue of each Tranche of the Notes will be applied by the Issuer for general corporate purposes or as otherwise described in the relevant Final Terms.

## NATIONAL BANK OF ABU DHABI P.J.S.C.

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### GENERAL

The Issuer was incorporated on 13 February 1968 with limited liability and is registered as a public joint stock company in accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Issuer operates in the UAE under a banking license (the "Banking License") granted by the UAE Central Bank. The Banking License was granted for an indefinite period of time and does not need to be renewed on a periodic basis. Its registered office address is P.O. Box 4, Abu Dhabi, United Arab Emirates (telephone number: +971 2 6111111). The Issuer is engaged primarily in commercial, investment and Islamic banking in the UAE and at selected overseas locations in Bahrain, China, Egypt, France, Hong Kong, Jordan, Kuwait, Lebanon, Libya, Malaysia, Oman, Sudan, South Sudan, Switzerland, the United Kingdom and the United States of America (though the Issuer's operations in Brazil, Lebanon and South Sudan are not, as at the date of this Base Prospectus, fully operational).

The Issuer's combined credit ratings for senior debt are:

Fitch: (Long term) AA-, (Short term) F1+

Moody's: (Long term) Aa3, (Short term) P-1

S&P: (Long term) A+, (Short term) A-1

(Fitch, Moody's and S&P each as defined on page 2 of this Base Prospectus). A 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.

The Issuer is one of the primary bankers to the Government of Abu Dhabi and public sector companies in the emirate. It is a leading corporate bank and has retail banking, investment banking, stockbroking and treasury operations. It has a large international presence, with 62 international branches, cash offices, subsidiaries and representative offices as at the date of this Base Prospectus.

The Issuer has multiple revenue streams and enjoys substantial fee income. The Issuer had total net loans of AED 162,448 million, AED 164,599 million and AED 159,522 million as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively. The Issuer had total equity of AED 31,223 million, AED 31,133 million and AED 26,389 million as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively, and achieved a net profit of AED 1,409 million for the three-month period ended 31 March 2013, AED 1,041 million for the three-month period ended 31 March 2012, AED 4,332 million for the year ended 31 December 2012 and AED 3,708 million during the year ended 31 December 2011.

### Organisational Structure

The Issuer's organisational structure comprises the following eight principal business divisions: Domestic Banking, Global Financial Markets, International Banking, Global Wholesale & Investment Banking, Corporate Banking & Real Estate (UAE), Global Wealth, Islamic Banking and Head Office. Each of these eight principal business divisions are further organised as follows:

- Domestic Banking comprises consumer banking, elite banking and business banking (small and medium size enterprises);
- Global Financial Markets comprises corporate coverage and risk solutions, cash and rates group, trading and investments group and institutional sales and primary markets group.
- International Banking comprises both Arab world banking (which includes the Issuer's operations in Bahrain, Egypt, Oman, Kuwait, Sudan, Libya Jordan, Lebanon and South Sudan) and international banking (which includes the Issuer's operations in China, France, the United Kingdom, the United States of America, Brazil, Malaysia and Hong Kong);
- Global Wholesale & Investment Banking comprises global corporates, investment banking, wholesale banking and leasing (via Abu Dhabi National Leasing);
- Corporate Banking & Real Estate (UAE) comprises local corporate banking and real estate (via Abu Dhabi National Property Company PJSC);

- Global Wealth comprises global private banking, asset management, brokerage (via NBAD Securities LLC in the UAE and Abu Dhabi Brokerage Egypt in Egypt), custody, trust services (via NBAD Trust Company (Jersey) Limited), business development and the investment group (which is responsible for investment product development and marketing across the Issuer's global client base in addition to providing investment advice through the NBAD House View (as described further below under "Global Wealth"));
- Islamic Banking comprises both Abu Dhabi National Islamic Finance PJSC and the Issuer's current Islamic Banking Division; and
- Head Office, which is run like a business, manages the Group's free capital and provides centralised human resources, information technology, finance, investor relations, risk management, corporate communications, property, legal, internal audit, collective provisions, operations and administrative support to all of its business units.

The new organisational structure is summarised as below:

National Bank of Abu Dhabi						
Domestic Banking	UAE Corporate Banking & Real Estate	Islamic Banking	Global Financial Markets	International Banking	Global Wholesale & Investment Banking	Global Wealth
<ul style="list-style-type: none"> <li>• Consumer &amp; Elite Banking</li> <li>• Business Banking Group</li> </ul>	<ul style="list-style-type: none"> <li>• UAE Government &amp; Government Related Entities (GREs)</li> <li>• UAE Corporate Banking</li> <li>• UAE Real Estate Finance</li> <li>• Abu Dhabi National Properties</li> </ul>	<ul style="list-style-type: none"> <li>• Abu Dhabi National Islamic Finance (ADNIF)</li> <li>• NBAD Islamic Division</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate coverage</li> <li>• Trading &amp; Investments</li> <li>• Cash &amp; Rates</li> <li>• Institutional Sales &amp; Primary Markets</li> </ul>	<ul style="list-style-type: none"> <li>• Arab World               <ul style="list-style-type: none"> <li>- Egypt</li> <li>- Oman</li> <li>- Sudan</li> <li>- Jordan</li> <li>- Bahrain</li> <li>- Kuwait</li> <li>- Libya</li> </ul> </li> <li>• International               <ul style="list-style-type: none"> <li>- UK</li> <li>- France</li> <li>- USA</li> <li>- Hong Kong</li> <li>- China</li> <li>- Malaysia</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Global Corporates</li> <li>• Multinationals &amp; Globally operating GREs</li> <li>• Wholesale Banking Group               <ul style="list-style-type: none"> <li>- Global Project &amp; Structured Finance</li> <li>- Syndications &amp; Specialised Portfolio</li> <li>- Financial Institutions Group</li> <li>- Global Transaction Banking (Trade Finance &amp; Cash Management Services)</li> </ul> </li> <li>• Investment Banking Group               <ul style="list-style-type: none"> <li>- DCM</li> <li>- Advisory / M&amp;A/ ECM/ Private Equity</li> </ul> </li> <li>• Abu Dhabi National Leasing - Leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Private Banking               <ul style="list-style-type: none"> <li>- Investments &amp; Financial Planning for UHNWIs</li> <li>- On-shore &amp; Off-shore platforms</li> </ul> </li> <li>• Asset Management Group               <ul style="list-style-type: none"> <li>- Local &amp; Global Funds</li> <li>- Discretionary Portfolio Management</li> </ul> </li> <li>• NBAD Securities (Brokerage)               <ul style="list-style-type: none"> <li>- Retail &amp; HNWIs</li> <li>- Institutional Desk</li> </ul> </li> <li>• Custody services               <ul style="list-style-type: none"> <li>- Non-discretionary Portfolio Management</li> <li>- Funds administration</li> </ul> </li> <li>• NBAD Trust Co. (Jersey) Ltd               <ul style="list-style-type: none"> <li>- Corporate Pension &amp; Savings solutions</li> <li>- Private trusts, charitable foundations</li> </ul> </li> <li>• Investment Group (Investment products &amp; views)</li> </ul>
Head Office Support functions						
Group Treasury, Audit, Compliance, Finance, Human Resources, Information Technology, Legal, Operations, Risk Management, Investor Relations, Corporate Communications, Strategic Planning, Securities Services, Corporate Governance, Economic Research						

## SHAREHOLDERS AND CAPITAL

The Issuer's ordinary shares have been listed on the Abu Dhabi Securities Exchange (the "ADX") since 2000. As of 31 March 2013, the Government of Abu Dhabi, through the ADIC, holds 69.77 per cent. of the Issuer's share capital. By virtue of such shareholding, the ADIC has the ability to influence the Issuer's business significantly, through its ability to control corporate actions that require shareholder approval. However, the management of the Issuer does not expect that any conflict of interest is likely to arise with the ADIC. The remaining 30.23 per cent. of the Issuer's share capital is widely held by other investors, both retail and institutional.

Of the Issuer's 11 directors, six are directly elected by the ADIC, three are directly elected by the minority shareholders with two directors elected as independent directors (one of which is elected by the ADIC) (see "*Directors, Management and Employees*" below). As at the date of this Base Prospectus, there is one vacancy on the Issuer's Board of Directors which the Directors, together with the ADIC, are currently seeking to fill. The ADIC plays no direct part in the day-to-day management of the business. The executive management of the Issuer is independent from the Board of Directors.

The paid-up share capital of the Issuer as at 31 March 2013 comprised 4,305,556 thousand ordinary shares of AED 1.00 each, which includes the 10 per cent. bonus share issue of 391,414 thousand ordinary shares approved by the Issuer's shareholders at the annual general meeting held on 13 March 2013. The paid-up share capital of the Issuer as at 31 December 2012 comprised 3,874,558 thousand ordinary shares of AED 1.00 each (which included the 35 per cent. bonus share issue of 1,004,515 thousand ordinary shares approved by the Issuer's shareholders at the annual general meeting held on 13 March 2012), as compared to a paid-up share capital of 2,870,043 thousand ordinary shares of AED 1.00 each as at 31 December 2011, which included the 20 per cent. bonus share issue of 478,340 thousand ordinary shares approved by the annual general meeting held on 13 March 2011. Up to 25 per cent. of the Issuer's share capital can be held by non-UAE investors.

In March 2009, and in response to the Government of Abu Dhabi's initiative to inject additional capital into certain Abu Dhabi financial institutions, the Issuer issued AED 4 billion Tier-1 capital notes to the Government of Abu Dhabi.

At the March 2009 annual general meeting, the Issuer's shareholders approved the conversion of UAE Ministry of Finance and Industry ("MoF") deposits amounting to AED 5.6 billion, received in the fourth quarter of 2008, to Tier-II capital of the Issuer. Subsequently, the Issuer entered into a conversion agreement with MoF pursuant to which the deposits were converted into Tier-II capital as of 1 February 2010. The Issuer repaid AED 2.6 billion during the second half of 2012 in two instalments, and repaid the remaining AED 3 billion during the first four months of 2013.

Since 7 December 2005, the Issuer has made several issuances under its U.S.\$5 billion EMTN programme, of which the outstanding amount as at 31 March 2013 is the equivalent of AED 13.6 billion, with maturities ranging between 2013 and 2042. As at the date of this Base Prospectus, the EMTN programme limit has been increased from U.S.\$5 billion to U.S.\$7.5 billion.

On 15 March 2006, the Issuer issued AED 2.5 billion 10-year convertible subordinated notes to strengthen its capital resources. The issue was sold by way of private placement to institutional and retail investors in the UAE, the GCC and Europe. Interest on such notes is paid at a floating rate of 25 basis points over 3 month EIBOR per annum and the notes were convertible into ordinary shares of the Issuer at the option of the noteholder at the second, third, fourth and fifth anniversary from the issue date. The Issuer has the option to redeem such notes at par at the end of the fifth year and on each interest payment date thereafter. Such notes were listed on the ADX on 8 August 2006. On 15 March 2008, being the second anniversary of the issuance and a permitted conversion date, noteholders holding a nominal value of AED 1,388 million exercised the option to convert their notes into ordinary shares of the Issuer resulting in an additional 55,874 thousand paid-up ordinary shares of AED 1.00 each. The conversion option on these notes expired on 15 March 2011 being the fifth anniversary of the issue date.

On 28 February 2008, the Issuer issued AED 2 billion 10-year convertible subordinated notes. Interest on such notes was paid at a floating rate of 25 basis points under 3 months EIBOR prior to the fifth anniversary from the issue date and at a floating rate of 262.5 basis points over 3 month EIBOR on and after the fifth anniversary. The notes were listed on the Professional Securities Market of the London Stock Exchange on 28 February 2008. The Issuer exercised its call option to repay the notes on 28 February 2013. The outstanding nominal amount of such notes as at the date of redemption was AED 808.5 million.

In June 2010, the Issuer established a Malaysian ringgit ("MYR") Trust Certificate Issuance Programme and has issued three series thereunder: (i) in June 2010 it issued a 5-year 4.75 per cent. MYR 500 million senior sukuk; (ii) in December 2010 it issued a 10-year 4.90 per cent. MYR 500 million senior sukuk; and (iii) in December 2012, it issued a 15-year 4.75 per cent. MYR 500 million subordinated sukuk, which comprises Tier 2 capital on the Issuer's regulatory balance sheet. Part of the issue proceeds were used to capitalise the Issuer's newly established subsidiary in Malaysia, National Bank of Abu Dhabi Malaysia Berhad.

In July 2011, the Issuer issued a standalone 15-year 10 billion Japanese yen denominated bond.

In March 2013, the Issuer issued a 5-year maturity Australian dollar ("AUD") denominated note in an amount of AUD 300 million under its Australian and New Zealand Domestic Debt Issuance Programme.

In June 2013, the Issuer completed a 5-year senior unsecured convertible issuance of U.S.\$500 million with a coupon of 1 per cent. per annum and a conversion premium of 30 per cent.

The net proceeds received by the Issuer from the issuance of each of the debt instruments described in the above paragraphs, other than the net proceeds of the MYR issuances (part of which were used for capitalising its subsidiary in Malaysia), were used for the Issuer's general corporate purposes.

## BANKING OPERATIONS

The Issuer is organised into the following eight major divisions which also formed the basis of the primary segment reporting information in the Issuer's consolidated financial information for the three-month period ended 31 March 2013. The figures in the following table, which have been extracted (without material adjustment) from the Issuer's reviewed accounts for the three-month period ended 31 March 2013, set out the relative contribution (expressed as a percentage) made by each of the Issuer's eight major divisions to the Issuer's total net profit during the three-month period ended 31 March 2013:

<b>Division</b>	<b>Contribution (%) to the Issuer's total net profit during the three-month period ended 31 March 2013</b>
Domestic Banking .....	12.4
International Banking .....	13.2
Global Financial Markets.....	28.9
Corporate Banking & Real Estate (UAE) .....	10.0
Global Wholesale & Investment Banking.....	20.6
Global Wealth.....	3.3
Islamic Business .....	3.1
Head Office .....	8.5
	<b>100.0</b>

The consolidated financial statements of the Issuer also include the following wholly-owned subsidiaries:

<b>Subsidiaries</b>	<b>Country of incorporation</b>
Ample China Holding Limited.....	Hong Kong, China
Abu Dhabi Brokerage Egypt.....	Egypt
Abu Dhabi International Bank N.V. ....	Curaçao, Netherlands Antilles
Abu Dhabi National Islamic Finance Company.....	Abu Dhabi, UAE
Abu Dhabi National Leasing LLC.....	Abu Dhabi, UAE
Abu Dhabi National Properties PJSC .....	Abu Dhabi, UAE
National Bank of Abu Dhabi Malaysia Berhad .....	Kuala Lumpur, Malaysia
NBAD Investment Management (DIFC) Limited .....	Dubai, UAE
NBAD Employee Share Options Limited .....	Dubai, UAE
NBAD Private Bank (Suisse) SA.....	Geneva, Switzerland
NBAD Securities LLC (formerly Abu Dhabi Financial Services) .....	Abu Dhabi, UAE
NBAD Trust Company (Jersey) Limited .....	Jersey, Channel Islands

As at the date of this Base Prospectus, an additional two wholly-owned subsidiaries of the Issuer will be included in the Issuer's consolidated financial statements: (i) its French subsidiary, SAS 10 Magellan; and (ii) its Brazilian subsidiary, National Bank of Abu Dhabi Representações LTDA.

## OVERALL PERFORMANCE

The Issuer reported net profits of AED 1,409 million for the three-month period ended 31 March 2013, as compared to AED 1,041 million for the three-month period ended 31 March 2012. The net interest income (including income from Islamic financing net of distribution to depositors) rose by 5 per cent. to AED 1,536 million for the three-month period ended 31 March 2013 from AED 1,460 million for the three-month period ended 31 March 2012. Non-interest income increased by 71 per cent. to AED 974 million for the three-month period ended 31 March 2013 from AED 570 million for the three-month period ended 31 March 2012. Operating income was AED 2,510 million and operating costs were AED 728 million for the three-month period ended 31 March 2013 as compared to operating income of AED 2,030 million and operating costs of AED 645 million for the three-month period ended 31 March 2012. Annualised return on shareholders' funds (net of Government of Abu Dhabi Tier I capital notes and coupons on the notes) was 19.9 per cent. and the cost to income ratio was at 29.0 per cent. for the three-month period ended 31 March 2013 (compared to 17.2 per cent. and 31.8 per cent., respectively, for the three-month period ended 31 March 2012).

The Issuer reported net profits of AED 4,332 million for the financial year ended 31 December 2012, as compared to AED 3,708 million for the year ended 31 December 2011. The net interest income (including income from Islamic financing net of distribution to depositors) rose by 5 per cent. to AED 6,096 million for the year ended 31 December 2012 from AED 5,803 million for the year ended 31 December 2011. Non-interest income increased by 24 per cent. to AED 2,575 million for the year ended 31 December 2012 from AED 2,078 million for the year ended 31 December 2011. This was mainly on account of the increase in the net fees and commission income to AED 1,546 million in the year ended 31 December 2012 as compared to AED 1,391 million in the year ended 31 December 2011. Operating income was AED 8,671 million and operating costs were AED 2,870 million for the year ended 31 December 2012 as compared to operating income of AED 7,881 million and operating costs of AED 2,564 million for the year ended 31 December 2011. Annualised return on shareholders' funds (net of Government of Abu Dhabi Tier I capital notes and coupons on the notes) was 16.5 per cent. and the cost to income ratio was at 33.1 per cent. for the year ended 31 December 2012 (compared to 16.3 per cent. and 32.5 per cent., respectively, for the year ended 31 December 2011). The Issuer's medium-term income statement-related targets are a return on shareholders' funds of around 20 per cent. and a cost to income ratio of less than 35 per cent. over an economic cycle.

The following tables show the breakdown, by the division indicated, of the Issuer's net profit for the three-month period ended 31 March 2013, 31 March 2012 and the years ended 31 December 2012 and 2011, respectively:

Division	Net profit for the three- month period ended 31 March 2013	Net profit for the three- month period ended 31 March 2012	Net profit for the year ended 31 December 2012	Net profit for the year ended 31 December 2011
	<i>(reviewed)</i>		<i>(audited)</i>	
			<i>(AED million)</i>	
Domestic Banking .....	175	219	793	862
International Banking .....	186	153	592	518
Global Financial Markets.....	407	223	910	845
Corporate Banking & Real Estate (UAE).....	141	*	*	*
Global Wholesale & Investment Banking .....	290	*	*	*
Corporate & Investment Banking .....	*	413	2,028	1,933
Global Wealth.....	46	28	124	57

Islamic Banking .....	44	41	156	159
Head Office Support and other businesses .....	120	(36)	(271)	(666)
<b>Total.....</b>	<b>1,409</b>	<b>1,041</b>	<b>4,332</b>	<b>3,708</b>

\* Effective 1 January 2013, Corporate & Investment Banking was split into two reporting segments – Corporate Banking & Real Estate (UAE) and Global Wholesale & Investment Banking.

The Issuer's total loan portfolio (net of provisions) was AED 162,448 million as at 31 March 2013, a decrease of 1 per cent. from AED 164,599 million as at 31 December 2012 (AED 159,522 million as at 31 December 2011). The distribution of the corporate loan portfolio across economic sectors is oriented towards construction, real estate, energy, financial institutions and services, which is in line with the domestic economy.

The following table provides a breakdown of the Issuer's total loan portfolio by counterparty as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(AED million)</i>	
Government .....	20,216	21,154	17,293
Public Sector .....	40,389	40,650	45,347
Banking Sector.....	21,443	20,178	16,053
Corporate/private Sector.....	59,908	62,038	59,289
Personal/retail Sector.....	26,864	26,804	26,843
<b>Gross loans and advances.....</b>	<b>168,820</b>	<b>170,824</b>	<b>164,825</b>
Less: interest suspended .....	(722)	(707)	(502)
Less: allowance of impairment.....	(5,650)	(5,518)	(4,801)
<b>Total (Net of Provisions).....</b>	<b>162,448</b>	<b>164,599</b>	<b>159,522</b>

The Issuer's loan portfolio contains a high proportion of loans to the government and public sector entities. As at 31 March 2013, approximately 36 per cent. of lending was to government and public sector entities. This concentration of lending reflects the historically close relationship between the Issuer and the Government of Abu Dhabi and public sector entities. However, over a period of time the Issuer has diversified its loan portfolio thereby reducing the concentration of loans to the Government of Abu Dhabi and public sector entities from 63 per cent. in 1999 to 36 per cent. as at 31 March 2013. As at 31 March 2013, 31 December 2012 and 31 December 2011, the concentration of the Issuer's loan portfolio to its top 12 borrowers was 34.8 per cent., 33.8 per cent. and 36.8 per cent., respectively.

Approximately 53 per cent. of the loan portfolio is denominated in foreign currency. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed (see "Risk Management" below).

