

IMPORTANT NOTICE

THIS BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base prospectus (the "**Base Prospectus**"). In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from EI Sukuk Company Ltd. (the "**Trustee**") or Emirates Islamic Bank PJSC (the "**Obligor**") as a result of such access.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE ATTACHED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS (AS DEFINED BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THIS BASE PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

THIS BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THIS BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 12, ARTICLE 19(5) OR ARTICLE 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR TO OTHER PERSONS TO WHOM THIS BASE PROSPECTUS MAY OTHERWISE BE DISTRIBUTED WITHOUT CONTRAVENTION OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, OR ANY PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE. THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO OTHER PERSON SHOULD RELY ON IT.

Confirmation of Your Representation: By accessing this Base Prospectus you confirm to Emirates Islamic Bank PJSC and Standard Chartered Bank as arrangers (together the "**Arrangers**"), the Dealers named in this Base Prospectus (the "**Dealers**") the Trustee and the Obligor, that (i) you understand and agree to the terms set out herein, (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions, (iii) you consent to delivery of the Base Prospectus by electronic transmission, (iv) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Arrangers, and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

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

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Trustee and the Obligor in such jurisdiction.

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

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

The distribution of the Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Arrangers, the Dealers and the Trustee to inform themselves about, and to observe, any such restrictions.



EI SUKUK COMPANY LTD.

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

U.S.\$2,500,000,000 Certificate Issuance Programme

Under the certificate issuance programme described in this Base Prospectus (the "**Programme**"), EI Sukuk Company Ltd. (formerly EIB Sukuk Company Ltd.) (in its capacity as issuer and, in its capacity as trustee, the "**Trustee**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "**Certificates**") in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 1.

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed (such master trust deed as modified and/or supplemented and/or further amended and restated from time to time, the "**Master Trust Deed**") dated 16 May 2016 entered into between the Trustee, Emirates Islamic Bank PJSC as obligor (the "**Obligor**" or "**Emirates Islamic**") and Deutsche Trustee Company Limited as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**") in relation to the relevant Series. Certificates of each Series (as defined herein) confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series over the Wakala Assets (as defined herein).

This Base Prospectus has been approved by the Central Bank of Ireland (the "**CBI**") as competent authority under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "**Prospectus Directive**"). The CBI only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc ("**Irish Stock Exchange**") for Certificates issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**"). Such approval relates only to Certificates which are to be admitted to trading on a regulated market for the purposes of MiFID or which are to be offered to the public in any Member State of the European Economic Area.

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012. Application has also been made to the DFSA for certain Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Trustee, the Obligor and such other persons, such as experts, whose opinions are included in the Prospectus with their consent. The DFSA has also not assessed the suitability of the Certificates to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

The purchase of Certificates may involve substantial risks and are only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of the investment in the Certificates.

References in this Base Prospectus to Certificates being "**listed**" (and all related references) shall mean that such Certificates have been (a) admitted to listing on the Official List and admitted to trading on the Main Securities Market or, as the case may be, another MiFID regulated market and/or (b) admitted to listing on the DFSA Official List and admitted to trading on NASDAQ Dubai.

Notice of the aggregate face amount of the Certificates, periodic distribution amounts (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the "**applicable Final Terms**") which, with respect to Certificates to be listed on the Irish Stock Exchange, will be delivered to the CBI and the Irish Stock Exchange, and which, with respect to Certificates to be listed on the DFSA Official List, will be delivered to the DFSA and NASDAQ Dubai.

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

The Obligor has been assigned ratings of A+ by Fitch Ratings Ltd. ("**Fitch**") with a stable outlook. On 4 March 2016, Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") placed the United Arab Emirates' Aa2 government bond and issuer ratings on review for downgrade. The rating of the United Arab Emirates has been endorsed by Moody's Investors Service Ltd. ("**Moody's**") in accordance with Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").

Moody's Singapore is not established in the European Union and has not applied for registration under the CRA Regulation. Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation and is included in the list of credit rating agencies available on the ESMA website.

A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating applicable to the Programme. 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 Trustee may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

<p>Emirates Islamic</p> <p>Barclays</p> <p>Deutsche Bank</p> <p>Emirates Islamic</p>	<p>Arrangers</p> <p>Dealers</p> <p>Standard Chartered Bank</p>	<p>Standard Chartered Bank</p> <p>Citigroup</p> <p>Dubai Islamic Bank</p> <p>Emirates NBD Capital</p>
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The date of this Base Prospectus is 16 May 2016.

IMPORTANT NOTICES

This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, and for the purpose of giving information with regard to the Trustee, the Obligor and the Certificates which, according to the particular nature of the Trustee, the Obligor and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Obligor.

The Trustee and the Obligor accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Trustee and the Obligor (each 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.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Series of Certificates, should be read and construed together with the applicable Final Terms.

Copies of Final Terms will be available from the registered office of the Trustee and the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Certificates and such Certificateholder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of such Certificates and identity.

Certain information contained in "*Risk Factors*", "*Overview of the UAE and the Emirate of Dubai*" and "*The UAE Banking and Financial Services System*" (as indicated therein) has been extracted from independent, third party sources. Each of the Trustee and the Obligor confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

The Dealers, the Agents and the Delegate have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Agents or the Delegate as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Trustee and the Obligor in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates: (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Trustee, the Obligor, the Delegate, the Agents or the Dealers that any recipient of this Base Prospectus, or any other information supplied in connection with the Programme or any Certificates, should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Obligor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, the Obligor, the Delegate, the Agents or the Dealers to any person to subscribe for or to purchase any Certificates.

No comment is made or advice given by the Trustee, the Obligor, the Delegate, the Agents or the Dealers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws.

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

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

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*").

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. The Trustee, the Obligor, the Delegate, the Agent and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Delegate, the Agents or the Dealers which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area (including the United Kingdom), the United Arab Emirates (excluding the Dubai International Financial Centre), the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Dubai International Financial Centre, Malaysia, Hong Kong, Singapore, the State of Qatar and the Cayman Islands (see "*Subscription and Sale*").

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

In this Base Prospectus, references to:

- "**UAE**" are to the United Arab Emirates;
- "**Abu Dhabi**", "**Dubai**" and "**Sharjah**" are to the Emirate of Abu Dhabi, the Emirate of Dubai and the Emirate of Sharjah, respectively;
- "**CNY**", "**RMB**" and "**Renminbi**" are to the lawful currency of the People's Republic of China (the "**PRC**") that is deliverable offshore. For the purposes of this Base Prospectus, references to the "**PRC**" exclude the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan;
- "**dirham**", "**AED**" and "**UAE dirham**" are to the lawful currency of the UAE and references to fil are to the sub-unit of the dirham;

- "euro" and "€" are 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 "GCC" are to the Gulf Co-operation Council;
- the "MENA" region are to the Middle East and North Africa region; and
- "U.S. dollars", "U.S.\$" and "\$" are to the lawful currency of the United States.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. All U.S.\$ equivalents of dirham amounts appearing in this Base Prospectus have been calculated at this fixed exchange rate. The use of such fixed exchange rate should not be construed as a representation that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

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

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

Suitability of investments

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

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

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Certificates are legal investments for it, (b) the Certificates can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 (as defined in the Financial Services and Markets Act 2000 (the "**FSMA**") ("**Non-Regulatory AFIBs**") will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to any Certificates is being addressed to, or directed at: (A) if the Certificates are AFIBs and the distribution, if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**") (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc) of the Financial Promotion Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order and (B) if the Certificates are Non-Regulatory AFIBs and the distribution, if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (*High net worth companies, unincorporated associations, etc.*) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to any Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom in any Certificates which are Non-Regulatory AFIBs regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of trust certificates, bonds or other debt financing instruments under the laws of Qatar and the rules and regulations applicable in the Qatar Financial Centre and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Qatar Stock Exchange or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar and the Qatar Financial Centre. The Certificates are not and will not be traded on the Qatar Stock Exchange.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain ("**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 any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of Certificates in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates 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 Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates 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.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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 the Certificates to be issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

STABILISATION

In connection with the issue of any Series of Certificates, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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 Series of Certificates 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 Series of Certificates and 60 days after the date of the allotment of the relevant Series of Certificates. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CONTENTS

	Page
RISK FACTORS	1
DOCUMENTS INCORPORATED BY REFERENCE	17
STRUCTURE DIAGRAM AND CASHFLOWS	19
GENERAL DESCRIPTION OF THE PROGRAMME	22
FORM OF THE TRUST CERTIFICATES.....	28
APPLICABLE FINAL TERMS.....	29
TERMS AND CONDITIONS OF THE TRUST CERTIFICATES.....	34
USE OF PROCEEDS	66
DESCRIPTION OF THE TRUSTEE.....	67
SELECTED FINANCIAL INFORMATION OF EMIRATES ISLAMIC BANK PJSC.....	69
DESCRIPTION OF EMIRATES ISLAMIC BANK PJSC.....	76
MANAGEMENT OF EMIRATES ISLAMIC BANK PJSC.....	95
OVERVIEW OF THE UAE AND THE EMIRATE OF DUBAI	101
THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS.....	110
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS	121
TAXATION	134
SUBSCRIPTION AND SALE.....	137
GENERAL INFORMATION	143

RISK FACTORS

Each of the Trustee and the Obligor believes that the factors described below represent the principal risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and neither the Trustee nor the Obligor represents that the statements below regarding the risks of holding any Certificate are exhaustive.