The Issuer maintains a securities portfolio (both trading and investment) of high credit quality. The Issuer's policy continues to maintain exposures rated "BBB" and above (or the equivalent), excluding sovereign bonds of host countries required to meet statutory requirements. The Issuer has had no direct exposure to collateralised debt obligations, structured investment vehicles and other sub-prime related issues. The securities portfolios are concentrated in the European and MENA markets. The trading portfolio is small and is mainly comprised of debt instruments and a managed portfolio of funds and equities. The held-to-maturity portfolio comprises of debt issuances by sovereigns, banks and financial institutions.

The following table provides a breakdown of the Issuer's securities portfolio as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(AED million)</i>	
Trading portfolio .....	3,504	3,274	1,611
Available-for-sale .....	30,749	28,160	21,357
Held-to-maturity.....	4,000	4,127	5,212
	<b>38,253</b>	<b>35,561</b>	<b>28,180</b>

The Issuer has created Special Purpose Entities ("SPEs") with defined objectives to carry on fund management and investment activities on behalf of customers. The equity and investments managed by the SPEs are not controlled by the Issuer and the Issuer does not obtain benefits from the SPEs' operations, apart from commissions and fee income. In addition, the Issuer does not provide any guarantees or assume any liabilities of these entities. Consequently, the SPEs' assets, liabilities and results of operations are not included in the consolidated financial statements of the Issuer. The SPEs are as follows:

<b>Legal name</b>	<b>Activities</b>	<b>Country of incorporation</b>	<b>Holding 2012</b>	<b>Holding 2011</b>
NBAD Fund Managers (Guernsey) Limited .....	Equity/Asset Management	Bailiwick of Guernsey	100%	100%
NBAD Global Growth Fund PCC Limited.....	Equity/Asset Management	Bailiwick of Guernsey	100%	100%
NBAD Private Equity 1 .....	Fund management	Cayman Islands	57.14%	57.14%
NBAD Nominees Limited .....	Shares registration	England	100%	100%
One Share PLC.....	Investment company	Republic of Ireland	100%	100%
NBAD Deucalion Investment Manager Limited .....	Fund management	Cayman Islands	50%	50%
NBAD (Cayman) Limited.....	Fund management	Cayman Islands	100%	—
NBAD Global Multi-Strategy Fund.....	Fund management	Cayman Islands	100%	—

On 29 May 2013 the directors of Abu Dhabi Holding Inc., a Cayman Islands-based SPE, resolved to transfer its entire issued share capital from Maples Corporate Services Limited to the Issuer. On 10 June 2013, the Issuer changed the foregoing company's name to NBAD Financial Markets (Cayman) Limited. NBAD Financial Markets (Cayman) Limited's primary purpose will be to enter into derivative transactions.

### Capital Adequacy

The Issuer calculates its risk asset ratio in accordance with capital adequacy guidelines established by both the UAE Central Bank as well as those established by the Basel Committee Guidelines. As at 31 March 2013, 31 December 2012 and 31 December 2011, respectively, these ratios were as follows:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(AED million)</i>	
In accordance with guidelines issued by the UAE Central Bank (minimum 12 per cent. of risk weighted assets)			
Capital base .....	32,734	35,298	34,140
Risk weighted assets:			
On balance sheet .....	148,610	140,749	123,866
Off balance sheet .....	28,454	36,682	32,516
	177,064	177,431	156,382
Risk asset ratio .....	18.49%	19.89%	21.83%
In accordance with guidelines issued by the Basel II Accord <sup>(1)</sup>			
Capital base .....	34,672	37,266	36,088
Risk weighted assets:			
Credit Risk .....	157,434	159,616	155,787
Market Risk .....	8,740	7,564	5,582
Operational Risk .....	10,195	9,888	13,412
	176,369	177,068	174,781
Risk asset ratio (Basel II) .....	19.66%	21.05%	20.65%

<sup>(1)</sup> The Issuer calculates its risk asset ratio in accordance with the capital adequacy guidelines as per Basel II Accord, which has been adopted with effect from the year ended 31 December 2007

## Funding

The Issuer's bank and customer deposits totalled AED 244,561 million, AED 225,781 million and AED 191,612 million as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively. Customer deposits amounted to AED 205,621 million, AED 190,304 million and AED 151,817 million as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively, and represented 84.1 per cent., 84.3 per cent. and 79.2 per cent. respectively, of total bank and customer deposits. The Issuer's customer deposits contain a high proportion of deposits from the Government of Abu Dhabi and public sector entities. As at 31 March 2013, approximately 38.8 per cent. of the Issuer's customer deposits were from government related entities and a further 12 per cent. were from public sector entities. Once again, this reflects the historically close relationship between the Issuer and the Abu Dhabi Government and public sector entities. The Issuer's funding needs are also met by equity reserves and retained earnings, interbank lines of credit and repurchase agreements.

The following table shows the sources of the Issuer's funding as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(AED million)</i>	
Due to banks .....	38,940	35,477	39,796
Repurchase agreements with banks.....	4,526	2,017	3,514
Euro commercial paper .....	3,159	2,831	—
Customers' deposits.....	205,621	190,304	151,817
Medium term borrowings.....	19,810	19,074	15,149
Derivative Financial Instruments	6,506	6,653	4,784
Other liabilities.....	8,993	7,448	6,229
Subordinated convertible notes .....	3,244	5,662	7,990
Equity .....	31,223	31,133	26,389
	<b>322,022</b>	<b>300,599</b>	<b>255,668</b>

## THE MAJOR DIVISIONS

The divisional structure outlined below reflects the new organisational structure which is set out in the diagram depicted on page 54.

### DOMESTIC BANKING DIVISION

The Domestic Banking Division ("DBD") is responsible for three major customer segments together with the associated operations and administration. The DBD is structured on the basis of the Issuer's customer segments and the differing needs of the Issuer's broad customer base. The DBD comprises the following three segments: Consumer Banking, Business Banking and Elite Banking.

#### Consumer Banking

As at 31 March 2013, the Issuer offers its retail customers a wide choice of products and services through approximately 124 branches and cash offices, over 570 ATMs, a 24/7 call centre and advanced Internet banking. This is further supplemented by a growing range of electronic banking services and a Direct Sales Team of 202 people. Customers also have access to a variety of loans, deposits, cards, transaction accounts, investment and insurance products.

#### Business Banking

The Business Banking team is equipped to provide the fast-growing SME (Small/Medium Enterprise) segment with a wide range of products and services delivered by a team of Relationship Managers and supported by the full resources of the Issuer's network. They are able to specifically address the needs of this specialised segment and bring the required experts together to solve particular issues customers may have.

#### Elite Banking

Elite Banking provides personal banking services for high net worth clients resident in the UAE who have an income of between AED 50,000 and AED 100,000 per month, who make a deposit of AED 500,000 or above, or who make an investment of AED one million or above. Elite Banking provides exclusive and privileged services, focusing on personal attention and value added services for UAE resident high net worth individuals. Elite Banking's value added services include a personal account manager, travel services and special fees, rates and charges on banking products and transactions for its customers.

For the three-month period ended 31 March 2013, the DBD recorded net profits of AED 175 million.

## **GLOBAL WHOLESALE & INVESTMENT BANKING (formerly part of the Corporate & Investment Banking Division (the "CIBD"))**

The Global Wholesale & Investment Banking ("GB") division comprises the following four business units: Global Corporates, Investment Banking, Wholesale Banking and Abu Dhabi National Leasing LLC.

For the three-month period ended 31 March 2013, GB recorded net profits of AED 290 million.

### **Global Corporates and GREs**

The Global Corporates and GRE teams expanded during 2012 with the addition of experienced international bankers. The strategy has been towards establishing industrial sector specialisation with the appointment of a Head of Oil, Gas and Power and dedicated teams for both Japanese and Korean clients. The unit's relationship bankers focus on working with leading global corporations that are active in the MENA region in addition to Abu Dhabi GREs. The teams interact closely with the Issuer's international branches and broader product teams to provide financial services and product specialisation to this corporate client base. As a result of this strategy, the unit has recently executed a significant number of transactions in Trade Finance, Global Project & Structured Finance and Debt Capital Markets across the MENA region.

### **Investment Banking Group**

The Investment Banking Group ("IBG") provides corporate and project finance advisory, private equity/project development and debt capital markets solutions to a client base located principally based in the UAE and the MENA. IBG intends to offer its services to the Issuer's clients in Asia as the Issuer follows on its selective expansion strategy in Asia.

IBG's clients range from mid and top tier corporates, high net worth individual family offices, financial institutions to government and government-related entities.

IBG continues to expand its footprint across all practice areas. Within the advisory side of IBG, clients are offered a range of services including mergers and acquisitions, private placements, equity capital markets, debt advisory, project finance and industrial project development. The Issuer's regional product suite continues to evolve and since 2010 to date, it has secured lead roles in various debt capital market and advisory transactions. In 2012, IBG won several UAE and regional mandates such as advising the Joint Steering Committee established in connection with the merger of Aldar Properties PJSC and Sorouh Real Estate Company PJSC, two leading listed UAE real estate development companies.

In the third quarter of 2008, the Issuer mandated a private equity platform that will source, sponsor, promote and execute variable private equity initiatives across multiple industry sectors. It is expected that the main focus of the Private Equity platform for the next two years will be in green field industrial project development, with a particular focus on metal fabrication, precision engineering and petrochemicals. The team is also pursuing social infrastructure project development with an emphasis on regional project development in the education and healthcare sectors.

### **Wholesale Banking Group**

The Wholesale Banking Group ("WBG") provides wholesale banking services to the Issuer's clients, which include financial institution relationships, syndications, a secondary loans desk, global project and structured finance, global cash management, global trade finance and investment in bonds and sukuk. The WBG comprises the following four departments: Global Project & Structured Finance ("GPSF"); Syndications & Specialised Portfolio ("SSP"); Financial Institutions Group ("FIG"); and Global Transaction Banking ("GTB").

#### ***Global Project & Structured Finance***

GPSF is part of the WBG within the GB division. GPSF is actively involved in both the project finance and structured finance sectors and closed seven deals during 2012 (including three restructuring deals). GPSF's key sectors include power, utilities, oil & gas, aviation, renewable energy, manufacturing, hospitality, and real estate. A number of GPSF's deals in 2011 were structured as public private partnerships ("PPPs").

GPSF has consistently maintained a leading position in project and structured finance in local and regional markets with participation in lead roles. GPSF has also won accolades across deal categories such as structured deals, corporate finance, Islamic finance and restructuring.

### ***Syndications & Specialised Portfolio***

The syndication and distribution of loan assets for all the different bank units is centralised at the SSP. In addition to managing primary distributions, the SSP handles all of the Issuer's secondary loan sales/purchases under the global secondary trading desk and is responsible for building up and maintaining the Issuer's "Investment Portfolio" with a global catchment area, primarily investing in UAE and GCC bond and sukuk issues.

### ***Global Transaction Banking***

The Global Cash Management and Global Trade Finance businesses merged in 2012 to form GTB. The new GTB business has invested in state-of-the-art platforms (see further below) to facilitate end-to-end seamless processing of transactions.

Among other products, GTB offers letters of credit (import and export), letters of guarantee (inward and outward), documentary credits and collections, standby letters of credit, bills for collection (inward and outward), bridge financing (trust receipts and bills discounting) and structured and commodity trade finance products.

The Issuer now offers its corporate clients new electronic banking services under the NBAD iBanking™ flagship brand comprising advanced features such as electronic payment solutions, liquidity and collections management, as well as all related trade finance products and services.

### ***Financial Institutions Group***

The FIG manages the relationships of correspondent banks and currently has banking arrangements with approximately 600 banks worldwide. The FIG is also responsible for establishing different types of facilities and setting up SWIFT bilateral key arrangements with major correspondent banks. In addition, the FIG is responsible for originating and booking all bilateral and syndicated loan transactions for various bank and non-bank financial institution borrowers. Moreover, the ongoing strategic restructuring of FIG during 2012 (involving its transformation into a global coverage model) is intended to establish the Issuer as the banking partner of choice for the world's banks doing business in the GCC region.

### ***Abu Dhabi National Leasing***

Abu Dhabi National Leasing ("ADNL") is a wholly-owned asset financing and leasing subsidiary of the Issuer. Established in 2003, ADNL is engaged in providing flexible equipment financing and leasing solutions that are tailored to suit lessees' equipment needs, including off-balance sheet options. ADNL's corporate solutions are based on fixed and variable rate leases, structured leases, step-up and step-down leases, skipped payment leases, upgrade leases, leases with grace periods, sale and lease back and hire purchase. Additionally, ADNL offers lease structures where pre-and-post delivery finance is arranged to enable the lessee to access funding while the asset is being built, with the asset being leased back upon delivery. ADNL also offers capital re-structuring facilities through the sale and leaseback of clients' existing equipment.

ADNL offers lease options on both a medium and long term basis for equipment including, but not limited to, plant and machinery, specialised equipment, commercial aircraft, ships/vessels/oil tankers, district cooling plants, construction equipment, earth-moving equipment, port handling equipment, heavy vehicles and real estate.

### **CORPORATE BANKING AND REAL ESTATE DIVISION (UAE) (formerly part of CIBD)**

The Corporate Banking and Real Estate Division (UAE) ("CBRE") has overall responsibility for two major sub-divisions of the Issuer's product portfolio: (i) the UAE Corporate Banking Group, which manages locally operating large corporates whether private, quasi-governmental or government related; and (ii) Abu Dhabi National Property Company PJSC, which manages the Issuer's UAE based real estate portfolio.

The CBRE's key strategic objectives focus on progressive growth of the division's market share in terms of both assets (loans) and liabilities (customer deposits). The division seeks to diversify its market presence by targeting local growth sectors such as manufacturing, pharmaceuticals and

health care, and technology and telecommunications, which the Issuer believes are projected to experience significant growth in the UAE. Abu Dhabi National Property Company PJSC has the key objective of expanding its product offering to its clients and aims, through the offering of full-service property and real estate management and advisory services, to become the pre-eminent property management company domestically.

### **UAE Corporate Banking**

The UAE Corporate Banking Group ("CBG") exclusively caters to the Abu Dhabi government, public sector entities, large domestic and international corporates and high net worth individuals and is the Issuer's primary delivery channel for corporate banking products in the UAE.

The CBG relationship managers maintain close contact with their clients in order to understand and provide comprehensive solutions to their business needs and provide clients with access to a full range of products and services, including Working Capital Solutions, Overdraft Facilities, Term Loans, Discounts, Project Financing, Contracting and Construction finance, Capex and Heavy Equipment Finance, Commercial and Property Mortgage Loans.

The CBG works closely with other business units within the Issuer to also co-ordinate the provision of corporate finance, investment banking, treasury, project and syndication finance, Islamic finance and share trading facilities in co-ordination with the specialists in the related product clusters.

### **Abu Dhabi National Properties PJSC**

Abu Dhabi National Properties PJSC ("ADNP") is a subsidiary of the Issuer that was established in May 2009. ADNP is a leading real estate property management organisation in Abu Dhabi, having acquired, from the Issuer in 2009, an initial portfolio of over 9,000 units then under the Issuer's management. ADNP now has in excess of 11,000 units under management across the UAE. In addition to providing property management services, ADNP provides in-house and external real estate valuations, leasing, advisory and project management services and advisory services and is broadening its real estate services into construction advisory services across the whole real estate property life cycle. ADNP has recently signed a service level agreement in the UAE with Knight Frank to broaden its service offering to clients.

For the three-month period ended 31 March 2013, the CBRE recorded net profits of AED 141 million.

### **INTERNATIONAL BANKING DIVISION**

The International Banking Division ("IBD") manages the Issuer's overseas branch network and portfolio of credit derivatives.

The Issuer has the largest overseas network of all the UAE local banks with 32 branches and/or cash offices in Egypt, nine branches in Oman, three branches and one cash office in Sudan, three branches in Jordan, one branch in each of Bahrain, Kuwait, Hong Kong, the United Kingdom and France. The Issuer also has a wholly-owned subsidiary, Abu Dhabi International Bank Inc., in Washington D.C., and a subsidiary in Malaysia, National Bank of Abu Dhabi Malaysia Berhad ("NBAD Malaysia Berhad"), a representative office in Libya and a representative office in Shanghai, China. The Issuer has applied to the Central Bank of Qatar for a full commercial branch license. As at the date of this Base Prospectus, this application is still pending with the relevant authorities.

The Issuer has already received the approvals from the UAE Central Bank and respective Central Banks for Lebanon and South Sudan in respect of the establishment of commercial branches based in those jurisdictions.

The Issuer has also received approval from the UAE Central Bank for establishing a representative office in Brazil and has also applied to the Banco Do Brasil (the Brazilian Central Bank) for approval. As at the date of this Base Prospectus, this application is still pending with the relevant authorities.

The Issuer's strategy for its IBD is to continue to concentrate on maintaining and improving its overall performance and to expand its international network, both by expanding its operations into new markets and increasing the number of branches in countries in which it already operates, with a particular focus on the GCC and MENA region. The Issuer intends to use its IBD to continue to support the international business of the Issuer's local customers and aims to be a bridge into the GCC market, in the UAE in particular, for international companies and financial institutions. The Issuer's strategy for the IBD also includes enhancing cross-selling between the Issuer's overseas

network and the UAE as well as increased marketing by the Issuer's overseas units of its investment products to its high net worth customers.

The following table shows the breakdown of customer deposits by jurisdiction of business unit (including branches, cash offices, subsidiaries and representative offices) as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
	<i>(AED thousands)</i>		
Egypt Region.....	7,076,905	7,253,670	7,050,397
Oman Region.....	1,738,300	1,962,222	1,366,041
Sudan Region.....	634,418	589,270	605,297
Bahrain Region.....	324,397	406,998	344,784
Jordan Region.....	763,671	647,828	460,323
London Branch.....	17,307,515	19,822,236	19,174,147
Paris Branch.....	477,285	439,555	295,602
Kuwait Branch.....	4,557,906	962,587	1,247,730
Hong Kong Branch.....	3,681,804	3,623,339	2,697,022
Malaysia Subsidiary.....	187,421	11,340	-
Abu Dhabi International Bank Inc. (Washington D.C.).....	3,829,511	3,516,794	3,042,357
<b>Total.....</b>	<b>40,579,131</b>	<b>39,235,840</b>	<b>36,283,700</b>

The following table shows the breakdown of operating profit by jurisdiction of business unit (including branches, cash offices, subsidiaries and representatives offices) for the three-month period ended 31 March 2013, 31 March 2012 and the years ended 31 December 2012 and 31 December 2011, respectively:

	<b>For the three-month period ended 31 March 2013</b>	<b>For the three-month period ended 31 March 2012</b>	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2011</b>
	<i>(audited)</i>		<i>(audited)</i>	
	<i>(AED thousands)</i>			
Egypt Region.....	49,739	52,599	210,215	202,194
Oman Region.....	9,929	10,954	39,618	52,461
Sudan Region.....	4,300	5,241	22,632	40,372
South Sudan Branch*.....	-	-	(113)	-
Bahrain Region.....	395	2,891	10,388	9,532
Libya Representative Office.....	(546)	(606)	(2,252)	(1,517)
Jordan Region.....	5,870	4,631	23,236	12,597
London Branch.....	107,191	60,227	305,920	187,095
Paris Branch.....	13,367	4,845	23,837	18,612
Kuwait Branch.....	8,567	9,853	35,347	33,040
Hong Kong Branch.....	12,393	15,916	59,056	29,517
Malaysia Subsidiary.....	(811)	-	11,145	-
Shanghai Representative Office.....	(543)	-	(2,192)	-
Abu Dhabi International Bank Inc. (Washington D.C.).....	18,883	13,490	58,575	46,674
<b>Total.....</b>	<b>228,733</b>	<b>180,043</b>	<b>795,412</b>	<b>630,577</b>

\* the Issuer's South Sudan Branch is not, as at the date of this Base Prospectus, fully operational.

The Issuer commenced operations in Egypt in 1975 and is now one of the largest foreign banks in Egypt in terms of total number of branches (32 as at 31 March 2013) and cash offices, total assets and total profits. Each of the Issuer's Egyptian branches is strategically located, provides a full range of retail and corporate banking services and is managed by a regional office in Cairo. The Issuer is committed to providing for its Egyptian based customers the most efficient, professional and technologically advanced range of products and services, targeting the top end of the retail banking sector. In addition, it offers full retail and corporate banking services including elite banking and credit cards to its prime clients throughout the branch network in Egypt. The Issuer's first branch in Oman was established in 1976. It is the only UAE bank in Oman. The Issuer has nine branches which provide a full range of retail and corporate banking services and assist the Issuer in participating in syndicated facilities to Omani borrowers. In Sudan, the Khartoum branch was established in 1976 (the Issuer currently operates with three branches and one cash office in Sudan) and provides a full range of retail, commercial and treasury banking services with a focus on serving the Sudanese community working in the GCC countries, financing top tier Sudanese corporates and multinational companies, and targeting UAE individuals and corporates with business interests in Sudan. The Issuer's Bahrain branch started its operations in March 2008 with a full range of retail, elite, commercial and treasury banking services. The branch serves the top end of the retail and corporate segments and provides specialised services for high net worth individuals. The branch's corporate business serves Bahraini corporates and multinationals and provides cross-border services across the UAE and Bahrain.

The Issuer's representative office in Libya commenced its operations in February 2009 with the aim to provide advisory services, boost trade between UAE and Libyan companies, and facilitate business between the countries where the Issuer has a presence.

The Issuer's representative office in Shanghai commenced its operations in May 2012 with the aim of providing greater business expansion into the rest of Asia and boosting the business interests of its clients in the UAE, GCC, MENA region and other major global financial centres.

The Issuer's Jordan branch was formally opened in February 2010 and offers commercial banking services to UAE nationals, UAE corporates and the UAE Embassy doing business in Jordan and in GCC countries. NBAD Jordan is targeting the Jordanian community in the UAE for trade/remittances business, salaried employees of multinational companies and Jordanian government/semi-government institutions operating in the UAE. Through the Issuer's presence in Jordan, the Issuer will seek to develop opportunities to cover the Iraqi/Syrian/Lebanese markets and capture trade related business in those countries. A second Branch was opened in Wadi Abdoun area in May 2011 and a third branch was opened in Khalda area in April 2013.

The London branch is the controlling hub for the Issuer's European operations. It provides private banking services to GCC-based high net worth individuals as well as corporate banking services to companies located in the United Kingdom and the remainder of Europe. It is also involved in syndicated lending, and structured deals in real estate financing within the United Kingdom and Europe.

The Paris branch offers professional private banking services, financing and advisory services to French companies doing business in the UAE. The Paris branch is also actively involved in trade finance services covering various areas such as letters of guarantee, documentary credits and letter of credit reimbursements.

The Issuer's Kuwait branch started its operations in October 2006 and it is equipped to provide a full range of retail, elite, commercial and treasury banking services. The branch is involved in serving the top end of the retail and corporate segments. By way of elite banking, the branch provides specialised services for high net worth individuals. Within the corporate segment, the Issuer's Kuwait branch is focussing on prime Kuwaiti corporates, prime multinationals, UAE interests in Kuwait and vice versa.

The Issuer's Hong Kong branch was formally opened in December 2009 and its primary business objectives are to facilitate trade and investment flows between the UAE, GCC and MENA regions with Hong Kong, China and the Far East. Being a full service branch, NBAD Hong Kong offers wholesale commercial banking services to corporate and financial institutions as well as personal banking services to clients in Hong Kong and the Asia Pacific region. Key product offerings include commercial lending, syndication loans, treasury dealings and classical/structured trade financing.

Abu Dhabi International Bank Inc., a Washington D.C.-based, Curaçao-incorporated, wholly-owned subsidiary of the Issuer formally opened in 1979 and offers a variety of services to corporate and

individual clients. These services include corporate, trade finance, treasury and special services to the UAE Embassy in Washington D.C.

NBAD Malaysia Berhad is a wholly-owned subsidiary of the Issuer, incorporated in Malaysia under the Companies Act of Malaysia 1965 and is licensed to carry on banking business in Malaysia under the Banking and Financial Institutions Act 1989. The subsidiary formally commenced operations in July 2012. Its primary business objectives are to facilitate trade and investments flows between the UAE, GCC, and MENA regions with Malaysia and the South-East Asia. Being a full service subsidiary bank, NBAD Malaysia offers wholesale commercial banking services to corporate and financial institutions as well as personal banking services to clients in Malaysia and the South East Asian region. Key product offerings include, commercial lending, syndication loans, treasury dealings, personal accounts (deposit and current) and classical/structured trade financing.

For the three-month period ended 31 March 2013, IBD recorded net profits of AED 186 million.

## GLOBAL FINANCIAL MARKETS

Global Financial Markets ("GFM") is the Issuer's key access to financial markets globally. While it is entrusted with the liquidity management for the Issuer, GFM also performs an income producing role and targets to achieve 20 per cent. of the Issuer's overall profit target.

In recent years, the Issuer has substantially increased its investment in GFM to bring it more in line with the ambitions and medium term targets set by the Board of Directors. The GFM division currently operates through the following Groups:

- **Corporate Coverage & Risk Solutions ("CCRS"):** The CCRS was established to harness and leverage on GFM's product range and makes them accessible to the Issuer's valued global and domestic corporate client base. CCRS has created a new financial market coverage model that successfully enabled the Issuer to deviate from the existing financial market's sales platforms and practices. This distinction is a result of CCRS's ability to be much closer, more responsive, and committed to all of its clients' financial needs.
- **The Cash and Rates Group ("C&RG"):** The C&RG manages the Issuer's liquidity position. In this pursuit, it actively manages liquidity in accordance with best international practice. In addition the C&RG has developed a diversified issuance platform ensuring funding to support both short and long term asset growth aspirations for the Issuer. The C&RG also manages the Issuer's interest rate risk and acts as a market maker in all products for GCC and other major currencies including loans/deposits, foreign exchange spot, foreign exchange forwards and, interest rate derivatives. The C&RG established the region's first "repo" desk which supports the liquidity management of the Issuer as well as supporting the primary and secondary activities of the Debt Capital Markets team.
- **The Trading & Investments Group ("TIG"):** the TIG is the Issuer's financial markets trading and investments products arm which trades all products in support of the requirements of the coverage teams. The TIG consists of five departments:
  1. FX Trading and E-commerce: manages the Issuer's foreign currency flows including non-delivery forwards;
  2. Structured Trading & Investments Department ("STID"): manages highly rated and capital guaranteed notes focused on interest rates. The STID business also covers structured products and derivatives;
  3. MENA Fixed Income Trading Department: acting as a market maker in all GCC and regional bonds and sukuk;
  4. Portfolio Management Department: is an alternative investment management platform that manages a diversified portfolio of hedge funds with limited correlation to global and regional capital markets. The aim of this platform is to build a fund of hedge fund products that targets attractive risk-adjusted returns with controlled volatility for both the Issuer and its clients; and
  5. Market Strategy Department: Oversees the "buy side" credit research and the provision of global financial markets analysis (including equities, currencies and

technical analysis). Manages the Issuer's MENA and GCC equity markets investments including the first GCC ETF program as market maker.

- **Institutional Sales & Primary Markets Group ("ISPMG"):** The ISPMG is a coverage group with the objective of providing sales in financial markets products to the Issuer's institutional clients, leveraging on GFM's product range. The ISPMG desk conducts institutional sales through four teams based on product segments: (i) Foreign Exchange ("FX") Sales Team; (ii) Cash and Rates Sales Team; (iii) Fixed Income Sales Team; and (iv) Structured Products Sales Team. These institutional sales teams are currently responsible for the sale of their respective GFM products to the various segments of the Issuer's customers (Financial Institutions, Non-Banking Financial Institutions, Central Banks, Sovereign Wealth Funds and Islamic Financial Institutions) and to advise on and provide structured products to meet the specific financial requirements of these customers. ISPMG also has a Primary Markets Team that is responsible for providing book-runner and fixed income syndication services to investors during primary bond and sukuk issuances.

The above mentioned products specialist teams are supported by the Generalist Sales Team which mainly focuses on establishing new relationships with Institutional Clients and further enhancing the relationships with existing clients. The Generalist Sales Team are also responsible for co-ordinating all issues that are linked with the legal division, Risk Management Division, FIG and any other department that plays a role in the ISPMG business.

For the three-month period ended 31 March 2013, GFM recorded net profits of AED 407 million.

## **GLOBAL WEALTH**

Global Wealth comprises global private banking, asset management, brokerage (via NBAD Securities LLC in the UAE and Abu Dhabi Brokerage Egypt in Egypt), custody, trust services (via NBAD Trust Company (Jersey) Limited), business development and the investment group (which is responsible for investment product development and marketing across the Issuer's global client base in addition to providing investment advice through the NBAD House View). The NBAD House View is an internal document produced by the Investment Group, through the NBAD Investment Forum, which is distributed internally in order to provide staff with the Issuer's official opinion on the performance of various asset classes, such as equities or fixed income, with a global and/or regional economic overlay.

For the three-month period ended 31 March 2013, Global Wealth recorded net profits of AED 46 million.

### **Global Private Banking**

The Global Private Banking business provides onshore private banking services in the UAE through the UAE Private Banking office. The unit also provides offshore private banking services through the Issuer's wholly owned Swiss subsidiary, NBAD Private Bank (Suisse) SA. As at the date of this Base Prospectus, the Issuer is expanding its offshore private banking offering by seeking to establish private banking operations in major international markets.

The Global Private Banking business leverages on a wide range of both Group and external products and services to offer clients a complete private banking service, with key services including: (i) discretionary and advisory investment mandates; (ii) deposits; (iii) lending (property and securities); (iv) wealth protection; and (v) through NBAD Private Bank (Suisse) SA, foreign exchange trading.

The Issuer believes that the rapid growth in private individuals' wealth offers significant opportunities for its Global Private Banking business. Currently, a large proportion of the wealth generated in the UAE is managed by foreign institutions. Furthermore, the Issuer believes that its existing strengths, including its well respected brand, its local presence and established client relationships provide it with a firm base to continue to expand its Global Private Banking business. As such, in 2007 the Issuer established a wholly-owned private banking subsidiary in Switzerland, NBAD Private Bank (Suisse) SA, with an initial paid up capital of CHF 100 million which was increased by an amount of CHF 40 million by way of a Tier II 10-year subordinated loan on 3 June 2013. This subsidiary is the centre of the Issuer's Global Private Banking business. NBAD Private Bank (Suisse) SA operates as a fully independent Swiss private bank and is subject to Swiss laws and regulations, including those on confidentiality. NBAD Private Bank (Suisse) SA focuses on offering high net worth individuals tailor-made private banking and wealth management services. It also provides wealth protection

vehicles through the NBAD Group Trust Company in Jersey, Channel Islands. The Global Private Banking business also offers onshore UAE private banking through its dedicated private banking offices in Abu Dhabi and Dubai. Client introductions are handled by both the Group network referring clients, as well as the new business brought in by the division's own private banking team.

Within the UAE, the Global Private Banking business complements the services offered by the Elite Banking division (see "*Domestic Banking Division*" above). The Elite Banking division focuses on providing UAE clients with prestige retail banking products and services whereas the Global Private Banking division focuses on providing UAE and global clients with wealth management advice and products.

The Issuer's strategy for its Global Private Banking business is to become a first choice provider of sophisticated and tailor-made wealth management solutions to ultra-high net worth individuals in the UAE and overseas. In order to achieve this, the Issuer offers an open architecture investment approach (including the AMG (as defined below) funds where appropriate) as part of the tailor-made investment and wealth structuring services it offers its clients. As indicated above, the Global Private Banking business offers its broad range of products both through an on-shore platform in the UAE and its off-shore platforms (including NBAD Private Bank (Suisse) SA and NBAD Trust Company).

### **Asset Management Group**

The Asset Management Group ("AMG") is currently one of the largest local asset managers in the UAE, supporting assets of AED 6.5 billion as at 31 March 2013, and providing investment expertise through managing five regional funds, eight offshore funds and numerous portfolios for a range of institutional and private investors.

The AMG has two distinct lines of business: (i) mutual funds; and (ii) segregated mandates.

#### **1. Mutual Funds**

- NBAD UAE Growth Fund – Formed in October 2000. The Growth Fund's primary/main objective is to invest in a balanced portfolio of UAE Equities, whether listed on the Abu Dhabi or Dubai Financial Markets or, where appropriate, purchased through the 'over the counter' arrangements, and other related securities including third party collective investment schemes, with a view to achieving capital growth.

#### **Regional Funds**

- NBAD UAE Trading Fund – Formed in February 2004. The Trading Fund aims to capture short-term trading opportunities arising primarily in UAE equities, and to provide attractive returns over medium-term, while reducing directional downward risk in the underlying markets. The Trading Fund invests in a portfolio of UAE and GCC equities and related securities including third party collective investment schemes, across sectors, whether listed on the Dubai or Abu Dhabi Financial Markets or, where appropriate, purchased through the 'over the counter' arrangements.
- NBAD UAE Distribution Fund – Formed in February 2006. The Distribution Fund's primary/main objective is to invest in a portfolio of UAE and GCC equities, international fixed income securities and real estate and real estate related investment instruments, whether listed or, where appropriate, purchased through the 'over the counter' arrangements and related securities, with a view to both achieving capital growth and distributing dividend income.
- NBAD UAE Islamic Fund – Formed in January 2005. The Islamic Fund's primary/main objective is to invest in a balanced portfolio of equities based on Islamic *Shari'a* principles, listed on the financial markets of Dubai, Abu Dhabi, or other Arab equity markets selected by the fund manager, with a view to achieving capital growth. The Islamic Fund, while predominantly investing in the UAE will also invest in the equities listed on other Arab markets, however, the Islamic Fund will not concentrate its investment in any country other than the UAE. The Islamic Fund will comply with Islamic *Shari'a* principals. The Islamic Fund may also invest in third party collective investment schemes.
- NBAD GCC Opportunities Fund ("AJAJ") – Formed in February 2008. The Opportunities Fund's primary/main objective is to invest in a balanced portfolio of GCC equities and other transferable securities, whether listed on the GCC financial markets, or where appropriate,

purchased through the "over the counter" arrangements and other related securities including third party collective investment schemes, with a view to achieving capital growth.

- NBAD Cautious Income Fund – Formed in February 2012. The Fund aims to provide attractive levels of income with some prospect of capital gains over the medium term through actively investing in a mix of fixed income and money market instruments, including but not limited to corporate and sovereign bonds (including sukuk), convertibles, money market instruments, certificates of deposits, repurchase and reverse repurchase agreements, loans and investments in other collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund's objectives.
- NBAD Sukuk Income Fund – Formed in May 2012. The Fund is designed to capture the best opportunities available to investors by investing in a range of Islamic fixed income instruments (sukuk) and money market investments in the UAE and the wider MENA region that are targeted to deliver attractive profit rates in a diversified fashion, whilst paying close attention to downside risk. Investments will be actively managed and will include sukuk issued by government and government related entities as well as selected corporates that fit the sukuk Fund's profile.

### **Undertakings for Collective Investment in Transferable Securities Funds**

- NBAD Growth Allocation Fund – Formed in May 2012. This Fund invests in equities, bonds and other asset classes with a greater focus on equity. The Fund suits investors looking for potentially long-term returns and who are comfortable with the higher risks inherent in the fund. Investors in this fund should also have at least a five-year investment horizon.
- NBAD Balanced Allocation Fund – Formed in May 2012. This Fund invests in equities, bonds and other asset classes with a balanced focus on equity and fixed income asset classes. The fund suits investors looking for potentially higher long-term returns compared to a bond-focused fund but are prepared to take on a higher level of risk in order to achieve this. Because of the additional volatility associated with equities, investors in this fund should also have at least a three-to-five year investment horizon.
- NBAD Conservative Allocation Fund – Formed in May 2012. This Fund invests in equities, bonds and other asset classes with a greater focus on fixed income share class. The Fund suits investors looking for potentially long-term steady returns but who are risk-averse and only prepared to take a lower level of risk in order to achieve this. Investors in this Fund should also have at least a two-to-three year investment horizon.
- NBAD Emerging Markets Fund – Formed in May 2013. This Fund's investment objective is to achieve long-term investment growth by investing primarily in equities and/or equity-related securities (such as participatory notes (also known as P-Notes) which give indirect exposure to equities in which the fund may invest directly, convertible bonds, ADRs and GDRs), listed or traded on recognised exchanges worldwide, of companies domiciled in emerging markets and/or companies which derive a significant proportion of their revenues or profits from, or have a significant portion of their assets in emerging markets.
- NBAD One Share Dow Jones UAE 25 exchange traded fund ("ETF") – The ETF is the first in the region and was launched on 25 March 2010 and simultaneously listed on the ADX. The ETF seeks to provide long-term capital appreciation through the replication of the performance of Dow Jones UAE 25 Total Return Index (Local) (the "Index"). The Index is comprised of leading stocks which are traded in the UAE. Only stocks which meet minimum liquidity standards are eligible for consideration. Eligible securities are ranked first by float-adjusted market capitalisation and then by 12-month average daily domestic currency trading volume.
- NBAD MENA Dividend Leader Fund – Formed in March 2013. This Fund aims to provide attractive levels of income through predominantly investing in fundamentally strong dividend paying companies with the prospect of capital gains over the medium-term. The fund aims to achieve this objective by investing primarily in equities and/or equity-related securities (such as convertible bonds, ADRs and GDRs), listed or traded on recognised exchanges worldwide, of strong dividend paying companies domiciled in MENA countries, Turkey and India and/or companies which derive a significant proportion of their revenues or profits from, or have a

significant portion of their assets in MENA countries, Turkey and India. The Fund may have exposures in excess of 30 per cent. of the Net Asset Value of the Fund in emerging markets.

- NBAD MENA Bond Fund – Formed in March 2013. The Fund aims to provide attractive levels of income with some prospect of capital gains over the medium-term. The fund aims to achieve this investment objective primarily through investing in a broadly diversified range of Money Market Instruments and/or debt securities (including, *inter alia*, notes (with a maturity from the date of issue of longer than one year but less than ten years), structured notes, participatory notes, bills and bonds) issued by governments, institutions and corporations in MENA countries, Turkey and India and/or corporations which derive a significant proportion of their revenues or profits from, or have a significant portion of their assets in MENA countries, Turkey and India. The fund may have exposures in excess of 30 per cent. of the Net Asset Value of the fund in emerging markets.

## Hedge Fund

- NBAD Global Multi-Strategy Fund - Formed in April 2012. The investment objective of the hedge fund is to deliver capital appreciation through investing in a diversified portfolio of funds and to achieve an attractive risk adjusted return on investment by seeking to generate returns of 8 per cent. to 10 per cent. per annum over a cycle of three years. The portfolio also targets to maintain low volatility of returns by constructing a diversified portfolio that exhibits low monthly draw-down risks.

## 2. Segregated Mandates

The AMG's discretionary portfolio services offer clients comprehensive personalised services which are tailored to their investment and reporting requirements. The portfolio is managed at the discretion of the AMG but customised to suit the client's risk/return profile and an advisory service is also available. Clients include private investors, financial institutions, insurance companies, banks and governments which invest in both equities and fixed income instruments.

To expand the AMG business, the Issuer is using its brand and credit rating to attract investment from international and regional institutional investors. In particular, the Issuer's overall aim for the AMG is to be within the top third of all asset management companies in the MENA region. The Issuer's strategy for achieving such growth is to develop a comprehensive range of investment management products to address different clients' needs.

## NBAD Securities LLC

NBAD Securities LLC ("NBADS"), a wholly-owned subsidiary of the Issuer which is licensed by the SCA. NBADS is the second largest brokerage service providers in the UAE by market share with approximately 10,800 active accounts, five active branches across the UAE and one active branch in Egypt, through Abu Dhabi Securities Brokerage Egypt, as well as its own dedicated e-trading platform. NBADS trades across the Abu Dhabi Securities Exchange, Dubai Financial Markets and selected markets in the GCC (through various third party partners).

NBADS commenced business in 1986 as the Issuer's share trading department offering limited over the counter stock brokerage services. Since then, NBADS has become an independent and wholly-owned subsidiary of the Issuer. NBADS is a market-focused, process centred institution that delivers innovative and consistent services, including various brokerage services in the UAE and the regional markets alike. In addition, NBADS provides research services for institutional and retail clients covering UAE and selected Saudi, Qatar and Egyptian public listed companies.

The Issuer's strategy for NBADS is to maintain its position as one of the primary brokerage service providers in the UAE and to develop it from a local brokerage operation into a global brokerage operation which is able to offer its customers services on local, regional and international equity markets, as well as fixed income brokerage services. In order to achieve this strategy, the Issuer has segregated retail, high net-worth individuals and institutional brokers in order to better serve the needs of clients and to ensure that confidentiality is maintained at all times. NBADS is currently diversifying its product breadth (for example by offering *Shari'a* compliant brokerage facilities and margin trading). All of the necessary support units required to deliver a quality service to its customers have been put in place with an emphasis on compliance and technology. In this regard, the Issuer believes that NBADS offers a unique service to its clients and UAE investors, as a whole, in addition to providing channels of investing regionally using the latest technology and by providing them with

the latest fundamental and technical research tools to enable them to make informed investment decisions which minimise the risks inherent in foreign and regional markets.