Although the Trustee and the Obligor believe that the various structural elements described in this Base Prospectus lessen some of these risks for Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to Certificateholders of any Periodic Distribution Amount, or any Dissolution Amount in respect of the Certificates of any Series on a timely basis or at all.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme.

The Trustee has a limited operating history and no material assets

At the date of this Base Prospectus, the Trustee is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 16 April 2007 and has a limited operating history. The Trustee will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Wakala Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents. As the Trustee is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process outside of the Cayman Islands.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Wakala Assets relating to each Series of Certificates, including the obligation of the Obligor to make payments and perform punctually its other obligations under the Service Agency Agreement and the Purchase Undertaking to the Trustee.

The ability of the Trustee to pay amounts due on the Certificates will be dependent upon receipt by the Trustee from the Obligor of all amounts due under the Service Agency Agreement and the Purchase Undertaking (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents). As a result, the Trustee is subject to all the risks to which the Obligor is subject, to the extent such risks could limit the Obligor's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents. See "*Risks relating to the businesses of the Obligor*" for a further description of these risks.

Factors that may affect the Obligor's ability to fulfil its obligations under the Transaction Documents to which it is party.

Risks relating to the businesses of the Obligor

In the course of its business activities, the Obligor is exposed to a variety of risks, the most significant of which are market risks, liquidity risks, credit risks and operational risks. In the last five years in particular, difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Obligor's business.

Market risks

Market risk is the potential for adverse changes in the market value of portfolio and positions due to fluctuations in profit rates, exchange rates, equity prices, commodity prices, as well as in their correlation and implied volatility. Consistent with the Obligor's approach to strict compliance with *Shari'a* rules and principles, the Obligor does not involve in speculative foreign exchange transactions.

The Obligor's business exposes it to market risks, which is the potential for adverse changes in the market

value of portfolio and positions due to fluctuations in profit rates, exchange rates, equity prices, commodity prices, as well as in their correlation and implied volatility.

The Obligor, in common with other financial institutions, is susceptible to changes in the macroeconomic environment and the performance of financial markets generally. The 2008 global financial crisis had a significant adverse effect on the economies of the GCC including the UAE, and resulted in a slowdown of growth rates, particularly in the real estate, construction and financial institutions sectors. Although Dubai enjoys a relatively diverse economy, with the mining and quarrying sector accounting for approximately 2.3 per cent. of Dubai's GDP in the first quarter of 2015 (according to preliminary estimates by the Dubai Statistics Centre), any significant impact on international oil prices may have a negative impact on regional spending and liquidity and consequently is likely to affect Dubai's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular, given also the openness of the economy with no capital or exchange controls.

During the second half of 2015 and the first quarter of 2016, global debt and equity markets experienced increased volatility due to increased uncertainty in the macro-economic climate. From June 2014 until January 2016, international crude oil prices declined by approximately 75 per cent. (source: OPEC Monthly Oil Market Report, April 2016). The monthly average Organization of the Petroleum Exporting Countries ("**OPEC**") Reference Basket price per barrel was U.S.\$108 in June 2014 compared to a monthly average price of U.S.\$26.50 in January 2016 (source: OPEC Monthly Oil Market Report, April 2016). The OPEC daily basket price stood at \$42.70 a barrel on 29 April 2016 (source: OPEC website). The prevailing low international prices for hydrocarbon products have had a significant adverse effect on the oil-revenue dependent GCC economies, resulting in reduced fiscal budgets and public spending plans for 2016, together with increased budgetary deficits across the GCC (in the UAE, the International Monetary Fund (the "**IMF**") expects the fiscal deficit for 2016 to run to approximately 7.2 per cent. of GDP (source: IMF press release, May 2016).

As at the date of this Base Prospectus, the prevailing macroeconomic climate has prompted reduced fiscal budgets and public spending plans for 2016 in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices, the effects of the economic downturn in emerging markets generally, and China in particular, and the broader impact this has had on global debt and equity markets, and interest rate policies across global markets (including the decision of the U.S. Federal Reserve in December 2015 to raise interest rates for the first time since 2006 and the uncertainty around the broader impact of the decision of the Bank of Japan to introduce negative interest rates in January 2016). The hostile economic environment, together with the anticipated reduction in spending by the UAE government (the "**Government**") and the likely impact on the level of economic activity in Dubai and the UAE is expected to continue to have an adverse effect on the Obligor's credit risk profile.