### **Custody Services**

In 2010, the Issuer was granted the first custody license in the UAE by the SCA. As at 30 April 2013, the Issuer remains the only local licensed custodian. The Issuer's custody product offering provides settlement and clearing of securities and cash, safe keeping of securities and associated cash, reporting, asset servicing, cash management direct custody services for the Abu Dhabi Securities Exchange, the Dubai Financial Market and NASDAQ Dubai; with a geographical spread that extends to cover the GCC and Middle East markets in addition to international markets through its sub-custodian network, servicing assets under custody in excess of AED 103 billion.

The Issuer offers industry standard custody solutions through a full range of core and value-added custody services which includes:

- settlement and clearing of securities and cash;
- safekeeping of securities and associated cash;
- reporting;
- asset servicing;
- cash management; and
- market information services.

The Issuer's custody services extend to include non-discretionary portfolio management services. Furthermore, the Issuer also offers portfolio restructuring and asset allocation, whereby the portfolio is traded at the sole discretion of the client. All shares, whether purchased on the primary market, secondary market or "over-the-counter" are held in the name of the Issuer, providing confidentiality for clients.

Clients place orders directly with the Issuer's traders and therefore have a direct access to all of the top brokerage houses in the MENA region. Settlement of all trades and foreign exchange transactions and the collection and allocation of all corporate actions is insured.

### **Investment Group**

The Issuer established the Investment Group ("IG") in 2011 as a platform for a more co-ordinated investment and product strategy designed to safeguard the Issuer's brand and enhance investment sales effectiveness. The IG develops investment products and engineers investment solutions for its clients as well as providing guidance and oversight in the development and delivery of investment products and/or services that serve the Issuer's clients across all lines of businesses.

One of its key objectives is the sourcing and selection of investment products and solutions (either in-house or from third parties) which are then marketed by client facing businesses. Several investment products have been successfully sourced from the AMG which include the Issuer's capital guaranteed investment products, equity and fixed income funds as well as asset allocation strategies.

The IG, through the NBAD Investment Forum, also provides client facing business units with a flow of consistent information. For example, at least on a quarterly basis, an NBAD House View is produced and disseminated throughout the Issuer. The Investment Forum discusses and debates various asset classes with global and/or regional economic overlay. In line with discussions, the Investment Forum sets the strategic and tactical asset allocation for discretionary management purposes. The asset allocation addresses client need profiles (which are divided into the following: (i) preservation; (ii) conservative; and (iii) balanced and growth). A sub-committee of the Investment Forum is also responsible for the creation, and management of the NBAD Focus List. This is a shortlist of investment funds (equities, fixed income and alternatives), ETFs, single name equities and bonds (local, regional and international) which form the investment types for the Issuer's discretionary management. Further, the Investment Forum advises whether an investment idea or product is suitable for offering by the Issuer.

The NBAD New Investment Products Committee is responsible for determining whether a new investment product is likely to be well supported by the market (from a sales perspective). The IG

also gathers and analyses information with regards to the effectiveness of the selection and sales process. The NBAD Investment Products Calendar is also maintained to ensure that the client facing businesses are equipped with a co-ordinated flow of investment themes and products that are appropriate for the differing clients and coverage models.

### **Business Development**

The Business Development unit provides global relationship management for the Abu Dhabi royal family, government entities and other key dignitaries including diplomats, members of various boards of directors, high-net worth individuals and business communities to service their banking needs and to maintain the Issuer's reputation as a leading financial institution.

### **NBAD Trust Company (Jersey) Limited**

NBAD Trust Company (Jersey) Limited is a wholly owned subsidiary of the Issuer, administered by Royal Bank of Canada. It provides trust and foundation structures for private and institutional clients. In 2013, it launched a new corporate pension solution (Wealth Builder Plan) with the Issuer being the first domestic bank to be granted a license for this product offering by the UAE Central Bank.

### **ISLAMIC BANKING**

Islamic Banking comprises Abu Dhabi National Islamic Finance and the Issuer's Islamic Division. For the three-month period ended 31 March 2013, Islamic Banking recorded net profits of AED 44 million.

#### **Abu Dhabi National Islamic Finance**

The Issuer has established an Islamic finance subsidiary, Abu Dhabi National Islamic Finance, Private Joint Stock Company ("ADNIF"), which offers a varied range of Islamic financial services. ADNIF is headquartered in Abu Dhabi and the Issuer plans for ADNIF to have offices throughout the UAE. The Issuer foresees relatively fast growth in Islamic banking in the UAE and is positioning itself to take advantage of the trend. ADNIF has been incorporated with an initial paid-up capital of AED 200 million and the Issuer owns 99,999 of shares with the remaining two shareholders holding 10 shares each. As at 31 March 2013, ADNIF has five branches in operation and plans to operate one additional branch by the end of 2013.

ADNIF also provides financial solutions and services to retail and corporate customers and offers investment products to non-individual clients.

ADNIF's strategy is to position itself as a leading Islamic finance institution by providing innovative *Shari'a*-compliant financial products and services thereby building its brand in these products. In order to acquire new customers, ADNIF is focused on key customer segments within the local markets. The Issuer also expects that ADNIF will grow its existing customer base by developing structured Islamic finance products and initiating strategic alliances with select joint venture partners who will allow ADNIF to access the Islamic finance market promptly. ADNIF's strategy for delivering its products to its customers focuses on gradually developing its own distribution channels, in addition to being able to leverage off the depth of the Issuer's network.

#### **Islamic Banking Department**

In addition to the Islamic finance services offered by ADNIF, the Issuer has been granted a licence by the UAE Central Bank to establish an Islamic Banking Department, which has commenced operations. The Islamic Banking Department provides *Shari'a*-compliant core transactional Islamic banking services catering to the needs of corporate and retail customers. The Senior General Manager of the DBD is also responsible for both ADNIF and the Islamic Banking Department of the Issuer.

### **HEAD OFFICE SUPPORT AND OTHER BUSINESSES**

The Issuer provides centralised human resources, information technology, finance, investor relations, corporate communications, property, legal, operations and administrative support to all of its businesses.

## **GROUP TREASURY**

The Group Treasury department is a newly created Head Office function whose role is to ensure that the Group always has sufficient liquidity and capital to support the Board of Directors medium and long-term strategic objectives which incorporate balance sheet, geographical and financial performance growth. More specifically, its responsibilities include the following at the Group level: management of the Group's liquidity position (which includes ensuring compliance with all domestic and international regulatory requirements), management of the Group's structural asset and liability position, management of the Group's capital position (including meeting requirements for newly established branches or subsidiaries), management of the investment of excess liquidity/capital, management of the global debt platform (including responsibility for all issuance including capital products) and management of the internal funds transfer pricing platform.

## **RISK MANAGEMENT**

The Board of Directors has overall responsibility for risk management in the Issuer. The Board of Directors is assisted in this regard by the Risk Management Committee (a Board level committee) and three management level committees (the Group Assets and Liabilities Committee, the Group Credit Committee and the Operational Risk Management Committee). These committees are described further under "*Directors, Management and Employees*".

The primary role of the Risk Management Division (the "RMD") is to control risk whilst also ensuring an optimal return on capital for shareholders. In this role, the risk function acts as an independent middle office, ensuring that best practice checks and balances are in place to manage the risks emanating from activities in the front office business units and the processing of the same by the back office. The Board of Directors and senior management of the Issuer recognise that the independence of this function is critical to effective and efficient control of the risks that arise from the activities of the Issuer and its various operating divisions.

The Issuer's overall strategy for the RMD is to ensure that the Issuer is a premier bank within the UAE in respect of risk management and, in particular, to reflect the best possible practices in managing the risks inherent to its businesses thus assisting in an optimal return on shareholders' funds.

### **Liquidity Risk**

Liquidity risk is the risk that the Issuer does not have sufficient funds available at all times to meet its contractual and contingent cash flow obligations. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to cease to be available. To mitigate this risk, senior management of the Issuer has diversified funding sources and monitors liquidity on a daily basis to ensure adequate liquidity is maintained. In addition, the Issuer maintains a statutory cash reserve with central banks and maintains an adequate balance of cash, cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Issuer's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The maturity profile is monitored by senior management to ensure that adequate liquidity is maintained.

The following table (which has been extracted from the Issuer's audited financial statements as at and for the year ended 31 December 2012) shows the maturity profile of assets, liabilities and shareholders' equity as at 31 December 2012:

	Total	Less than three months	From three months to one year	From one year to three years	From three years to five years	Over five years	Unspecified Maturity
	(AED '000)						
<b>Assets</b>							
Cash and balances with central banks ..	54,943,221	49,900,318	5,026,118	238	—	16,547	—
Investments at fair value through profit or loss .....	3,274,313	6,611	983,891	548,440	525,502	1,209,869	—
Due from banks and financial institutions .....	14,615,968	9,770,840	4,845,128	—	—	—	—
Reverse repurchase agreements .....	18,509,608	11,673,739	5,285,511	1,550,358	—	—	—
Loans and advances .....	164,599,378	30,948,613	29,832,358	31,055,494	17,879,307	54,883,606	—
Non-trading investments .....	32,286,857	1,361,781	3,743,716	3,995,095	3,757,355	19,428,910	—
Derivative financial instruments .....	5,583,080	4,960,488	62,584	143,427	120,441	296,140	—
Other assets .....	4,300,195	3,225,146	1,075,049	—	—	—	—
Investment properties .....	140,061	—	—	—	—	—	140,061
Premises and equipment .....	2,346,488	—	—	—	—	—	2,346,488
	<b>300,599,169</b>	<b>111,847,536</b>	<b>50,854,355</b>	<b>37,293,052</b>	<b>22,282,605</b>	<b>75,835,072</b>	<b>2,486,549</b>
<b>Liabilities and Equity</b>							
Due to banks and financial institutions ..	35,477,275	34,686,371	790,904	—	—	—	—
Repurchase agreements .....	2,017,041	2,017,041	—	—	—	—	—
Euro commercial paper .....	2,831,198	1,603,366	1,227,832	—	—	—	—
Customers' deposits .....	190,303,573	170,076,965	16,067,704	3,438,175	551,977	168,752	—
Medium-term borrowings .....	19,073,630	367,301	2,476,569	8,131,202	3,258,217	4,840,341	—
Derivative financial instruments .....	6,652,508	5,183,380	143,290	366,909	277,243	681,686	—
Other liabilities .....	7,448,492	5,586,369	1,862,123	—	—	—	—
Subordinated notes .....	5,662,361	—	—	—	4,306,445	1,355,916	—
Equity .....	31,133,091	—	—	—	—	—	31,133,091
	<b>300,599,169</b>	<b>219,520,793</b>	<b>22,568,422</b>	<b>11,936,286</b>	<b>8,393,882</b>	<b>7,046,695</b>	<b>31,133,091</b>

The following table (which has been extracted from the Issuer's audited financial statements as at and for the year ended 31 December 2012) shows the maturity profile of assets, liabilities and shareholders' equity as at 31 December 2011:

	Total	Less than three months	From three months to one year	From one year to three years	From three years to five years	Over five years	Unspecified Maturity
	(AED '000)						
<b>Assets</b>							
Cash and balances with central banks ..	24,468,641	20,424,736	4,026,367	—	—	17,538	—
Investments at fair value through profit or loss .....	1,610,745	—	160,530	291,064	213,481	945,670	—
Due from banks and financial institutions .....	15,166,763	12,024,938	3,050,000	91,825	—	—	—
Reverse repurchase agreements .....	16,425,020	13,956,944	1,123,183	1,344,893	—	—	—
Loans and advances .....	159,522,178	29,337,267	22,762,261	34,344,119	16,953,842	56,124,689	—
Non-trading investments .....	26,569,340	2,773,635	2,247,170	5,413,694	2,737,498	13,397,343	—
Derivative financial instruments .....	5,605,647	4,962,428	89,801	172,308	224,054	157,056	—
Other assets .....	4,083,411	3,062,557	1,020,854	—	—	—	—
Investment properties .....	—	—	—	—	—	—	—
Premises and equipment .....	2,215,760	—	—	—	—	—	2,215,760
	<b>255,667,505</b>	<b>86,542,505</b>	<b>34,480,166</b>	<b>41,657,903</b>	<b>20,128,875</b>	<b>70,642,296</b>	<b>2,215,760</b>
<b>Liabilities and Equity</b>							
Due to banks and financial institutions ..	39,795,601	37,025,180	2,678,596	91,825	—	—	—
Repurchase agreements .....	3,513,726	3,513,726	—	—	—	—	—
Euro commercial paper .....	—	—	—	—	—	—	—
Customers' deposits .....	151,816,887	133,965,879	13,032,057	4,609,798	52,414	156,739	—
Medium-term borrowings .....	15,148,516	2,010,311	1,535,793	6,432,823	3,466,416	1,703,173	—
Derivative financial instruments .....	4,784,473	4,127,185	126,593	165,233	214,855	150,607	—
Other liabilities .....	6,228,763	4,671,569	1,557,194	—	—	—	—
Subordinated notes .....	7,990,054	—	—	—	1,040,631	6,949,423	—
Equity .....	26,389,485	—	—	—	—	—	26,389,485
	<b>255,667,505</b>	<b>185,313,850</b>	<b>18,930,233</b>	<b>11,299,679</b>	<b>4,774,316</b>	<b>8,959,942</b>	<b>26,389,485</b>

## Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises in respect of financial instruments denominated in a foreign currency. The Issuer's functional currency is the UAE Dirham. The Risk Management Committee has set limits on

positions according to currency. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits.

The following table (which has been extracted from the Issuer's audited financial statements as at and for the year ended 31 December 2012) shows the significant net exposures denominated in foreign currencies to which the Issuer was exposed as at 31 December 2012:

Currency	Net spot position (short)/long	Forward position (short)/long	Total 2012 (short)/long	Total 2011 (short)/long
	<i>(AED '000)</i>			
US Dollar .....	(27,704,360)	25,937,421	(1,766,939)	1,744,244
UK Sterling pound .....	6,291,085	(6,290,372)	713	37,546
Euro.....	34,271,757	(34,366,521)	(94,764)	(44,156)
Kuwaiti Dinar .....	228,919	(216,261)	12,658	39,562
Omani Riyal.....	460,452	(513,510)	(53,058)	(267,789)
Saudi Riyal .....	(2,133,116)	2,592,425	459,309	(508,255)
Japanese Yen.....	387,294	(377,476)	9,818	6,311
Swiss Franc.....	334,271	(386,629)	(52,358)	(60,534)

### Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates, foreign exchange rates, market prices, equity and commodity prices. The Risk Management Committee has set limits based on sensitivity analysis and notional limits which are monitored on a daily basis by the RMD, reported daily to senior management and discussed monthly by the Group Assets and Liabilities Committee.

### Credit Risk

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 Issuer manages credit risk through clearly laid out policies and procedures. These include both diversification criteria as well as collateralisation in order to mitigate against excessive credit exposure. The Issuer manages its credit exposure by obtaining security where appropriate and entering into master netting arrangements in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Issuer may also close out transactions or assign them to other counterparties in order to mitigate credit risk. The Issuer has a policy of close monitoring of counterparty exposures and has clearly laid out guidelines for the Issuer's exposure, industry exposures, sector exposures, eligible and ineligible collateral, risk based pricing and rating of counterparties. The Issuer also regularly monitors its exposure across various industries and has established prudent limits for the various sectors/industries for both funded and unfunded limits. These limits are regularly reviewed by the Risk Management Committee and the Group Credit Committee.

Credit policies are conservative and individual discretionary lending limits are tightly controlled. Lending decisions conform to objective credit standards that are applied equally to all borrowers, regardless of their status. The account classification and provisions for retail loans are rule-based, whilst for wholesale credits it is principle-based, in accordance with the regulations of the UAE Central Bank. Loans which have not been serviced for 30 days are generally placed on a watch-list and could be subject to non-accrual classification after 90 days. Non-accrual classification falls into four broad categories: watch-list, substandard, doubtful and loss. The level of classification is decided, and regularly reviewed, by the RMD.

The Issuer has clearly defined country limits (based on internal and external assessments of country risk) and almost 86 per cent. of cross border exposure is to investment grade sovereigns. Cross border exposure is reviewed by the Risk Management Committee on an annual basis with continuing monitoring by senior management on monthly basis.

Counterparty banks are primarily strong investment grade financial institutions and limits are imposed based on ratings from leading rating agencies.

In April 2012, the UAE Central Bank published a circular amending certain of the large exposure limits and, in particular, introducing new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any

single such borrower. The circular was, however, withdrawn from effect for further review by the UAE Central Bank in December 2012. (see "*Risk Factors – Factors Relating to the UAE – Impact of regulatory changes*" above and "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Credit Controls*" below).

### **Counterparty Credit Risk for Derivative Transactions**

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Issuer, which are included in other assets. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it would cost to replace transactions at prevailing market rates if a counterparty defaults. Credit derivatives also help the Issuer to achieve a geographic diversification of its credit portfolio and across counterparties in emerging markets where it does not have a presence. The majority of the Issuer's derivative contracts are entered into with other financial institutions. The credit derivatives portfolio consists almost entirely of investment grade credits with a majority of these being rated above BBB-/Baa2 by S&P and Moody's, respectively.

### **Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability, cash flows or the fair values of financial instruments. The Issuer is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or re-price in a given period. The Risk Management Committee has established acceptable levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods. The Issuer manages interest rate risk by matching the re-pricing of assets and liabilities through risk management strategies and monitors the positions on a daily basis to ensure they are maintained within established limits.

The majority of the interest rate gaps are concentrated in the short end of the market and longer term investments are of very high quality and are floating rate, thus minimising the Issuer's interest rate exposure.

### **Operational Risk Management**

Operational risk is defined as the risk of direct or indirect loss resulting from a wide variety of causes associated with a business entity's processes, personnel, technology and infrastructure, as well as from external factors. Operational risks arise and/or are created from within the organisation and are faced by all business entities. Operational risk includes legal risk but excludes strategic and reputational risk.

The Issuer has established an Operational Risk Management Department (the "ORM") within its RMD. The role of the ORM is to facilitate management of operational risk, create operational risk awareness and to trigger and instil appropriate risk mitigation actions in order to proactively prevent and/or minimise operational losses.

The Issuer has set up an Operational Risk Management Committee, with the core membership formed by the senior executive management, whose main objective is to steer and align the ORM activities to support the achievement of the Issuer's goals. As an evolving discipline, the Issuer has constantly monitored and improved its ORM methodologies and is in the process of establishing a framework and revising the methodologies to ensure that it adheres to best in industry standards and is able to track the sophisticated products and services innovated in the finance industry.

### **Basel II**

The Issuer's capital adequacy ratio was 19.66 per cent. as at 31 March 2013, 21.05 per cent. as at 31 December 2012, and 20.65 per cent. as at 31 December 2011, thus complying with the Basel II capital adequacy guidelines and the current minimum regulatory requirements of 12 per cent. as stipulated by the UAE Central Bank.

### **Basel III**

Ahead of the implementation by the UAE Central Bank of the Basel III capital adequacy and liquidity guidelines in the UAE, the Issuer computes key Basel III ratios (including Common Equity Tier 1, Tier

1 and Leverage ratios) on a quarterly basis. As at 31 March 2013, these ratios indicate that the Issuer maintains an adequate capital cushion in compliance with the Basel III guidelines.

The Issuer also monitors its compliance with the main Basel III liquidity guidelines (including the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Further, and in response to the UAE Central Bank's published liquidity guidelines in line with Basel III, the Issuer tracks compliance with the UAE Central Bank's two interim ratios (the Liquid Asset Ratio and the Uses to Stable Resources Ratio) and remains compliant as at 31 March 2013.

### Credit Approval Procedures

The Issuer's credit approval process follows a tiered approach with approvals for small retail credits being undertaken at the branch and regional levels. Larger credits are referred upwards through to the RMD under the Senior General Manager and Group Chief Risk Officer at Head Office. Approvals are then provided from within the various levels of discretionary authorities within RMD with credits above these levels being referred along with RMD's recommendations to the Group Credit Committee ("Group CC"). Facility requests for amounts in excess of the amount which Group CC has discretion to authorise are referred to the Issuer's Risk Management Committee (a board level committee).

Discretionary powers within the Issuer are linked to risk ratings, tenor and other control parameters and are consistently reviewed by the RMD and the Chief Executive with updates and amendments being undertaken on a regular basis, following review by the risk management committee.

### Non-Performing Loans

Non-performing loans ("NPLs") increased from AED 5,781 million as at 31 December 2012 to AED 5,961 million as at 31 March 2013. NPLs have increased by AED 2.7 billion in absolute terms between 31 December 2010 and 31 March 2013 with the ratio of NPLs as a percentage to gross loans increasing from 2.31 per cent. to 3.55 per cent. during the same period. The Issuer's NPL ratio remains among the lowest in the industry and well below the industry average. In addition, the Issuer's NPLs are well covered with a provision coverage (including collective impairment allowances) of 95 per cent. as at 31 March 2013. The increase in NPLs is a reflection of the downturn in the credit cycle in UAE. Private sector credit exposures are primarily to major business groups in the UAE and to infrastructure and real estate projects that are currently underway. NPLs (excluding impaired government and public sector loans) to gross loans (excluding all public sector and government loans) other than government and public sector loans were 5.51 per cent. as at 31 March 2013, 5.30 per cent. as at 31 December 2012 and 4.74 per cent. as at 31 December 2011, respectively.

The 20 largest NPL exposures comprised 59.29 per cent. of gross NPLs (inclusive of interest suspended) as at 31 March 2013 and 58.91 per cent. of gross NPLs (inclusive of interest suspended) as at 31 December 2012. Restructured loans amounted to AED 2.47 billion and AED 2.48 billion as at 31 March 2013 and 31 December 2012, respectively.

The following tables provide a breakdown of NPLs as a percentage of gross loans made and the loan-loss reserves and charges made to NPLs and gross loans, respectively, each as at 31 March 2013, 31 December 2012 and 31 December 2011, respectively, and the movement in NPLs for the three-month period ended 31 March 2013 and the years ended 31 December 2012 and 31 December 2011, respectively:

	<b>As at 31</b>		
	<b>March 2013</b>	<b>December 2012</b>	<b>December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(Percentage)</i>	
NPLs/gross loans .....	3.55	3.40	2.94
NPLs (excluding impaired government and public sector loans)/gross loans (excluding all public sector and government loans) .....	5.51	5.30	4.74
Loan-loss reserves/NPLs .....	94.78	95.45	99.20
Loan-loss charge/gross loans .....	0.18	0.73	0.81

**Movement in NPLs for the period ended**

	<b>31 March 2013</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(reviewed)</i>	<i>(audited)</i>	
		<i>(AED million)</i>	
NPLs at the beginning of the year.....	5,781	4,839	3,249
Less recoveries .....	104	219	128
Less written off .....	176	542	205
Add net additions .....	460	1,703	1,923
NPLs at the end of the period .....	5,961	5,781	4,839

Please note that all figures and ratios in the above section on non-performing loans with respect to NPLs and gross loans exclude interest suspended.

**Related Party Exposure**

Financial assets to related parties amounted to 192 per cent. of total equity as at 31 March 2013 and 188 per cent. as at 31 December 2012. Related party financial liabilities were higher by AED 32 billion than related party financial assets at 31 March 2013.

**INFORMATION TECHNOLOGY**

The Issuer's Information Technology ("IT") Department continues to deliver a competitive advantage to the Issuer by (i) building a group-wide shared IT services centre (Bank in a Box – BIAB); (ii) automating more business processes through applications; and (iii) enhancing our services through expanding the IT service management and governance frameworks.

The Issuer's IT Division is focused on utilising advanced IT systems to serve the Issuer's customers and ensure that customers' data is well protected and secured against unauthorised access. To improve responsiveness to the needs of the business, the IT Division is organised into six main departments, namely IT Strategy and Planning, IT Security, IT Infrastructure, Business Services, Consolidated Services, and Business Applications.

The Issuer has implemented new business systems to offer enhanced services to the Issuer's customers and eliminate geographical barriers. These new browser-based systems offer hardware independence, eliminates downtime during end-of-day processing and supports the latest automatic failover and clustering technologies. Moreover, the systems use open technologies that are more resilient against technology obsolescence. In addition, the Issuer is continually enhancing and renewing existing applications, and implementing new systems to improve the Issuer's ability to leverage its information assets to better serve its customers.

**GROUP INTERNAL AUDIT**

Group Internal Audit ("GIA") has overall responsibility for evaluating and recommending improvements on the effectiveness of the risk management, control and corporate governance processes of the Issuer. This includes, amongst other functions:

- reviewing business systems to assess if they are sufficient to control business processes in a prudent, cost effective and adequate manner;
- providing recommendations on improving the risk control framework;
- reviewing business activities to assess their effectiveness in conducting business in accordance with all applicable regulatory requirements and the Issuer's own policies and procedures;
- reviewing the information systems used by the Issuer to ensure that they comply with reliability and risk control requirements;

GIA currently employs 50 members of staff and comprises the following units:

- the Group Consumer Banking Audit Unit, which is primarily responsible for the first three functions listed above as they relate to the DBD and the Islamic Banking Division;

- the Group Global Banking Audit Unit, which is primarily responsible for the first three functions listed above as they relate to the GB division and the IBD;
- the Group GFM & Global Wealth Audit Unit, which is primarily responsible for the first three functions listed above as they relate to the GFM and the Global Wealth Division;
- the Group Technology & Operations Audit Unit, which is primarily responsible for the first three functions listed above as they relate to the support divisions as well as the fourth function listed above.

In order to ensure independence and objectivity, the GIA reports to the Chairman of the Board Audit Committee. The GIA has unrestricted access to all of the Issuer's records and staff.

## **GROUP COMPLIANCE DIVISION**

The Group Compliance Division ("GCD") has overall responsibility for ensuring that the Issuer's activities are conducted in accordance with all applicable laws and regulations in the jurisdictions in which it operates. This includes, amongst other functions:

- ensuring the Issuer has effective and sufficient policies, procedures and systems to ensure compliance with applicable laws and regulations;
- assisting in the prevention of financial fraud and money laundering;
- assisting the Issuer in complying with all relevant trade sanctions legislation in the countries in which it operates and transacts business;
- defining and promoting effective information system security policies and procedures; and
- ensuring that the Issuer's support services have sufficient policies, procedures and systems to ensure compliance with applicable laws and regulations.

The GCD directly employs 42 members of staff in the Issuer's head office, as well as 32 full and part time compliance officers in the Issuer's business units, subsidiaries and international branches. The GCD comprises the following units:

- Group Compliance Department, which is primarily responsible for the first function and directly employs thirteen full time staff, supported by the compliance officers in the business units, international branches and subsidiaries;
- Prevention of Money Laundering and Financial Fraud Department, which is primarily responsible for the second function and directly employs eight full time staff, supported by full and part time staff in the business units, international branches and subsidiaries;
- Sanctions Compliance Department, which is primarily responsible for the third function and directly employs ten full time staff, supported by full and part time staff in the business units, international branches and subsidiaries;
- Data Security Compliance, which is primarily responsible for the fourth function and directly employs seven full time staff; and
- support service compliance, which is primarily responsible for the fifth function and directly employs four full time staff.

The Issuer has established customer due diligence policies and procedures, which preclude a business unit from establishing a new relationship until all parties have been identified, and training programmes to help ensure that all relevant staff are aware of their responsibilities in respect of the prevention of money laundering and terrorist financing. The GCD is responsible for ensuring that the Issuer's policies and procedures comply with the requirements of the UAE Central Bank (and other regulators in the jurisdictions in which the bank operates) and for reviewing compliance by business units.

GCD provides a report on a quarterly basis to the Board Audit Committee on Regulatory and Compliance matters.

In 2011, the Issuer introduced a Reputational Risk Committee ("RRC") to safeguard the reputation of the Issuer, its employees and its customers. The RRC advises the Issuer on reputational, compliance and ethical matters, meeting on an ad hoc basis.

## DIRECTORS, MANAGEMENT AND EMPLOYEES

### Administrative, management and supervisory bodies

The members of the Board of Directors and general management of the Issuer and their functions within the Group and the principal activities of the directors and members of general management outside the Group are as follows:

<u>Name</u>	<u>Citizenship</u>	<u>Principal Activities outside the Group</u>
H.E. Nasser Ahmed Alsowaidi Chairman (Date of birth: 1 January 1961)	UAE	<ul style="list-style-type: none"> <li>• Chairman – Department of Economic Development</li> <li>• Member of the Executive Council of Abu Dhabi</li> <li>• Chairman – Abu Dhabi Securities Exchange</li> <li>• Board Member – Mubadala Development Company P.J.S.C.</li> <li>• Board Member – International Petroleum Investment Company</li> <li>• Chairman - Etihad Rail Company</li> <li>• Chairman - Higher Corporation for Specialised Economic Zones</li> </ul>
Mr. Mohammed Omar Abdulla Board Member (Date of birth: 4 February 1962)	UAE	<ul style="list-style-type: none"> <li>• Undersecretary – Department of Economic Development.</li> <li>• Board Member – Abu Dhabi Ports Company</li> <li>• Board Member – Sheikh Khalifa Fund</li> </ul>
Mr. Khalifa Sultan Al Suwaidi Board Member (Date of birth: 11 April 1974)	UAE	<ul style="list-style-type: none"> <li>• Executive Director – Abu Dhabi Investment Council</li> <li>• Board Member – Etihad Airways</li> <li>• Board Member – AD Invest</li> <li>• Board Member – Abu Dhabi Securities Exchange</li> <li>• Board Member – Aldar Properties</li> <li>• Board Member – Abu Dhabi National Insurance Company</li> <li>• Board Member – Union National Bank</li> </ul>
Mr. Hashim Fawwaz Al Kudsi Board Member (Date of birth: 13 January 1967)	UAE	<ul style="list-style-type: none"> <li>• Executive Director – Abu Dhabi Investment Council</li> <li>• Board Member – Al Wathba Company for Central Services</li> <li>• Board Member – AD Invest</li> </ul>
Mr. David Beau Board Member (Date of birth: 9 July 1970)	French	<ul style="list-style-type: none"> <li>• Chief Investment Officer – Abu Dhabi Investment Council</li> <li>• Investment Committee member - Abu Dhabi National Insurance Company</li> </ul>

H.E. Sultan Bin Rashed Al Board Member (Date of birth: 31 December)	UAE	<ul style="list-style-type: none"> <li>• Board Member – Abu Dhabi National Insurance Company</li> <li>• Businessman in various commercial Activities</li> <li>• Member – Federal National Council of the UAE</li> </ul>
Sheikh Ahmed Bin Mohammed Sultan Al Dhaheri Board Member (Date of birth: 3 May 1971)	UAE	<ul style="list-style-type: none"> <li>• Member of Abu Dhabi National Consultative Council</li> <li>• Board Member – Etisalat</li> <li>• Board Member – National Hotels Company</li> <li>• Deputy Chairman – Abu Dhabi Aviation</li> <li>• Businessman in various commercial activities</li> </ul>
Sheikh Mohammed Saif Mohammed Al Nahyan Board Member (Date of birth: 19 October 1978)	UAE	<ul style="list-style-type: none"> <li>• Board Member – Abu Dhabi National Insurance Company</li> <li>• Chairman – Abu Dhabi Marine Investment Company</li> <li>• Vice Chairman – Abu Dhabi Marine Sport Club</li> <li>• Businessman in various commercial activities</li> </ul>
Mr. Matar Hamdan Al Ameri Board Member (Date of birth: 7 February 1967)	UAE	<ul style="list-style-type: none"> <li>• Board Member – National Drilling Company</li> <li>• Board Member – Abu Dhabi National Tanker Company</li> <li>• Manager Group Finance and Control Department – Abu Dhabi National Oil Company ("ADNOC")</li> <li>• Board Member – Excel London (subsidiary of ADNEC)</li> <li>• Board Member – Al Ain Sports Club</li> <li>• Manager of Finance and Control Abu Dhabi Onshore Oil Operating Company ("ADCO")</li> <li>• Businessman in various commercial activities</li> </ul>
Michael H. Tomalin Board Member (Date of birth: 10 April 1947)	British	<ul style="list-style-type: none"> <li>• Director of Morant Wright Japan Fund</li> <li>• Advisor to Millennium Associates: Corporate boutique advisors specialising in Asset Management</li> </ul>
Alex Thursby (Date of birth: 8 March 1960)	British	<ul style="list-style-type: none"> <li>• 25 per cent. shareholder in Tyrell Breweries Limited in the United Kingdom</li> </ul>

The business address of each of the directors is National Bank of Abu Dhabi, P.O. Box 4, Abu Dhabi, United Arab Emirates. None of the directors have any conflict or potential conflict between their duties to the Issuer and their private interests and other duties.

The Issuer presently has 10 members of its Board of Directors. As at the date of this Base Prospectus, there is one vacancy on the Issuer's Board of Directors which the Directors, together with the ADIC, are currently seeking to fill. The Issuer's shareholders authorised the Board of Directors to

appoint an additional independent director. Such appointment is to be ratified by the shareholders at the first annual general meeting of the shareholders following that appointment.

## **General Management**

### ***Chief Executive***

Michael Tomalin

Mr. Tomalin is a senior international wholesale and private banker with hands-on executive experience in the UK, Japan, Middle East, Australasia, the Caribbean and the Far East. Mr Tomalin trained as an Investment Manager at Rothschild and broadened into General Management at Barclays. Mr Tomalin was the Chief Executive of Barclays Private Banking between 1992 – 1999 and was appointed as Chief Executive of the Issuer in mid 1999.

During the 2012 AGM, Mr. Tomalin's intention to retire as Chief Executive was announced and such retirement will become effective on 30 June 2013. He was also appointed as director (as representative of ADIC) of the Issuer for a tenor of three years: (a) in an executive capacity up until Mr. Alexander Thursby starts as Chief Executive on 1 July 2013; and (b) in a non-executive capacity thereafter.

Mr. Tomalin was recently awarded the "Lifetime Achievement Award" by ITP Publishing Group, publisher of the Arabian Business magazine, in recognition of the Issuer's growth under his leadership.

Alexander Thursby (Chief Executive elect)

Mr. Alexander Thursby is a senior international institutional banker with approximately 30 years of experience in the Asia Pacific region, the Middle East, Africa, Europe, America, Australia and New Zealand. In 1986 Mr. Thursby started his career working for Standard Chartered Bank. Throughout his twenty one years in that organisation, he was nominated to several senior positions with the last appointment being that of Senior Managing Director and Group Head of Corporate & Institutional Client Relationships and Wholesale Banking, in June 2005. In 2007 he joined Australia and New Zealand Banking Group Limited where his most recent position was that of Chief Executive Officer of the International and Institutional Banking Division. Mr. Thursby will replace Mr. Tomalin as Chief Executive of the Issuer with effect from 1 July 2013.

### ***Deputy Group Chief Executive***

Abdulla Mohammed Saleh AbdulRaheem

Mr. Abdulla Mohammed Saleh AbdulRaheem joined National Bank of Abu Dhabi in 1982 and is currently the Deputy Group Chief Executive of the Issuer. Prior to his promotion to Deputy Group Chief Executive effective 1 July 2012, he held various positions in the Issuer, the last one being Group Chief Operating Officer.

In addition to his new role, he continues to be responsible for Group Finance, Group Treasury, Group Economics, Transformation Management Office, Business Planning and Strategy, Corporate Communication, NBAD Properties, Registrar Services, Administration and Procurement and Commercial Management. He is also responsible for specific strategic projects and tasks assigned by the Group Chief Executive.

He is a member of several committees that assist in the overall management of the Group at various levels.

He was awarded a B.Sc. in Accounting and Business Administration from UAE University in 1982. He is a Certified Public Accountant (Washington D.C. State Board of Accountancy, United States 1997).

### ***Group Chief Operating Officer***

Khalaf Al Dhaheri

Mr. Al Dhaheri joined the Issuer in 1997 and held various positions prior to being appointed Secretary to the Risk Management Committee in April 2003. He was appointed Deputy General Manager and Chief Risk Officer in June 2006 and General Manager and Chief Risk Officer in August 2009.

Mr. Al Dhaheri was appointed Group Chief Operating Officer on 1 July 2012 and is responsible for Operations, IT and HR. Mr. Al Dhaheri was awarded a B.Sc. in Accounting from UAE University in 1997 and a Masters in Business Administration from Zayed University in 2005. He has been a

Certified Public Accountant since May 2002 with the California Board of Accountancy, United States of America. Mr. Al Dhaheri is also certified by the Advanced Management Program of Ashridge, Hertfordshire, United Kingdom since 2006.

***Group Chief Risk Officer***

Abhijit Choudhury

Mr. Abhijit Choudhury joined the Issuer as the Chief Risk Officer in December 2006. Mr. Choudhury started his banking career with ANZ Grindlays Bank in India. During his thirty years of banking experience, the last seventeen of which were with the Arab Banking Corporation in Bahrain, he has served in various fields of banking, concentrating in the latter years on the progress and growth of the Risk Control function associated with different business segments in banking. In recent years, Mr. Choudhury has been an active contributor to Risk Management initiatives in the region, sponsored by regional bodies such as Central Banks, the Union of Arab Banks and the International Institute of Finance (IIF). He currently serves as a member of the IIF's Steering Committee on Regulatory Capital.

In his current role within the Issuer as Senior General Manager and Group Chief Risk Officer, Mr. Choudhury is vested with oversight responsibilities for both deals adjudication relating to all segments of the bank's business, as well as the independent risk management of the diverse risks arising from the bank's present activities and future growth plans. Mr. Choudhury holds a Masters Degree in Economics from the Jawaharlal Nehru University, New Delhi, India.

***Chief Financial Officer***

Jamil El Halabi

Mr. Jamil Ibrahim El Halabi joined the Issuer in 1998 and has held several positions within the Issuer in that time, including the position of Chief Financial Officer since 2007. Mr. El Halabi has a broad knowledge of financial services, gained from 24 years of experience working in banking, audit and financial industries. Mr. El Halabi holds a Masters Degree in Business Administration from the American University of Beirut, Lebanon, in addition to several professional qualifications including: Certified Public Accountant, Certified Management Accountant, Certified Financial Manager and Certified Fraud Examiner.

***Group Chief Investment Officer and Head of the Investment Group***

Claude-Henri Chavanon

Mr. Chavanon was appointed as Group Chief Investment Officer and Head of the Investment Group in June 2013. Prior to his appointment, Mr. Chavanon had been the Chief Investment Officer of NBAD Private Bank (Suisse) SA since 2007.

In his new role, Mr. Chavanon will be primarily responsible for maintaining oversight of the Issuer's investment processes and management of those processes, through his membership of the various investment management committees and/or boards of bank sponsored investment vehicles. Mr. Chavanon will also lead the NBAD House View as well as the strategic and tactical investment asset allocation for use by the Issuer's client facing businesses. Mr. Chavanon will chair the Issuer's New Investment Products Committee and its Investment Forum Committee to enhance the Issuer's investment products platform offering with a view to sourcing, selecting and distributing a broad range of investment products for local, regional and international markets.

Mr. Chavanon has over 15 years experience in investment management and business development across various asset classes. He has a BSc in Business Administration with Finance from University of Geneva, Switzerland.

***Group Treasurer***

Stephen Jordan

Mr. Stephen Jordan is the Group Treasurer and is responsible for the Group's Asset and Liability Management function, liquidity management including investments, Funds Transfer Pricing, and the Global Debt Issuance Platform. Mr. Jordan is also a member of the Group ALCO, the Issuer's Investment Committee and also the Portfolio Management Committee which looks into investment of the Issuer's own capital into certain hedge funds.

Prior to becoming Group Treasurer he was the General Manager in the GFM at NBAD responsible for all regional trading activities and all global interest rate and liquidity risk.

Mr. Jordan joined the Issuer in 2008, having previously spent 18 years at Skandinaviska Enskilda Banken AB in London where he held managerial positions covering many products within the Trading and Capital Markets Division including investments, interest rate risk, proprietary trading, and held the position as Head of Treasury for many years.

***Group Chief Compliance Officer***

John Garrett

Mr. Garrett has over 37 years' banking experience with a number of international and Middle Eastern banks. For the 18 years prior to joining the Issuer, Mr. Garrett was responsible for the internal audit function in Hambros Bank Ltd., Saudi Hollandi Bank and the National Bank of Oman. He joined the Issuer in 2005.

Mr. Garrett was awarded a B.Sc. from Durham University in the United Kingdom, is an Associate of the Chartered Institute of Bankers (United Kingdom) and is a Certified Information Systems Auditor.

His leadership of the Group's Compliance Unit was recognised when he was awarded the "Compliance Officer of the Year" at the ACC Achievements Awards in 2012.

***Group Chief Audit Officer***

Malcolm Walker

Mr. Malcolm Walker joined the Issuer in 2010. Prior to joining the Issuer, Mr. Walker worked for Standard Chartered Bank for 20 years, spending 15 years in the bank's Audit & Investigations function and most recently serving as Chief Operating Officer and Managing Director. Mr. Walker holds an MBA from Henley Management College as well as a Master of Science and a Bachelor of Laws degree.

***General Counsel***

Samer Abdelhaq

Mr. Samer Abdelhaq joined National Bank of Abu Dhabi in June 2008 as Deputy General Counsel, and subsequently was appointed as General Counsel and Head of Legal Department in January 2010. He holds an LLB from the University of Jordan, an LLM in International Banking and Finance Law from Boston University and a post graduate diploma in law from Nottingham Trent University. Prior to joining the Issuer, Mr. Abdelhaq practised banking and finance law with Allen & Overy LLP and Simmons & Simmons. Mr. Abdelhaq is a member of the Law Society of England & Wales.

In April 2012 Mr. Abdelhaq was appointed Board Secretary and Head of Corporate Governance to the Issuer.