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

The performance of global financial markets has also been affected by the hostile economic environment, with international equity markets being particularly impacted by the economic slowdown in emerging markets generally and volatility in the Chinese economy in particular, where real GDP growth slowed to 6.9 per cent. in 2015, representing a 25-year low (source: World Bank report, January 2016). During August 2015, the Shanghai composite index lost 16 per cent. of its value over a two-day period, with European and U.S. equity markets also affected (source: Bloomberg). The impact has also been felt in the UAE with each of the ADX General Index and the Dubai Financial Market index falling by 5 per cent. and 16 per cent., respectively, between 31 December 2014 and 31 December 2015 (source: Bloomberg).

These volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of

price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The decision of the U.S. Federal Reserve to raise interest rates in December 2015 could adversely impact the Obligor's net profit margins and borrowing costs.

Whilst the Obligor believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks (please see "*Description of Emirates Islamic – Risk Management*"), investors should note that a worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption and, as a result, could have an adverse effect on the business, financial condition, results of operations and prospects of the Obligor irrespective of steps currently taken to adequately control these risks.

In addition, the United Kingdom will hold a referendum on 23 June 2016 to determine whether it should leave the European Union. The effects of the referendum on the European and global economies, including that of the UAE, are impossible to predict fully.

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

Liquidity risks

Liquidity risk is the risk that the Obligor will be unable to meet its maturing obligations to its counterparties. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately.

In the second half of 2008, a liquidity crisis arose in the global credit markets due to a large number of borrower defaults in the sub-prime mortgage loan market in the United States of America. This liquidity crisis expanded to affect all levels of the international economy.

In particular, and in part reflecting the effects of the global economic crisis, the UAE financial markets experienced comparatively reduced levels of liquidity from the third quarter of 2008 and through 2009. Liquidity is essential to the performance of the banking sector and the business of the Obligor, and during this period, a number of measures were taken in an attempt to improve the liquidity levels in the UAE by the UAE Ministry of Finance and the UAE Central Bank, including, but not limited to, regular contact and intervention with respect to UAE banks to provide liquidity to the market (UAE Ministry of Finance deposits and UAE Central Bank funding support).

Whilst the liquidity situation improved from 2010 to 2014, it did deteriorate in 2015 as the UAE financial system experienced a decrease in the level of Government deposits largely on account of the decreasing oil price, which resulted in an increase in the loan to deposit ratio across the UAE banking system. Whilst the Obligor and other UAE banks do not materially rely on Government deposits, and generally enjoy healthy levels of liquidity, there is no guarantee that this trend will persist or that any improvement in liquidity will continue in the future. Any future shortage of liquidity in the UAE and Dubai financial markets could have an adverse effect on the businesses, financial condition, results of operations and prospects of the Obligor.

Credit risks

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in a financial loss to the Obligor. The Obligor is exposed to credit risk through traditional lending to corporate, retail and institutional customers and transactions involving settlements with counterparties, including other financial institutions. These include direct financing commitments to extend credit and settlement exposures.

As mentioned above under "*Risks relating to the businesses of the Obligor – Market risks*", the UAE economy was negatively impacted by the global economic downturn, which affected some of the UAE's key economic sectors including trade, tourism, real estate and commerce. As a result of these adverse market conditions, certain of the customers to which the Obligor directly extends credit and

counterparties of the Obligor experienced decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing, increased funding costs and problems servicing their debt obligations or other expenses as they become due. Although the Obligor did experience improving credit quality ratios in recent years, the current liquidity conditions in the UAE and uncertainty in the global markets could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

Operational risks

Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, human error or external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks. Although the Obligor has implemented standard policies and procedures for managing each of its divisions, departments and branches so as to minimize losses through a framework to ensure compliance with the Basel II requirements, it is not possible to eliminate all of the operational risks entirely, which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

This risk factor should not be taken as implying that the Trustee or the Obligor will be unable to comply with their obligations as a company with securities: (i) admitted to the CBI's Official List; and (ii) admitted to the DFSA's Official List.

Concentration risk

Concentrations in the respective loan/financing receivable and deposit portfolios of the Obligor subject it to risks from default by its larger borrowers, from exposure to particular sectors of the UAE economy and from withdrawal of large deposits. The loans and receivables/financing receivables portfolio of the Obligor shows industry and borrower concentration.