***Senior General Manager, IBD***

Qamber Ali Al Mulla

Mr. Al Mulla holds a Masters Degree in Business Administration. His career with the Issuer spans a period of 30 years. Mr. Al Mulla has had roles within the Issuer that have included retail operations (Manager-Foreign Exchange, Current Accounts, Personal Instalment Loans, Trade Finance Operations), Audit and Compliance (Financial Auditor), Credit and Marketing (Assistant Vice President, Area Manager and Head of International Banking).

In April 2005, Mr. Al Mulla was appointed General Manager, IBD and, in July 2007 was promoted to Senior General Manager, with the remit of managing the Issuer's international presence and the division's derivative book. In addition to his immediate remit, he is also a Supervisory Director on the Board of Abu Dhabi International Bank, a Board Member of NBAD Private Bank (Suisse) SA, a member of the management committee of NBAD Securities LLC and a director of NBAD Malaysia Berhad.

***Senior General Manager, GB***

Akram-Mark Yassin

Mr. Yassin joined the Issuer in May 2008 as the Senior General Manager of the GB division. Prior to joining the Issuer, Mr. Yassin held senior and executive positions in a number of international banks, consulting firms and regional banks with a career which has spanned over more than 22 years covering assignments in Bahrain, the Kingdom of Saudi Arabia, Canada and the United States and predominantly covering corporate finance, global project and structured finance, financial and

strategic advisory, infrastructure and project debt advisory/debt arranging, syndications, trade finance, private equity and corporate banking. Additionally, Mr. Yassin also has 5 years of experience in the field of engineering and project management. Prior to joining the Issuer, Mr. Yassin's last position was as the Global Head of Corporate Finance in Arab Bank. At the Issuer, Mr. Yassin has been entrusted to manage the newly integrated CIBD comprising the GB division and the CBRE. Mr. Yassin has also contributed and written several articles in various publications including Euromoney Yearbook, Project Finance International, Middle East Economic Digest and Emerging Markets Investors. Mr. Yassin holds a Masters Degree in Business Administration from Southern Methodist University in Dallas, Texas and a Masters Degree in Engineering from the University of Surrey in the United Kingdom.

***Senior General Manager, GFM***

Mahmood Al Aradi

Mr. Al Aradi is the Senior General Manager, GFM, a role that he has held since May 2007. Prior to joining the Issuer, Mr. Al Aradi held senior and executive positions in a number of international and regional banks with a career which has spanned more than 27 years covering assignments in Bahrain, Kuwait, Singapore, New York, and London. Immediately prior to joining the Issuer he was the Head of Treasury of the Gulf Investment Corporation in Kuwait from 2004. Mr. Al Aradi graduated from the Gulf Technical College in Bahrain and attended the Executive Program at the Darden Business School of the University of Virginia.

***Senior General Manager, Global Wealth***

Rüdiger von Wedel

Mr. Rüdiger von Wedel joined the Issuer in June 2010 as the Senior General Manager of the Global Wealth division. Mr. von Wedel has more than two decades of experience in private and wholesale banking. Before joining the Issuer, he worked at ABN AMRO, where in his last position he was the chief executive of the bank's global private banking business managing a significant portfolio of assets.

Mr. von Wedel worked for ABN AMRO for more than 18 years, where he served the bank in several different capacities, including executive roles in investment and corporate banking as well as heading the group's central strategy and performance management department. He worked for ABN AMRO in Austria, Germany, France, the Netherlands and the UK. Mr. von Wedel holds an MBA from the European Institute of Business Administration and a bachelor's degree in economics from London School of Economics.

***Senior General Manager, DBD & Islamic Banking***

Abdulla Al Otaiba

Mr. Abdulla Al Otaiba joined the Issuer in 2003. He is currently the Senior General Manager of the DBD and of Islamic Banking leading the domestic branch network and the Consumer Banking, Elite Banking and Business Banking Groups. Mr. Al Otaiba is also responsible for Islamic Banking which is managed by ADNIF.

With over 10 years of experience in the Banking Sector, Mr. Al Otaiba has held several senior positions since he joined the Issuer. Mr. Al Otaiba has served as the Deputy Senior Manager of the Issuer's GB division, managing the Corporate Banking, Investment Banking and the Wholesale Banking Groups. After which, he was appointed as Senior General Manager, DBD.

Mr. Al Otaiba has also proven to be a distinguished UAE national entrepreneur managing different arms of his own family private business, and is serving on number of Boards including National Corporation for Tourism and Hotels, Abu Dhabi Tawteen Council, and Abu Dhabi National Insurance Company.

He graduated from the University of South Carolina in the United States with a Bachelor of Finance and holds a Master of Business Administration from Concordia University, Canada.

***Senior General Manager, CBRE***

Saif Ali Munakhas Al Shehhi

Mr. Al Shehhi holds a B.S. in Management Technology, New England College, USA in 1987 and attended Core State Advanced Management Program for Overseas Banker at Wharton School, University of Pennsylvania in 1996. He joined the UAE Central Bank's Banking Supervision and

Examination Department in 1987 where he worked until April 1994 when he joined the Audit and Compliance Division of the Issuer. Mr. Al Shehhi became Head of Audit and Compliance at the Issuer in April 2000, a role he held until April 2005 when he was appointed as the General Manager of the DBD. In July 2007, Mr. Al Shehhi was appointed as Senior General Manager of the DBD. In July 2012, Mr. Al Shehhi moved from his role in the DBD to take on a new appointment as advisor to the board. Mr Al Shehhi is currently the Senior General Manager of the CBRE.

### **Committees**

The Issuer's management system is structured around a collaborative approach, with an emphasis on empowerment. Committees are formed at four levels, as detailed below, to ensure that adequate checks and balances are in place for the effective and efficient running of the Issuer's business:

#### ***Board Level – I (Membership extended to Board Members)***

1. Risk Management Committee
2. Audit Committee
3. Corporate Governance and Nominations Committee
4. Remuneration Committee

#### ***Chief Executive Level – II (Cross-Divisional under Chief Executive Chairmanship)***

5. Executive Committee
6. Group Assets and Liabilities Committee
7. Group Credit Committee
8. Group Tactical Asset & Liability Committee
9. CE Direct Reports Committee
10. Operational Risk Management Committee

#### ***Operational Level – III (Cross-Divisional under Chief Executive Direct Report's Chairmanship)***

11. Mergers and Acquisitions Committee
12. Operational Risk Committee
13. Purchases and Tenders Committee
14. Insurance Committee
15. Reputational Risk Committee

#### ***Executive Management Committees – IV***

16. Abu Dhabi National Leasing
17. NBAD Securities
18. Abu Dhabi National Islamic Finance

A brief description of some of the more important committees is set out below:

<b>Committee</b>		<b>Chairman/Members</b>	<b>Function</b>
<b>Board Level</b>			
<i>Committees</i>			
Risk Management Committee	Chairman Members	H.E. Nasser Ahmed Alsowaidi H.E. Sultan Bin Rashed Al Dhaheiri Sheikh Ahmed Bin Mohammed Bin Sultan Al Dhaheiri Mr. Hashim Fawaz Al Kudsi	The main objective of the Risk Management Committee is to monitor the credit, operational and market risks, and to take credit decisions above management discretion and to determine market risk limits under which management can operate.
Corporate Governance and Nominations Committee	Chairman Members	H.E. Mohamed Omar Abdullah Mr. Khalifa Sultan Al Suweidi Mr. Matar Hamdan Al Ameri	<p>The main objectives of the Corporate Governance and Nominations Committee are to review and assess the adequacy of NBAD's Corporate Governance policies, practices and organisation charts and related material.</p> <p>Specifically, the Corporate Governance and Nominations Committee has responsibility for the following:</p> <p>Review and assess the Board's policies and practices to ensure the Board's effectiveness and recommend any proposed changes for the Board's approval.</p> <p>Review the Issuer's business practices, particularly as they relate to preserving the good reputation of the Bank.</p> <p>Review the appropriateness of the size of the Board relative to its various responsibilities and make recommendation to the Board.</p> <p>Develop appropriate criteria regarding the independence of the directors and nominees for the Board's Committees and make recommendations to the Board.</p> <p>Make recommendations to the Board to name a Secretary to the Board of Directors, and suggest formation of Committees, their charters, duties and responsibilities, nominating their chairpersons, members and secretaries.</p> <p>Review the adequacy of the</p>

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
			<p>charters adopted by each committee of the Board, and recommend changes as necessary.</p> <p>Name members of the Board of Directors and managers of NBAD's subsidiaries, specifying their allowances.</p> <p>Annually review the remuneration of the Board members and the attendance fees of the Committee members and make recommendations to the Board.</p>
Audit Committee	Chairman	<p>Sh. Mohd. Bin Saif Al Nahyan</p> <p>Mr. Khalifa Sultan Al Suweidi</p> <p>Mr. David Beau</p> <p>Mr. Matar Hamdan Al Ameri</p>	<p>The Audit Committee reports directly to the Board of Directors.</p> <p>The Audit Committee is responsible for establishing adequate formal and transparent disclosure arrangements for the fair and full presentation of the financial affairs of the Group, the adequacy and effectiveness of internal controls and maintaining an appropriate relationship with the Issuer's external auditors.</p> <p>The Audit Committee is authorised by the Board of Directors to review any activity within the business, to seek any information it requires from, and require attendance at any of its meetings of, any officer, or member of staff.</p> <p>All employees are required to co-operate with any request made by the Audit Committee. The Audit Committee is authorised by the Board to obtain, at the Issuer's expense, outside legal or other independent professional advice with relevant experience and expertise as it considers necessary from time to time.</p>
Remuneration Committee	Chairman Members	<p>Sheikh Mohd. Bin Saif Al Nahyan</p> <p>H.E. Mohamed Omar Abdullah</p> <p>Mr. Khalifa Sultan Al Suweidi</p> <p>Mr. David Beau</p>	<p>The Remuneration Committee is mandated by the Board of Directors to determine the high level policy for succession planning at NBAD. The Remuneration Committee has the following specific functions:</p> <p>approve the appointment, promotion, remuneration, retirement and dismissal of senior managers;</p> <p>oversee the development and</p>

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
			<p>implementation of NBAD's Emiratisation strategy and consider setting specific targets in terms of numbers, grades and gender in fulfilment of this objective;</p> <p>provide terms of reference for the Management Remuneration Committee ("MRC") including oversight and direction for decisions on individuals falling within senior management grades and shall receive reports on the MRC's fulfilment of its objectives;</p>
<b>Chief Executive</b>			
<i>Level Committees</i>			
Group Assets and Liabilities Committee	Chairman	Alex Thursby	The Group Assets and Liabilities Committee ("ALCO") meets approximately once a month or more frequently when changes in prevailing interest rates, other market conditions, or the Issuer's assets and liabilities create potentially material alterations in the Issuer's assets and liabilities.
	Members	Abdulla M.S. Abdul Raheem Saif Ali Munakhas Al Shehhi Qamber Ali Al Mulla Akram-Mark Yassin Abhijit Choudhury Mahmood Al Aradi Malcolm Walker Jamil Elhalabi Khalaf Al Dhaheri Rüdiger Von Wedel Stephen Jordan Abdulla Al Otaiba Rohit Kumar Geoff McAlister, Secretary	
Group Credit	Chairman	Alex Thursby	The Group Credit Committee meets monthly and is responsible for implementing the risk aspirations and objectives of the Board of Directors, as incorporated in the approved Credit Risk Strategy and Policy parameters. Some of the key indicative functions of the Group Credit Committee include:
	Members	Qamber Ali Al Mulla Saif Ali Munakhas Al Shehhi Akram-Mark Yassin Abhijit Choudhury Abdulla Al Otaibai George Yazbek Samer Abdelhaq Rudiger Van Wedel Christopher Dommett Azhar Dogar Husam Arabiat	
			<p>Reviewing credit portfolio reports and directing appropriate actions to maintain asset quality.</p> <p>Periodically approving credit policies and procedures. Adjudicating on individual credit applications within the framework</p>

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
		Hemang Sheth Amit Tyagi	of authorities vested by RMC (urgent cases are done through circulation).
	Secretary	Rohit Kumar,	Approving and recommending to the RMC (as appropriate) product programs for the Issuer's retail and SME portfolio.
Group Tactical Asset & Liability Committee	Chairman	Alex Thursby	The investment of the Issuer's equity in world financial markets requires an appropriate management structure with the responsibility for deciding suitable strategies for investment. The appropriate structure for managing these investments is the Group Tactical Asset & Liability Committee, (formerly the) Investment Committee for Bank Equity. The Group Tactical Asset & Liability Committee oversees the Issuer's investments and equity portfolio. The Issuer's equity portfolio is different from the trading and "available for sale" treasury portfolio which is overseen by ALCO. It aims to preserve the Issuer's capital and safeguard the Group's ability to function as a going concern. The Group Tactical Asset & Liability Committee meets on a quarterly basis.
	Members	Abdulla M.S. Abdul Raheem	
		Qamber Ali Al Mulla	
		Abhijit Choudhury	
		Mahmood Al Aradi	
		Jamil El Halabi	
		Stephen Jordan	
		Rudiger Van Wedel Rohit Kumar, Secretary	
Executive Committee	Chairman	Alex Thursby	The Executive Committee of NBAD ("EXCO") is responsible for directing the Group towards the achievement of the Issuer's overall strategic vision. To this end, EXCO ensures NBAD's strategic leadership, financial soundness, governance, management supervision and control.
	Members	Abdulla M.S. Abdul Raheem	
		Qamber Ali Al Mulla	
		Saif Ali Munakhas Al Shehhi	
		Abhijit Choudhury	
		Mahmood Al Aradi	
		Akram-Mark Yassin	
		Khalaf Al Dhaheri Abdulla Al Otaiba Rudiger Van Wedel Samer Abdelhaq	
CE Direct Reports Committee	Chairman	Alex Thursby	The CE Direct Report Committee meets weekly to discuss and review day-to-day business issues of all business divisions within the Issuer and is attended by senior general managers, general managers and the heads of various divisions.
	Members	Ahmed Dhaen	
		Abdulla M.S. Abdul Raheem Abhijit Choudhury	

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
		Giyas Gokkent Malcolm Walker John Garrett Rodiger Van Wedel Abdulla AL Otaiba Mahmood Al Aradi Mark Yassin Qamber Ali Al Mulla Saif Ali Munakhas Al Shehhi Samer Abdelhaq	
<b>Operational Risk Management Committee</b>			
Operational Risk Management Committee	Chairman	Alex Thursby	The Operational Risk Management Committee (ORMC) is the highest ruling authority on all Operational Risk Management (ORM) related issues. If required, the ORMC, together with the Business Continuity Management Steering Committee, will provide advice to the Executive and/or Senior Management team members on matters relating to Operational Risk.
	Deputy Chairman	Abhijit Choudhury Abdulla M.S. Abdul Raheem Saif Ali Munakhas Al Shehhi	
	Permanent Members	Qamber Ali Al Mulla Mahmood Al Aradi Akram-Mark Yassin Malcolm Walker John Garrett Rudiger Van Wedel Fahad Al Shaeer Abdulla Al Otaiba Khalaf Al Dhaheri	The scope of the ORMC is to ensure appropriate involvement and coordination of Business Management in the ORM activities at Senior Management sponsor for ORM Unit activities.
	Secretary	J.S. Daniel	The primary objective is to steer and align the ORM activities to support the achievement of organisation goals by:  Approving ORM Policy and related standards, methodologies, tools, systems, practices and procedures.  Ensuring line management involvement and acceptance of ORM responsibility and accountability in their businesses.

Committee	Chairman/Members	Function
		Monitoring the timely implementation of ORM initiatives throughout the Issuer.
		Approving business cases/initiatives (New Products, Systems, Projects, Campaigns/Promotions and significant changes) involving high residual Operational Risk in accordance with the Other Risk Approval Process, which addresses risk approval relating to these activities.
		Reviewing severe internal (and external) Operational Risk calamities (including but not limited to actual operational losses reported) and the consequent corrective actions taken.
		Reviewing ORM Management Information (ORM MI Pack) and provide directives.
		Approving major deviations from the ORM Policy in relation to ORM working methods developed by individual business units.
		Approving Regulator/ Economic Capital allocation (if and when an Economic Capital Model for Operational Risk is implemented) for Operational Risk including determining and incorporating the ORM factor in pricing.

The business address of each of the members of General Management and the various committees as described above is National Bank of Abu Dhabi, P.O. Box 4, Abu Dhabi, United Arab Emirates.

None of the members of General Management have any conflict or potential conflict between their duties to the Issuer and their private interests and other duties.

**CORPORATE SUSTAINABILITY & RESPONSIBILITY**

The Issuer considers sustainability to be the integrated management of economic, social and environmental performance with the aim of enhancing value for all stakeholders. The Issuer seeks to understand and manage the impacts of its actions in terms of economic, social and environmental contributions to the development of Abu Dhabi, the UAE and wherever globally that its business is conducted.

The Issuer's commitment to sustainability is about assuming responsibility by meeting the needs of its stakeholders and addressing their concerns within the Issuer's strategy and sphere of influence. By adopting sustainability, the Issuer expects to see greater engagement with all stakeholders, increased customer and employee satisfaction, greater innovation in products and services, increased involvement in protecting the environment and greater shareholder returns.

The six priority focus areas which will be used to guide the integration of sustainability throughout the Issuer's business are:

- Economic Performance;
- Embracing New Accountability Realities;
- Investing in our People;
- Environmental Smarter;
- Financial Services: Product & Service Quality and Innovation; and
- Outstanding Relationships.

The Issuer's sustainability initiatives have included:

- Delivering an environmentally friendly bank branch and piloting the first solar powered ATM;
- Continuous investment in its employees, built upon recognition, respect, empowerment, opportunities for learning and career development and a strategic plan of development for UAE nationals;
- Supporting the Issuer's supply chain to understand sustainability by engaging them to assess their human rights policies and practices;
- Maintaining an open dialogue with peers, members of civil society and government agencies to share ideas and knowledge through the creation of the Abu Dhabi Sustainability Group;
- Increasing the Issuer's understanding and knowledge of its impact on the environment and the implementation of programs to minimise negative impact; and
- Interaction with the community which includes contributing to raising awareness of community issues involving health, learning opportunities and knowledge sharing.

## EMPLOYEES

As at 31 March 2013, the Issuer employed 5,868 full time staff members.

The following table shows the geographical distribution of full time employees by location as at 31 March 2013:

<b>Country</b>	<b>Number of Employees</b>
UAE .....	4,559
Egypt .....	737
Oman.....	157
Sudan .....	94
United Kingdom.....	58
Switzerland.....	49
Jordan .....	49
Kuwait.....	38
Bahrain.....	26
United States of America .....	25
Hong Kong .....	24
Malaysia .....	23
France .....	20
Libya.....	3
China .....	3
South Sudan .....	1
Lebanon .....	1
Brazil .....	1
<b>Total.....</b>	<b>5,868</b>

The Issuer's overall human resources strategy is to attract, select and retain the highest quality of staff across all of its businesses.

## **CORPORATE GOVERNANCE**

Pursuant to Ministerial Resolution No. 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards, the SCA issued a governance code applicable to all joint stock companies, requiring compliance by April 2010. However, by way of an exemption issued by the Ministry of Economy, and notified to UAE banks and other financial institutions through a circular sent out by the Emirates Banks Association dated 8 March 2010, all UAE banks and other financial institutions subject to the UAE Central Bank control and licensing shall be exempted from the SCA's governance code. Consequently, the Issuer will be required to adhere to the Central Bank's corporate governance guidelines, as may be issued from time to time. In June 2009, the Central Bank issued revised draft corporate governance guidelines for UAE bank directors. The Issuer is already broadly in compliance with these requirements. The Issuer has established a Corporate Governance Committee (see "*Committees*" above) to assist the Board of Directors in shaping and monitoring corporate governance policies and practices as well as to evaluate its compliance with existing policies.

## **EMIRATISATION**

As part of a policy of "Emiratization", in 1999 UAE banks were instructed to increase the number of UAE nationals on their payroll by at least 4 per cent. per annum until they reached 40 per cent. of the payroll.

The Issuer's UAE nationalisation committee is charged with the responsibility of developing existing UAE staff and attracting good talent.

In 1999, UAE nationals comprised 12.1 per cent. of the staff of the Issuer and as at 31 March 2013 this figure has increased to 35 per cent. The Issuer plans to continue to increase the percentage of employees who are UAE nationals in line with the "Emiratization" policy. Training and recruitment of nationals for managerial positions is a major objective of the Issuer whereby such management trainees undergo either a 10-month full time program at NBAD Academy to earn a diploma in banking from the prestigious Institute of Financial Studies or a two-year Masters in Finance (the first year full time at NBAD Academy and the second year part time at Zayed University). The Issuer continues to support training and sponsor students in local universities and colleges.

## **INSURANCE**

The Issuer has various insurance policies in place, including a Banker's Blanket Bond Insurance Policy. The Issuer's Blanket Bond Insurance Policy covers, among other risks, loss of its property whilst on the Issuer's premises and whilst in transit; forgery of cheques, securities and other documents; and employee frauds, errors and negligence. The Issuer believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which the Issuer is exposed. The Issuer's insurance policies are reviewed and agreed by the Insurance Committee in consultation with an international insurance broker. The Issuer's Insurance Committee currently comprises nine members representing various departments of the Issuer and is chaired by the General Manager and Group Chief Compliance Officer.

## OVERVIEW OF THE UAE AND ABU DHABI

### The UAE

The UAE is a federation of seven emirates: Abu Dhabi; Dubai; Sharjah; Ajman; Umm Al Quwain; Fujairah; and Ras Al Khaimah (together, the "Federation"). Formerly known as the Trucial States, the emirates were a British protectorate until they achieved independence on 2 December 1971 and merged to form the Federation. H.H. Sheikh Khalifa bin Zayed Al-Nahyan, the Ruler of Abu Dhabi, has been President of the UAE since November 2004 and H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Ruler of Dubai, has been Prime Minister of the UAE since January 2006. The emirates enjoy significant autonomy and each has its own budget. Each emirate has a local government headed by the Ruler of the emirate. There is also a federal government, the UAE Federal Government, which is headed by the President. The federal budget is funded by way of revenue from federal assets and contributions from each of the seven emirates within the UAE, of which Abu Dhabi contributes a significant proportion of the funding.



### Economy of the UAE

According to IMF data published in April 2013, the UAE is the third largest economy in the GCC region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran, based on nominal GDP. It has a more diversified economy than most of the other countries in the GCC. According to data from the Organisation of Petroleum Exporting Countries ("OPEC"), at 31 December 2011, the UAE had approximately 6.6 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world), generating, according to estimated data produced by the UAE National Bureau of Statistics, 38.4 per cent. of the UAE's GDP in 2011.

The UAE National Bureau of Statistics has estimated on a preliminary basis that real GDP in the UAE for 2011 was AED 981.7 billion, reflecting the general economic recovery in the wake of the global economic crisis. Based on IMF data (extracted from the World Economic Outlook (April 2013)) real GDP growth in the UAE increased by 3.9 per cent. in 2012, 5.2 per cent. in 2011 and 1.3 per cent. in 2010, having decreased by 4.8 per cent. in 2009.

The UAE enjoys good relations with the other states in the GCC. However, the UAE does have a longstanding territorial dispute with the Islamic Republic of Iran over three islands in the Gulf, and

continuing discussions with the Kingdom of Saudi Arabia over border issues, each of which it is seeking to resolve through negotiation. Accordingly, the UAE is not immune to the political risks that have overshadowed the region.

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Whilst fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector and the sizeable wealth of the Government of Abu Dhabi.

### **UAE Credit Ratings**

On 28 January 2012, Moody's Investors Service Singapore Pte. Ltd. reaffirmed the UAE's long-term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the UAE Federal Government will be fully supported by Abu Dhabi. The UAE is not rated by the other rating agencies.

### **Constitution, Governance and Judiciary of the UAE**

#### ***UAE Constitution***

The original constitution of the UAE (the "Constitution") was initially provisional and provided the legal framework for the Federation. The Constitution was made permanent pursuant to a constitutional amendment in December 1996.

The Constitution apportions powers between the UAE Federal Government (based in Abu Dhabi) and the governments of the constituent emirates. The UAE Federal Government is entrusted with the task of promulgating substantive legislation concerning and regulating the principal and central aspects of the UAE. The local governments of each emirate are authorised to regulate local matters not confined to the UAE Federal Government. Articles 120 and 121 of the Constitution specifically state that certain matters, such as foreign affairs, security and defence and public health must be governed by federal law. All other matters not specifically assigned to the exclusive jurisdiction of the UAE Federal Government may be regulated by the local government of each emirate.

The Constitution also states that the Federation shall form a single economic and customs entity with free movement of capital and goods between the emirates. The natural resources and wealth in each emirate shall be considered to be the public property of that emirate.

#### ***Governance of the UAE***

The governance of the UAE at the federal level is divided between the Federal Supreme Council (the "Supreme Council"), the Federal Council of Ministers (the "Cabinet") and the Federal National Council.

The Supreme Council is the highest federal governing body and consists of the rulers of the seven emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five year terms). Decisions relating to substantive matters are decided by a majority vote of five emirates, provided that the votes of both Dubai and Abu Dhabi are included in that majority, but matters which are purely procedural are decided by a simple majority vote. The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees and sets federal policies.

The Cabinet is described in the Constitution as the executive authority of the UAE and is responsible for implementing policy decisions of the Supreme Council. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft legislation and the drawing up of the annual federal budget.

The Federal National Council is a parliamentary body and has both a legislative and supervisory role under the Constitution. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation itself.

#### ***Legal and Court System***

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven emirates); (ii) local laws and decrees (i.e. laws and regulations enacted by the emirates individually and which, when issued, have full legal effect and operation in such emirate); and (iii) the *Shari'a* (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal

legislation on areas specifically reserved to federal authority, the Ruler or local government of each emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-emirate disputes and disputes between the UAE Federal Government and individual emirates.

In accordance with the Constitution, three of the seven emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE and these courts have sole jurisdiction to hear cases brought in the respective emirates.

## Abu Dhabi

Abu Dhabi is the richest and largest of the seven emirates and the city of Abu Dhabi is also the capital of the UAE.

Abu Dhabi, with proven crude oil reserves estimated to be in excess of 95 billion barrels, has approximately 94 per cent. of the UAE's total oil reserves and approximately 6.6 per cent. of the world's proven oil reserves (which were 1,481 billion barrels according to OPEC at 31 December 2011). In recent years, Abu Dhabi has produced between 2.2 and 2.5 million barrels of oil per day, which is just over 95 per cent. of total UAE production. At this rate of production, Abu Dhabi's oil reserves would last over 100 years. In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. In total, the UAE has approximately 6,091 billion standard cubic metres of natural gas reserves, representing approximately 3.1 per cent. of the world's natural gas reserves of 196,163 billion standard cubic metres (according to OPEC at 31 December 2011).

The table below shows Abu Dhabi's crude oil production (excluding condensates), exports and average selling prices for each of the years indicated.

	<b>2005</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Crude oil production (million b/d) .....	2.2	2.2	2.3	2.5
Crude oil exports (million b/d) .....	2.1	2.0	2.0	2.3*
Crude oil exports (U.S.\$ per barrel) .....	38.9	44.7	58.4	91.5*
Average selling price (U.S.\$ per barrel) .....	51.9	62.7	78.5	109.5

Source: The Statistics Centre (as defined below). Figures marked \* are preliminary estimates.

The population of the UAE, based on a census carried out in 2005 and according to the UAE National Bureau of Statistics, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. The UAE National Bureau of Statistics estimated the population of the UAE to be approximately 8.2 million in 2009 and 8.3 million in mid-2010 according to data released on 31 March 2010. The current census for 2011 is underway but, as at the date of this Base Prospectus, census records have not been published.

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed.

The table below illustrates this growth using official census data since 1975.

	<b>1975</b>	<b>1980</b>	<b>1985</b>	<b>1995</b>	<b>2001</b>	<b>2005</b>
Abu Dhabi population .....	211,812	451,848	566,036	942,463	1,170,254	1,399,484
Total UAE population .....	557,887	1,042,099	1,379,303	2,411,041	N/A	4,106,427

Sources: Official census data published by the UAE National Bureau of Statistics, except 2001 figure for Abu Dhabi which is sourced from data published by the Statistics Centre.

Since 2005, the Abu Dhabi Statistics Centre (the "Statistics Centre") has estimated the emirate's population to have grown by 40.6 per cent. to 1,967,659 in 2010.

In 2010 and based on the Statistics Centre's mid-year estimates, Abu Dhabi had a predominantly young population with 0.8 per cent. being 65 and over and 21.1 per cent. being under the age of 15.

According to the same data, between 2005 and 2010, Abu Dhabi's average annual population growth rate was 7.7 per cent. The Government of Abu Dhabi expects the population to grow at an approximate rate of 5 per cent. per annum for the foreseeable future, a level which it believes should not require any major short-term infrastructure expansion. The population mix in mid 2010 is estimated by the Statistics Centre to have comprised 22.0 per cent. UAE nationals and 78.0 per cent. non-nationals.

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was approximately U.S.\$103,513 in 2011 which makes it one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and contributed approximately U.S.\$128.4 billion, or 58.5 per cent., of nominal GDP in 2011. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009. Increases in oil and gas production rates combined with increases in oil prices contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008 and again in 2010. Abu Dhabi's growing non-oil sector, which in 2010 accounted for over 50.0 per cent. of Abu Dhabi's GDP, in comparison to 2008, where it accounted for just over 41.4 per cent., contributed to Abu Dhabi's increase in GDP in 2010, despite the continuing economic financial crises and declining oil prices. In 2011, the non-oil sector accounted for approximately 41.5 per cent. of Abu Dhabi's GDP.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historic uncertainties surrounding the calculation of inflation for the emirate. It is anticipated that real GDP data may become available later in 2013.

The tables below show Abu Dhabi's nominal GDP, its percentage growth rate, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Abu Dhabi nominal GDP (current price) .....	806.0	620.3	535.3
Percentage change in Abu Dhabi nominal GDP .....	29.9	15.9	(24.1)
UAE nominal GDP (current prices) .....	1,243.8	1,042.7*	953.9**
Abu Dhabi as a percentage of UAE .....	64.8	59.5	56.1

\* Estimated Figures

\*\* Preliminary Figures

Sources: Statistics Centre (for Abu Dhabi nominal GDP) and UAE National Bureau of Statistics (for UAE nominal GDP only).

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 44.6 per cent. of nominal GDP in 2009, 49.7 per cent. in 2010 and 58.5 per cent. in 2011. Preliminary estimates published by the Statistics Centre indicate that, outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2009, 2010 and 2011 have been: construction; real estate and business services; manufacturing; transport, storage and communications; the financial corporations sector; and wholesale, retail trade and repairing services, which together accounted for 48.2 per cent. of nominal GDP in 2009, 43.9 per cent. in 2010 and 32.7 per cent. in 2011.

In terms of growth, the fastest growing sectors between 2005 and 2011 were construction; public administration and defence; real estate and business services; the financial corporations sector and crude oil and natural gas, with compound annual growth rates of 20.6 per cent., 18.2 per cent., 16.2 per cent., 14.0 per cent. and 13.9 per cent., respectively.

Preliminary estimates published by the Statistics Centre indicate that public administration and defence accounted for 3.1 per cent. of GDP in 2011.

The following table shows Abu Dhabi's nominal GDP by economic activity and by percentage contribution, as well as the year on year growth rate, for each of the years indicated.

Sector	2011**			2010*			2009		
	(AED millions)	(%)	(2011 compared to 2010, % change)	(AED millions)	(%)	(2010 compared to 2009, % change)	(AED millions)	(%)	(2009 compared to 2008, % change)
Crude oil and natural gas	471,775	58.5	53.2	308,022	49.7	28.9	239,006	44.6	(42.1)
Manufacturing .....	40,499	5.0	19.6	33,860	5.5	10.8	30,560	5.7	(22.1)
Public administration and defence .....	25,385	3.1	9.3	23,231	3.7	13.0	20,559	3.8	10.2
Construction.....	81,067	10.1	0.2	80,925	13.0	2.0	79,310	14.8	20.8
Real estate and business services .....	28,188	3.5	(47.2)	53,414	8.6	6.4	50,223	9.4	7.4
Wholesale, retail trade and repairing services.	30,893	3.8	3.0	29,999	4.8	5.3	28,484	5.3	(12.3)
Financial corporations sector .....	39,202	4.9	13.6	34,498	5.6	14.4	30,154	5.6	2.0
Transport, storage and telecommunications ....	43,547	5.4	9.8	39,661	6.4	1.3	39,134	7.3	(2.0)
Agriculture, livestock and fishing .....	4,837	0.6	(20.8)	6,111	1.0	2.1	5,988	1.1	3.5
Electricity, gas and water.	16,139	2.0	12.3	14,366	2.3	(0.6)	14,458	2.7	3.2
Hotels and restaurants ....	6,799	0.8	3.5	6,572	1.1	4.6	6,283	1.2	(7.1)
Other .....	48,132	6.0	207.6	15,648	2.6	14.0	13,728	2.6	2.4
Less Imputed Bank Service Charge .....	(30,431)	(3.8)	17.1	(25,990)	(4.2)	15.1	(22,575)	(4.2)	13.9
<b>Total GDP .....</b>	<b>806,031</b>	<b>100</b>		<b>620,316</b>	<b>100</b>		<b>535,311</b>	<b>100</b>	

\* Preliminary estimates.

\*\* The Statistics Centre amended the line item descriptions reflected above in respect of industry types in the Abu Dhabi Statistical Yearbook for 2012 as follows mining and quarrying (includes crude oil and natural gas); manufacturing; public administration and defence (compulsory social security); construction; real estate; wholesale and retail trade (repair of motor vehicles and motorcycles); financial and insurance, transportation and storage; information and communication, agriculture, forestry and fishing, electricity, gas and water supply (waste management), accommodation and food services and imputed bank services. "Other" comprises professional, scientific and technical; administrative and support services; education; human health and social work; arts, recreation and other services and activities of households as employers.

Source: Statistics Centre.

The Government of Abu Dhabi's long-term foreign and local currency issuer ratings were affirmed at Aa2 and its short-term foreign and local currency issuer ratings at Prime-1 by Moody's on 8 August 2012. The reasons cited for these high investment grade ratings include a very strong government balance sheet, abundant hydrocarbon resources, very high GDP per capita, domestic political stability and strong international relations. On the other hand, Moody's also noted the troubled regional political environment, lower World Bank governance scores than other highly rated sovereigns, volatile GDP caused by a concentration on hydrocarbons and the substantial amount of debt of its government related issuers.

The Government of Abu Dhabi's long-term foreign and local currency issuer default ratings were affirmed at AA and its short-term foreign currency issuer default ratings at F1+ by Fitch on 25 September 2012. Fitch commented that the affirmation reflected the strong sovereign balance sheet, foreign assets continuing to grow and the continuation of hydrocarbon surpluses and the bolstering of oil security. On the other hand, Fitch noted that contingent liabilities constrain the rating as well as some structural factors.

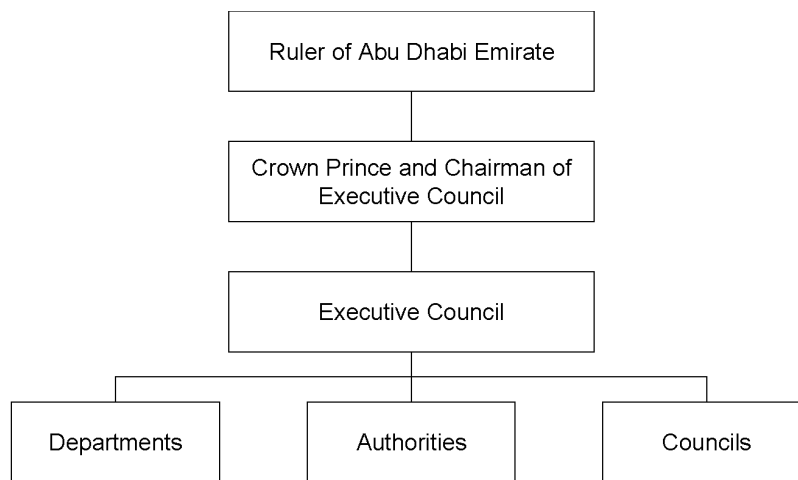
The Government of Abu Dhabi's long-term sovereign credit ratings were affirmed at AA long-term and A-1+ short-term by S&P on 26 November 2012. S&P commented that the ratings on Abu Dhabi are anchored by the emirate's strong fiscal and external positions. With its large financial assets and sizeable fiscal surpluses, S&P noted that Abu Dhabi has a considerable buffer to support its economy and mitigate the risks from external vulnerabilities. S&P further commented that, in addition to providing fiscal flexibility, the exceptional strength of the Government's net asset position provides a buffer against the effect of oil price volatility on economic growth and Government revenues, as well as on the external account. On the other hand, S&P highlighted the fact that Abu Dhabi has underdeveloped political institutions, limited availability of timely financial and economic data and that it has limited monetary policy flexibility.

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Abu Dhabi Executive Council (the "Executive Council"), which is the principal

executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 14 members appointed by Emiri Decree issued on 14 December 2010.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within the emirate and manage specific portfolios, including, for example, the Department of Finance, the Department of Transport, the Department of Municipal Affairs, the Department of Economy and Planning and the Judicial Department. Authorities manage the emirate's resources and strategies and include the Executive Affairs Authority, the Abu Dhabi Accountability Authority, the Abu Dhabi Tourism and Culture Authority, the Abu Dhabi Water and Electricity Authority and the Health Authority. Councils act as controlling bodies for certain government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Council for Economic Development, the Education Council, the Urban Planning Council, the Civil Service Council and the Supreme Petroleum Council.

The chart below summarises the structure of the Government of Abu Dhabi:



The Government of Abu Dhabi owns or has significant shareholdings in a number of significant companies and institutions, including: Mubadala Development Company P.J.S.C. (which is a business development and investment company mandated by the Government of Abu Dhabi to act as a catalyst in the implementation of the emirate's development strategy), ADNOC (which manages all aspects of the emirate's oil and gas industry), International Petroleum Investment Company P.J.S.C. (which principally invests in the emirate's international oil and gas interests), Tourism Development and Investment Company P.J.S.C. (which as a developer of tourism and real estate assets in Abu Dhabi is charged with fulfilling the emirate's ambition to become a leading global tourist destination), the Abu Dhabi Investment Authority ("ADIA") and ADIC (both vehicles through which the Government of Abu Dhabi has historically invested its surplus hydrocarbon revenues and, in the case of ADIA, through which the Government of Abu Dhabi has funded budget deficits when they have arisen in the past). Each of these companies and institutions are wholly-owned by the Government of Abu Dhabi and one or more members of the Executive Council sit on the board of each company and/or institution.

## THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

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### Summary

The global financial crisis has had an effect on the UAE banking sector and the key concerns facing the sector include a liquidity shortage and a fall in real estate and equities prices. Although the UAE could be viewed as an over-banked market, even by regional standards, there has traditionally been little impetus for consolidation. The UAE's membership of the World Trade Organisation ("WTO") will require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by the banks to the UAE Central Bank.

The UAE Central Bank does not act as a lender of last resort, a role which instead tends to fall on the individual emirs of each emirate.

### Characteristics of the Banking System

#### *Lack of Consolidation*

The UAE may be seen as being over-banked with 51 different banks (comprised of 23 locally incorporated banks and 28 foreign banks) licensed to operate inside the UAE (excluding the Dubai International Financial Centre) as at 31 October 2012 (source: the UAE Central Bank), serving a population estimated to be in the region of approximately 8.3 million people. Traditionally there has been little impetus for consolidation. However, mergers in the past have tended to come as a result of banks facing financial difficulties and some commentators suggest that the recent financial crisis has created more favourable conditions for consolidation. The federal structure of the UAE has, to some extent, encouraged 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 hampered the process of consolidation. However, in October 2007, the UAE's second and fourth largest banks, Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C., merged.

The relatively small size of most UAE banks has occasionally hindered them from competing for large financing transactions in the region. It also means that they have comparatively small franchises with which to absorb capital costs, such as information technology system development. The advent of WTO liberalisation should permit greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

#### *Domestic Focus*

The UAE-incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business.

With a large number of banks competing for a limited number of wholesale lending opportunities, most banks have turned to the retail banking sector, a previously untapped market. However, increasing competition in this area is gradually eroding margins and encouraging a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and internet banking services. As a consequence, information technology costs have been a prominent feature of many UAE banks' expenses.

#### *Limited Foreign Ownership*

In 1987, the UAE Federal Government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches,

which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the DIFC has enabled international banks to establish a presence and contest the wholesale banking market and this has seen new entities entering the market place.

#### *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.

#### *Islamic Banking*

*Shari'a* (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Sharjah Islamic Bank, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates Islamic Bank, Dubai Bank, Noor Islamic Bank, Osool Finance and Amlak Finance. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks. In addition, conventional financial institutions often offer *Shari'a*-compliant products.

#### *Supervision of Banks*

The main piece of legislation applicable to the banking system is Union Law No. 10 of 1980 (the "Union Law") which established the UAE Central Bank. The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the Government of Abu Dhabi would ultimately stand as *de facto* defender of the currency and the "lender of last resort".