The Obligor's ten largest private sector borrowers (which excludes those borrowers which are either wholly or majority owned by the Government of Dubai or the Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum) represented 11.1 per cent. of the Obligor's total financing receivables as at 31 December 2015. As at 31 December 2015, the Obligor's largest funded exposure to a private sector borrower was AED 590 million, which constitutes 1.7 per cent. of its total financing receivables (as at 31 December 2015) and 10.6 per cent. of its total regulatory capital (total regulatory capital being AED 5.6 billion as at 31 December 2015).

In terms of the industry concentration of the Obligor's total financing and investing receivables, as at 31 December 2015, personal finance accounted for 46.9 per cent., financial institutions accounted for 19.6 per cent, construction and real estate combined accounted for 13.2 per cent., trade and manufacturing accounted for 6.9 per cent., services accounted for 7.1 per cent. and other sectors accounted for 6.3 per cent.

As at 31 December 2015, the Obligor's wholesale banking customers represented 13.6 per cent. of its combined total deposits. Although the Obligor considers that it has adequate access to sources of funding, the withdrawal of a significant portion of these large deposits may have an adverse effect on the business, financial condition, results of operations and prospects of the Obligor as well as its ability to meet the UAE Central Bank "Eligible Liquid Asset" ratio of 10 per cent. A downturn in the fortunes of any of the Obligor's depositors, or in the sectors in which they operate, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

Real estate exposure

As at 31 December 2015, exposures to real estate and construction constituted 10.7 per cent. and 2.5 per cent., respectively, of the Obligor's total real estate and construction receivables in comparison to exposures of 11.2 per cent. and 2 per cent., respectively, as at 31 December 2014. The Obligor's total funded real estate and construction exposure stood at AED 6.6 billion.

Although Dubai has witnessed healthy activity across all segments of the real estate market since 2013 due to favourable rebalancing of the underlying demand/supply dynamics and improved investor interest, more restrictive mortgage regulations and higher transaction taxes introduced during 2014 contributed to a reduction of activity in the real estate market. Slower price growth in the real estate market became evident from April 2014, as the stronger U.S. dollar contributed to weaker demand from foreign investors,

and the number of sales transactions in 2014 was lower than that in 2013. Residential property prices, as measured by Phidar Advisory's Dubai 9/5 House Price Index shows that in January 2016 apartment prices were down 12.2% year on year and villa prices declined 10.7% year on year. The sharp decline in oil prices since July 2014, coupled with the strength of the U.S.dollar, may have affected demand from investors. However, it is anticipated that Dubai's successful Expo 2020 bid will encourage a positive trend in real estate prices.

Nevertheless, a further real estate correction or default of the Obligor's main real estate-related clients in the future could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

Changes in accounting policies

Potential future changes to accounting policies or reclassifications could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

Principal shareholder and governmental support

As at the date of this Base Prospectus, the Government of Dubai indirectly holds 55.6 per cent. of the share capital of Emirates NBD PJSC ("**Emirates NBD**") and, through such holding, indirectly holds 99.9 per cent. of the share capital of the Obligor. Investment Corporation of Dubai ("**ICD**"), which is wholly owned by the Government of Dubai, holds shares in Emirates NBD directly. However, the government of Dubai does not explicitly or implicitly guarantee the financial obligations of the Obligor (including in respect of the Certificates to be issued under the Programme) nor does it, like any other shareholder (acting through ICD), have any legal obligation to provide any support or additional funding for any of the Obligor's future operations.

The government of Dubai has the ability to influence the Obligor's business significantly through their ability to control and/or block actions that require shareholder approval. If circumstances were to arise where the interests of the government of Dubai conflict with the interests of the Certificateholders, Certificateholders could be disadvantaged by any such conflict.

Neither the government of Dubai nor the UAE Federal Government are under any obligation to, invest in, make deposits with, do business with or otherwise support the Obligor. The government of Dubai and the UAE Federal Government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support the Obligor. The reduction or elimination of governmental support could have a material adverse effect on the business, results of operations, financial condition and prospects of the Obligor.

Competition

There are an increasing number of Islamic banks and other institutions offering Islamic financial products and services within the UAE. As at 31 December 2015, there were eight Islamic banks, in addition to a number of financial institutions offering Islamic products and solutions. Other financial institutions may also consider offering *Shari'a* compliant products.

Generally, banking 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 GCC or any other similar entities, it is likely to lead to a more competitive environment for the Obligor and other domestic financial institutions. Such increase in competition could have a material adverse effect on the businesses, results of operations, financial condition and prospects of the Obligor (see also "*Description of Emirates Islamic – Competition*").

Foreign exchange movements may adversely affect the profitability of the Obligor

The Obligor 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. The Obligor is exposed to the potential impact of any alteration to or abolition of this foreign exchange peg (see also "*Risk factors relating to the business of the Obligor - Marker Risks*").

Majority of business in the UAE

The Obligor has the majority of its operations and assets in the UAE and accordingly its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

These markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risk involved (see also "*Risk factors relating to the UAE and the Middle East – Political, economic and related considerations*").

Importance of key personnel

The Obligor's ability to maintain and grow its businesses will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Obligor may face challenges in recruiting and retaining qualified personnel to manage their respective businesses from time to time and, if they are to continue to grow, will need to continue to increase its employee numbers.

Additionally, the UAE Federal Government has a recommended policy that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year (see "*The UAE Banking and Financial Services System – Expatriate Workforce*"). In common with other banks in the UAE, the Obligor experiences a shortage of, and competition to recruit and retain, qualified UAE national employees. If the Obligor is unable to meet or exceed the UAE Federal Government's recommended policy for recruiting UAE nationals, it may be subject to legal penalties including with respect to its current licences, and may be prevented from obtaining additional licences necessary in order to allow it to expand its business.

While the Obligor currently meets (and exceeds) the UAE Federal Government's "Emiratisation" requirements (in particular, see "*Description of Emirates Islamic – Competitive Strengths – Links with the community*") and believes that it has effective staff recruitment, training and incentive programmes in place, if it were unable to retain key members of its senior management and/or remove under-performing staff and/or hire new qualified personnel in a timely manner, this could have a material adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

The Obligor's business is dependent on its information and technology systems which are subject to potential cyber-attack

In common with other financial institutions based in the GCC and elsewhere in the world, there is a growing threat to the security of the Obligor's information and customer data from cyber-attacks. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could have an adverse effect on the business, financial condition, results of operations and prospects of the Obligor.

Risk factors relating to the UAE and the Middle East

Political, economic and related considerations

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Obligor's business 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. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the GCC and the UAE, especially in Dubai. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates could be adversely affected by any future slowdown.

No assurance can be given that the UAE Government will not implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have an adverse effect on the Obligor's business, financial condition, results of operations, prospects or ability to perform its obligations under the Programme, or which could adversely affect the market price and liquidity of the Certificates.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. 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 Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, Tunisia and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on Dubai or the UAE.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate. These steps make it potentially more vulnerable should regional instability increase.

A general downturn, political instability or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Obligor's business, financial condition, results of operations and prospects.

Impact of regulatory changes

The Obligor 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) (in particular, see "*The United Arab Emirates Banking and Financial Services System – Recent Trends in Banking – Large exposures*"). Such regulations may limit the Obligor's ability to increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business.

Any changes in the laws and regulations and/or the manner in which they are interpreted or enforced may have a material adverse effect on the Obligor's business, financial condition, results of operations and prospects. In particular, any changes in UAE Central Bank regulations or policy may affect the Obligor's reserves, provisions, impairment allowances and other applicable ratios. For example, in accordance with Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**"), the Obligor must now comply with certain qualitative and quantitative liquidity requirements (please see "*The United Arab Emirates Banking and Financial Services System*").

Furthermore, non-compliance with regulatory guidelines could expose the Obligor to potential liabilities and fines. Although the Obligor 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.

The GCC may enter into a monetary union and speculation on removal of peg to the U.S. dollar

There has been speculation in the past that some countries in the GCC may abandon their respective national currencies in favour of a single GCC currency. If a single GCC currency is adopted, the necessary convergence of laws, policies and procedure will bring significant changes to the economic and political infrastructure in each of the GCC states. As yet there has been no announcement of any monetary union and there are currently no details of new legislation or policies. There has also been speculation in the past that some countries in the GCC could remove or devalue their currency peg to the US\$. Investors should, however, be aware that new legislation and any resulting shift in policy and procedure in the UAE could affect the ability of the Obligor to perform its obligations in respect of the Transaction Documents to which it is a party.

UAE bankruptcy law

In the event of the insolvency of the Obligor, UAE bankruptcy law may adversely affect the ability of the Obligor to perform its obligations under the Transaction Documents to which it is a party and, consequently, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders against the Obligor would be resolved.

Enforcing foreign arbitration awards, foreign judgments and DIFC court judgements in Dubai

The payments under the Certificates are dependent upon the Obligor making payments to investors in the manner contemplated under the Transaction Documents. If the Obligor fails to do so, it may be necessary to bring an action against the Obligor to enforce its obligations and/or to claim damages which could be both time consuming and costly.

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.