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue government debt. However, the UAE Central Bank does issue certificates of deposit ("CDs") to the banks, denominated in both U.S. dollars and UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. There is presently no active secondary market in these securities, but they can be redeemed at face value at the UAE Central Bank at any time. In 2007, the UAE Central Bank introduced an auction system which allows U.S. dollar drawings against UAE dirham CD holdings.

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.

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering. It has established an Anti-Money Laundering and Suspicious Cases Unit which acts as the financial intelligence unit and has issued a number of detailed regulatory instructions in pursuit of anti-money laundering policies and procedures. The UAE has also established a National Anti-Money Laundering Committee, which is responsible for coordinating anti-money laundering policy.

The UAE further strengthened its legal authority to combat terrorism and terrorist financing by passing Federal Law No. 1 of 2004 on Combating Terrorism Offences, which provided for the establishment of a National Anti-Terror Committee (the "NATC"). The NATC serves as a UAE inter-agency liaison.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. 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 rapidly over recent years, such growth has been affected by the recent global financial crisis. The 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 the NASDAQ Dubai, with completion of the acquisition having occurred in July 2010.

#### *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 is also the banking sector's largest customer, in terms of both deposits and project financing.

#### *Expatriate Workforce*

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up 78 per cent. of the workforce according to estimates by the Statistics Centre in mid 2010. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE Federal Government and as part of a policy of "Emiratisation" banks were instructed in 1999 to increase UAE nationals on their payroll to 40 per cent. by 2009. Generally, banks have been moving closer to, or have met, this target, providing better training and compensation for UAE nationals.

#### *Accounting Standards*

Since 1 January 1999 all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards (IAS)). Although this has led to a substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector. Basel II was introduced effective as from 1 January 2008.

#### *Structure of the Banking System*

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as "National" banks, of which there were 23 as at 31 October 2012, 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 28 as at 31 October 2012, need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses "financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers).

## **Recent Trends in Banking**

### *Profitability*

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008, and again in 2010, allowed UAE banks to expand significantly.

However, the UAE economy has been negatively impacted by the global economic downturn and, in particular, by the sharp correction in the price of oil, which has also affected a number of key economic sectors including trade, tourism, real estate and commerce. This economic slowdown, along with reduced levels of liquidity in the market, which has constrained lending, has resulted in the majority of UAE banks being less profitable during 2008 to 2010 than in previous years.

Furthermore, much of the growth between 2004 and 2008 focused on the real estate sector and equity financing which, in the context of the global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE in 2008 but, more recently, have rebounded with the ADX rising from 2,390.0 at 31 December 2008 to 2,743.6 at 31 December 2011 before falling to 2,630.9 at 31 December 2012. The Dubai Financial Market index has shown greater volatility rising from 1,636.3 at 31 December 2008 to 1,803.6 at 31 December 2009, before falling to 1,630.5 at 31 December 2010 and 1,353.4 at 31 December 2011, then rising to 1,622.5 at 31 December 2012. During 2008 to 2010, a number of banks have also been affected by the impact of mark to market accounting rules on their international investment portfolios. However, according to the IMF country report for the UAE in 2012, profitability of UAE banks, in terms of return on assets, remained stable at around 1.5 per cent. between 2007 and 2011. Furthermore, return on equity for most UAE banks compares well internationally, reflecting the high margins that can be earned, particularly on retail lending and low cost income ratios.

In addition, towards the end of 2008, rents and property values fell significantly. This is expected to put pressure on the asset quality and profitability of banks going forward. These factors may adversely impact the UAE banking sector through 2013 and in later years.

### *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 plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. Together, these deposits constituted approximately 60 per cent. of total deposits of the UAE banking sector as at 31 December 2012. The UAE Federal Government and the public sector contributed approximately 25 per cent. as at 31 December 2012. Non-resident and other sources contributed approximately 15 per cent. as at the same date (source: UAE Central Bank Statistical Bulletin).

In response to the global financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks 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 CD repo facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, the UAE Federal Government also provided AED 50 billion in deposits to UAE banks (as part of a larger AED 70 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE have exercised this option and converted the UAE Federal Government deposits made with them into Tier II capital.

During 2008, the Government of Abu Dhabi-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in

February 2009, the Government of Abu Dhabi (acting through the Department of Finance) subscribed for, in aggregate, a sum of AED 16 billion in subordinated Tier I capital notes issued by the five largest Abu Dhabi banks: the Issuer, Abu Dhabi Commercial Bank, First Gulf Bank, Union National Bank and Abu Dhabi Islamic Bank. In total, the Government of Abu Dhabi subscribed for AED 4 billion Tier 1 capital Notes from the Issuer.

A press statement issued by the Department of Finance of the Government of Dubai on 25 February 2009 announced that it had established a U.S.\$20 billion funding programme and that the first tranche, valued at U.S.\$10 billion with a five year tenure and paying a coupon rate of four per cent. per annum, had been issued in its entirety to the UAE Central Bank. In November 2009, the Department of Finance of the Government of Dubai announced that a second U.S.\$5 billion tranche was fully subscribed equally by the Issuer and Al Hilal Bank and has been divided according to a specified drawdown schedule. The first amount that was utilised in November 2009 was a U.S. \$1 billion issuance that was split equally by: (i) a conventional bond issuance that was fully subscribed by the Issuer; and (ii) a Sukuk that was fully subscribed by Al Hilal Bank. As at the date of this Base Prospectus, no further draw-downs have been made under this U.S. \$5 billion tranche.

In line with Basel III requirements, the UAE Central Bank issued Circular 30/2012 ("Circular 30/2012") dated 12 July 2012 entitled "Liquidity Regulations at Banks", which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in Circular 30/2012 (which, as at the date of this Base Prospectus, has not come into effect) 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 for Banking Supervision recommendations and international best practices. This Circular has currently been suspended by the UAE Central Bank.

#### *Position of Depositors*

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE Federal Government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009, the UAE's National Federal Council approved a draft law guaranteeing federal deposits. There can, however, be no assurance that any draft law will subsequently be passed and until such time as the law is passed, there is no guaranteed government support.

#### *Prudential Regulations*

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

#### *Capital Adequacy*

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 1 January 2008. Since 1993, the UAE Central Bank has imposed a 10 per cent. minimum total capital ratio. However, in a circular dated 30 August 2009 and as a result of the global economic slowdown, the UAE Ministry of Finance and the UAE Central Bank announced amendments to their capital adequacy requirements recommending that domestic and foreign banks operating in the UAE establish a Tier I capital adequacy ratio of not less than 7 per cent., with a minimum total capital adequacy ratio of at least 11 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Ratings Based approach of 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 capital adequacy ratio at a minimum 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. As at the date of this Base Prospectus, no further developments have been announced. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital. GCC sovereign debt is risk-weighted at nil per cent.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. in addition to claims on GCC government non-commercial public sector entities, which are also risk-weighted at zero per cent.

Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

#### *Reserve Requirements*

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

#### *Credit Controls*

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

By a circular dated 23 February 2011 on retail banking, the UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. These regulations may be amended in the future in accordance with notice no. 3871/2012 dated 30 December 2012 (which, as at the date of this Base Prospectus, has not come into effect), which specifies that the amount of mortgage loans for non-nationals should not exceed 50 per cent. of the property value for a first purchase of a home, and 40 per cent. for second and subsequent homes (with the limits for UAE nationals being set at 70 per cent. and 60 per cent., respectively).

#### *Large Exposures*

The UAE Central Bank defines large exposures as any funded on-or-off balance sheet exposure to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) prior to April 2012 are as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to Board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 4 April 2012, the UAE Central Bank published the 2012 Large Exposure Limits Circular (the "2012 Circular") amending certain of the large exposure limits set out above. As at the date of this Base Prospectus, the 2012 Circular has yet to come into effect and the proposals of the UAE Central Bank put forward in the 2012 Circular are undergoing review.

#### *Provisions for Loan Losses*

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss depending on the likelihood of recovery, with provisions charged at a

minimum of 25 per cent., 50 per cent. and 100 per cent., respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the Central Bank on 11 November 2010, all banks in the UAE are required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their credit risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans/financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

## TAXATION

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### UK Taxation

*The following is a general summary of certain aspects of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice and is not intended to be exhaustive. It is based on current law and published HMRC practice which may be subject to change, sometimes with retrospective effect. It relates only to persons who are the absolute beneficial owners of Notes and related Coupons and may not apply to certain classes of persons. The following is a general guide for information purposes and should be treated with appropriate caution.*

*Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should seek independent professional advice without delay.*

#### *Payments of interest on the Notes*

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

However, Noteholders may wish to note that HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions. Information may also be required to be reported in accordance with regulations made pursuant to the Directive (as defined below).

The references to "interest" above means "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation.

### United Arab Emirates Taxation

*The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law in force at the date of this Base Prospectus, 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.*

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the 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. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments of interest or principal on debt securities (including the Notes). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 8 (Taxation) of the Conditions.

The Constitution of the UAE specifically reserves to the UAE Federal Government the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE have entered into "Double Taxation Arrangements" with certain other countries, but these are not extensive in number.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect to provide information in accordance with the Directive) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **THE PROPOSED FINANCIAL TRANSACTIONS TAX**

In September 2011, the EU Commission attempted to introduce an EU-wide financial transactions tax. However, not all the Member States were in favour of such a tax and so the tax could not be implemented in all Member States. Subsequently, 11 Member States of the EU requested that the Commission develop a proposal for the introduction of a common financial transactions tax ("FTT") for each of those Member States. The Commission developed such a proposal under the EU's enhanced cooperation procedure which allows nine or more Member States to implement common legislation. In January 2013 the EU Council of Ministers authorised the Commission to proceed with enhanced cooperation for a common FTT and the Commission has now published a draft Directive containing proposals for the FTT. This FTT is intended to be introduced only in the 11 participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia).

The proposed FTT imposes a charge on financial transactions including purchases and sales of financial instruments; this charge will be levied at not less than 0.1 per cent. of the sale price. Material modifications of financial instruments also attract a charge at the applicable rate. In both cases the charge is applied separately to each financial institution that is party to a transaction; if a financial institution does not pay the tax then its counterparty will be jointly and severally liable.

A charge to FTT will arise if at least one party to a financial transaction is established in a participating Member State and a financial institution established in (or is treated as established in) a participating Member State is a party to the transaction, for its own account, for the account of another person, or if the financial institution is acting in the name of a party to the transaction.

It is important to be aware that a financial institution will be treated as established in a participating Member State if its seat is there, it is authorised there (as regards authorised transactions) or it is acting via a branch in that Member State (as regards branch transactions), or for a particular transaction, merely because it is entering into the financial transaction with another person who is established in that Member State.

Furthermore, a financial institution will be treated as established in a participating Member State in respect of a financial transaction if it is a party (for its own account or for the account of another

person) or is acting in the name of a party, to a financial transaction in respect of a financial instrument issued within that Member State. The other party to such a transaction will also be treated as established in that Member State.

There are limited exemptions to the proposed FTT; one important exemption is the "primary market transactions" exemption which should cover the issuing, allotting, underwriting or subscribing for shares, bonds and securitised debt. There is some uncertainty as to whether this exemption applies to the issuance of commercial paper or Money Market Instruments, although the taxation of such issuances would seem likely to be in breach of EU law. There are no broad exemptions for financial intermediaries of market makers. Therefore, the effective cumulative rate applicable to some dealings in financial instruments could be in excess of the headline rates of tax.

Even though the FTT is to be introduced only in the participating Member States, it can be seen from what is said above that it could impact financial institutions operating inside and outside the 11 participating Member States, and the FTT could be payable in relation to Notes issued under this Base Prospectus if the FTT is introduced and the conditions for a charge to arise are satisfied.

The proposed FTT is still under review and it may therefore change before it is implemented. In particular, in April 2013, the UK Government announced that it is to challenge the legality of the way in which the proposed FTT will apply to financial institutions located in non-participating Member States. This challenge may lead to changes in the scope of the FTT.

It is currently proposed that the FTT should be introduced in the participating Member States on 1 January 2014. Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to: (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA; and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "Recalcitrant Holder"). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of: (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary", "withholding foreign partnership", or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and Euroclear and/or Clearstream Luxembourg, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## **SUBSCRIPTION AND SALE**

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### **Summary of Dealer Agreement**

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 2 July 2013 (the "Dealer Agreement") between the Issuer, the Permanent Dealers (meaning all Dealers other than those appointed as such solely in respect of one or more specified Tranches) and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling Restrictions**

#### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has agreed and each additional Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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. The relevant Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented, warranted and agreed, and each additional Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member

State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 natural or legal persons or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

#### **United Kingdom**

Each Dealer has represented and agreed, and each additional Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

#### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each additional 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 other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

#### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each additional 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 to any person in the Dubai International Financial Centre (the "DIFC") unless such offer is: (a) an "Exempt Offer" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "DFSA"); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

#### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "Saudi

Investor") who acquires Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "KSA Regulations"). The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes will comply with the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 10 or Article 11 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

### **Kingdom of Bahrain**

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has not offered or sold, and will not offer or sell any Notes except on a private placement basis to persons in Bahrain who are "accredited investors".

For this purpose, an "accredited investor" means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) 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).

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) 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 (Cap. 32) of Hong Kong (the "Companies Ordinance") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **The PRC**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold or delivered, to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in the PRC (excluding the Hong Kong Special Administrative Region

of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, the "PRC"), in contravention of any applicable laws.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each additional Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes, directly or indirectly, 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 Control Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant subscription agreement or Dealer accession letter, as the case may be, or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each additional Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefor.

## FORM OF FINAL TERMS

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The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

**Final Terms dated [●]**  
**National Bank of Abu Dhabi P.J.S.C.**  
**Issue of**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the**  
**U.S.\$7,500,000,000**  
**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 Prospectus dated 2 July 2013 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and such supplement[s]] [is/are] available for viewing via the website of the London Stock Exchange and copies may be obtained from National Bank of Abu Dhabi P.J.S.C., One NBAD Tower, Sheikh Khalifa Street, P.O. Box 4 Abu Dhabi, United Arab Emirates. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the London Stock Exchange, the relevant Final Terms will also be published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated [original date] which are incorporated by reference in the Base Prospectus dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "Prospectus Directive") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement[s] to it dated [date] [and [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [current date] [and the supplement[s] to it dated [date] [and [date]]. The Base Prospectus [and the supplement[s] to it dated [date] [and [date]] [is/are] available for viewing via the website of the London Stock Exchange and copies may be obtained from National Bank of Abu Dhabi P.J.S.C., One NBAD Tower, Sheikh Khalifa Street, P.O. Box 4 Abu Dhabi, United Arab Emirates. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the London Stock Exchange, the relevant Final Terms will also be published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

1	Issuer:	National Bank of Abu Dhabi P.J.S.C.
2	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	(iii) Date on which the Notes will be consolidated and form a single	The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the

	Series:	Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below, which is expected to occur on or about [date]][Not Applicable]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	Specified Denominations:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
8	Maturity Date:	[●]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[●] month [LIBOR/EURIBOR/EIBOR] +/- [●] per cent. Floating Rate] [Zero Coupon] (see paragraph [14]/[15]/[16] below)
10	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11	Change of Interest Basis:	[●][Not Applicable]
12	Put/Call Options:	[Investor Put] [Issuer Call] [(see paragraph [17]/[18]/[19] below)]
13	(i) Status of the Notes:	[Senior/Subordinated]
	(ii) Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]

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

14	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(i) Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	[[●] per [●] in Nominal Amount][Not Applicable]
	(iv) Broken Amount(s):	[[●] per [●] in Nominal Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(v) Day Count Fraction:	[30/360] [Actual/Actual (ICMA/ISDA)][Actual/365 (Fixed)]
	(vi) Determination Dates:	[[●] in each year][Not Applicable]
	(vii) Business Day Convention:	[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/ Modified]

		Following Business Day Convention/ Preceding Business Day Convention]
15	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) First Interest Payment Date:	[●][Issue Date]
	(iv) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
	(v) Business Centre(s):	[●][Not Applicable]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[●][Not Applicable]
	(viii) Screen Rate Determination:	
	— Reference Rate:	[●] month [LIBOR/EURIBOR/EIBOR]
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	(ix) ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
	(x) Margin(s):	[[+/-] [●] per cent. per annum][Not Applicable]
	(xi) Minimum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
	(xii) Maximum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
	(xiii) Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
16	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	Amortisation Yield:	[●] per cent. per annum

**PROVISIONS RELATING TO REDEMPTION**

17	Notice periods for Condition 6(c):	Minimum period: [●] days Maximum period: [●] days
18	Call Option	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Note of [●] specified denomination

	(iii)	If redeemable in part:	
	(a)	Minimum Redemption Amount:	[●]
	(b)	Maximum Redemption Amount:	[●]
	(iv)	Notice periods:	Minimum period: [●] days Maximum period: [●] days
19		Put Option	[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Note of [●] specified denomination
	(iii)	Notice periods:	Minimum period: [●] days Maximum period: [●] days
20		Change of Control Redemption Amount for Condition 6(e)(ii):	[●] per Note of [●] specified denomination
21		Final Redemption Amount of each Note:	[●] per Note of [●] specified denomination
22		Early Redemption Amount: Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption:	[●] per Note of [●] specified denomination

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23		Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/upon an Exchange Event as specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/upon an Exchange Event as specified in the Permanent Global Note] [Registered Notes; Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]
24		Financial Centre(s):	[Not Applicable/[●]]
25		Talons for future Coupons to be attached to Definitive 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.]
26		RMB Settlement Centre(s)	[●]/[Not Applicable]
27		RMB Currency Event:	[Applicable/Not Applicable]
28		Relevant Currency for Condition 7(i):	[●]/[Not Applicable]
29		Relevant Spot Rate Screen Pages for Condition 7(i):	(i) Relevant Spot Rate Screen Page (Deliverable Basis): [●]/[Not Applicable]  (ii) Relevant Spot Rate Screen Page (Non-

deliverable Basis): [●][Not Applicable]

30 Party responsible for calculating the Spot Rate for Condition 7(i): [[●] (the "Calculation Agent")][Not Applicable]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.][Not Applicable]

Signed on behalf of the Issuer:

By:

*Duly authorised*

## PART B – OTHER INFORMATION

- 1 LISTING AND ADMISSION TO TRADING**
- (i) Listing: Application [has been made] [is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc and admitted to the official list of the UK Listing Authority with effect from [●][Not Applicable].
- (ii) Estimate of total expenses related to admission to trading: [●]
- 2 RATINGS**
- Ratings: The Notes to be issued have been rated:  
[S&P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]
- 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**
- [Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealer] and [their/its] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]
- 4 YIELD (*Fixed Rate Notes only*) – [●] per cent. per annum [on a [[quarterly] semi-annual] basis]**
- Indication of yield:
- 5 OPERATIONAL INFORMATION**
- ISIN Code: [●]  
Common Code: [●]  
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant addresses and identification number(s): [Not Applicable/give name(s) and number(s) and [addresses]]  
Delivery: Delivery [against/free of] payment  
Names and addresses of additional Paying Agent(s) (if any): [●][Not Applicable]
- 6 DISTRIBUTION**
- Method of distribution: [Syndicated/Non-syndicated]  
If syndicated, names of Managers: [Not Applicable/give names]  
Date of Subscription Agreement: [●]  
If non-syndicated, name of relevant Dealer: [Not Applicable/give name]  
U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]

## GENERAL INFORMATION

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- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or about 5 July 2013, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the UAE in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the extraordinary general meeting of the shareholders of the Issuer and the Board of Directors, in each case passed on 22 November 2005. The increase in the amount of the Programme to U.S.\$7,500,000,000 was authorised by resolutions of the extraordinary general meeting of the shareholders of the Issuer and the Board of Directors on 12 March 2013 and 29 January 2013, respectively.
- (3) There has been no significant change in the financial or trading position of the Issuer or the Group since 31 March 2013 and no material adverse change in the prospects of the Issuer or the Group since 31 December 2012.
- (4) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, material effects on the financial position or profitability of the Issuer or the Group.
- (5) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (7) The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Final Terms.
- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.
- (9) During the period of 12 months following the date of this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Fridays, Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:
  - (i) the Memorandum and Articles of Association of the Issuer; and
  - (ii) the audited consolidated annual financial statements of the Issuer for each of the financial years ended 31 December 2012 and 2011, together with the report of KPMG as auditor of the Issuer relating thereto.
- (10) KPMG (authorised and regulated by UAE Federal Law No. 22 of 1995) have audited, and rendered unqualified audit reports on, the audited consolidated annual financial statements of the Issuer for the years ended 31 December 2012 and 2011.
- (11) 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 and its affiliates in the ordinary course of business. 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 or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers 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.

#### **THE ISSUER**

##### **National Bank of Abu Dhabi P.J.S.C.**

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United Arab Emirates

#### **ARRANGERS**

##### **Barclays Bank PLC**

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##### **National Bank of Abu Dhabi P.J.S.C.**

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*to the Issuer as to English law and United Arab Emirates law*

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*to the Dealers as to English law and United Arab Emirates law*

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