The Obligor has irrevocably agreed to certain documentation being governed by English law. Unresolved disputes in relation to the Certificates and the Transaction Documents governed by English law will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised by the party holding such option to litigate, the Obligor has irrevocably agreed to the courts of England or the courts of Dubai International Financial Centre (the "**DIFC Courts**") having non-exclusive jurisdiction to settle disputes. Notwithstanding that a judgment may be obtained in an English court there is no assurance that the Obligor has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. The Obligor is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE. 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 Dubai law, the Dubai 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 perception of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

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

As described above, the Obligor has agreed under the terms of certain of the Transaction Documents (including the Purchase Undertaking and the Master Trust Deed) to submit to the non-exclusive jurisdiction of the DIFC Courts in respect of any dispute, claim, difference or controversy arising out of or in connection with such Transaction Documents, subject to the right of the Trustee, the Obligor (in

respect of the Sale Undertaking only), the Delegate, or the Agents, as the case may be, to elect to bring proceedings in any other court or courts of competent jurisdiction. Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts ("**Law No. 16 of 2011**") was issued, and came into force in Dubai, on 31 October 2011 and extends the jurisdiction of the DIFC Courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the DIFC Courts, even where those parties (such as the Obligor) are unconnected to the Dubai International Financial Centre (the "**DIFC**").

If, in respect of any Series, the Obligor fails to pay (in whole or in part) the relevant Exercise Price in connection with its purchase of an interest in the relevant Wakala Assets under the Purchase Undertaking, the Delegate (on behalf of the relevant Certificateholders) may, subject to the matters set out in Condition 15 (*Enforcement and Exercise of Rights*) and the terms of the Master Trust Deed relating to the enforcement of rights, seek to enforce, inter alia, the provisions of the Purchase Undertaking and the indemnity provisions set out in the Master Trust Deed against the Obligor by commencing proceedings in the DIFC Courts, which should accept the choice of English law as the governing law of the Purchase Undertaking and the Master Trust Deed.

Under Article 7 of Law No. 12 of 2004 as amended by Law No. 16 of 2011, any final and unappealable judgment, order or award issued by the DIFC Courts that is appropriate for enforcement in favour of the Delegate (on behalf of the relevant Certificateholders) shall, upon application by the Delegate to the Dubai courts, be enforced by the Dubai courts against the Obligor without such courts re-examining the merits of the judgment, order or award. Investors should note, however, that as at the date of this Base Prospectus, there has been very limited case law relating to Law No. 16 2011 and therefore it is not certain as to how the DIFC Courts intend to exercise their jurisdiction under the new law should any party dispute the right of the DIFC Courts to hear a particular dispute where such parties are unconnected to the DIFC.

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 Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts 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. How the Dubai courts will interpret and apply the New York Convention remains uncertain and this is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of the UAE Federal Law No. 11 of 1992, as amended (the "**Civil Procedure Law**"). Article 238 provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the Dubai courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. Therefore, there remains a risk that when faced with an action for enforcement of a foreign arbitration award under the New York Convention the Dubai courts might continue to ignore Article 238 of the Civil Procedure Law and instead apply Articles 235 to 237. If Article 238 is ignored, there is a risk that a foreign arbitration award will be refused enforcement by the Dubai courts.

Claims for specific enforcement

In the event that the Obligor fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. An order for specific enforcement is at the discretion of the court and there is no assurance that a court will provide such an order.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Obligor to perform its obligations as set out in the Transaction Documents to which it is a party.

Sovereign immunity

Under the Transaction Documents to which it is a party, the Obligor has waived its rights in relation to sovereign immunity in respect of such documents. However, there can be no assurance as to whether such waivers of immunity from suit, execution or attachment or other legal process by the Obligor under such Transaction Documents are valid and binding under the laws of the UAE and applicable in Dubai.

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

Risks related to the Certificates generally

Certificates subject to early dissolution by the Trustee

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Trustee. Any such early redemption feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to redeem Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any redemption period. The Trustee may be expected to redeem Certificates when the Trustee's cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

The Certificates may be subject to early redemption

In the event that the amount payable on the Certificates of any Series is required to be increased to include additional amounts in certain circumstances and/or the Trustee is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Cayman Islands (in the case of the Trustee) or the UAE (in the case of the Obligor), or in each case any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Terms and Conditions of the relevant Certificates.

No third-party guarantees

Investors should be aware that no guarantee is given in relation to the Certificates by Emirates NBD, the Government of Dubai (see also "*Principal Shareholder and Governmental Support*" above) or any other third parties.

Investors must make their own determination as to Shari'a compliance

The *Shari'a* advisory board of the Obligor (the "**EI Shari'a Board**") and the *Shari'a* Supervisory Committee of Standard Chartered Bank have each issued a *Fatwa* confirming that, in its view, the Transaction Documents, the Certificates (and the related structure) are in compliance with *Shari'a* principles. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars and none of the Trustee, the Obligor, the Agents, the Delegate or the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the

parties to the Transaction Documents would be, if in dispute, either the subject of arbitration under the LCIA Arbitration Rules with the seat of arbitration in London or court proceedings under the laws of England and Wales. In such circumstances, the arbitrator or judge (as applicable) will first apply the relevant law rather than *Shari'a* principles in determining the obligations of the parties.

The Certificates are limited recourse obligations

Recourse to the Trustee in respect of each Series of Certificates is limited to the Wakala Assets of that Series and the proceeds of such Wakala Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or early dissolution pursuant to Conditions 12.2 (*Early Dissolution for Tax Reasons*), 12.3 (*Dissolution at the Option of the Trustee*) or, in certain circumstances, 12.4 (*Redemption at the Option of the Certificateholders*), the sole rights of each of the Trustee, the Delegate and the Certificateholders of the relevant Series of Certificates will be against the Obligor to pay the relevant Exercise Price in respect of such Series and otherwise perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, the Obligor, the relevant Dealer and the Principal Paying Agent or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the Transaction Documents in respect of the relevant Wakala Assets. The Obligor is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Delegate will have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Wakala Assets will be sufficient to make all payments due in respect of the Certificates of the relevant Series. Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Wakala Assets except pursuant to the Purchase Undertaking and the sole right of the Trustee, the Delegate and the Certificateholders against the Obligor shall be to enforce the obligation of the Obligor to pay the relevant Exercise Price under the Purchase Undertaking and otherwise perform its obligations under the Transaction Documents.

Change of law

The structure of the issue of the Certificates under the Programme is based on English law, UAE law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, UAE law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates to be issued under the Programme or of the Obligor to comply with its obligations under the Transaction Documents to which it is a party.

Trading in the clearing systems

In relation to any issue of Certificates 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 Certificates 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 Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Certificates such that its holding amounts to a Specified Denomination.

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

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Certificate.

Reliance on Euroclear and Clearstream, Luxembourg procedures

Each Series of Certificates will be represented on issue by one or more Global Certificates that will be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg (each as defined in "Form of the Certificates" below). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificates. While the Certificates are represented by a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants. While Certificates are represented by a Global Certificate, the Trustee will discharge its payment obligation under such Certificate by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks relating to Certificates denominated in Renminbi

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

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

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

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

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

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

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

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

While the People's Bank of China ("**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

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

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Certificates. To the extent the Trustee is required to source Renminbi in the offshore market to service the RMB Certificates, there is no assurance that the Trustee will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB Certificates is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of Periodic Distribution Amounts and Dissolution Amounts will be made in Renminbi with respect to the RMB Certificates unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Certificates in that foreign currency will decline.

Investment in the RMB Certificates is subject to currency risk

If the Trustee is not able, or it is impracticable for it, to satisfy its obligation to pay Periodic Distribution Amounts and Dissolution Amounts on the RMB Certificates as a result of a RMB Currency Event (as defined in the Conditions), the Trustee shall be entitled, on giving notice as soon as practicable to the investors in accordance with the Conditions stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed in relation thereto, to settle any such payment in the Relevant Currency (as specified in the applicable Final Terms) converted using the Spot Rate for the relevant Determination Date (as defined in the Conditions) of any such Periodic Distribution Amounts or Dissolution Amounts, as the case may be.

Payments in respect of RMB Certificates will only be made to investors in the manner specified in such RMB Certificates

All payments to investors in respect of the RMB Certificates will be made solely: (i) for so long as the RMB Certificates are represented by global certificates held with the common depository, for Clearstream Banking *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or in the RMB Settlement Centre(s), if so specified in the applicable Final Terms; (ii) for so long as the RMB Certificates are represented by global certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures; or (iii) for so long as the RMB Certificates are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or in the RMB Settlement Centre(s), if so specified in the applicable Final Terms, in accordance with prevailing rules and regulations. The Trustee cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

An investment in RMB Certificates is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The RMB Certificates may carry a fixed profit rate.

Consequently, the trading price of such RMB Certificates will vary with fluctuations in interest rates. If a holder of RMB Certificates tries to sell any RMB Certificates before their maturity, they may receive an offer that is less than the amount invested.

Risks related to the market generally

Absence of secondary market/limited liquidity

There is no assurance that a market for the Certificates of any Series will develop or, if it does develop, that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a severe adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates.

Credit ratings may not reflect all risks

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

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

Emerging markets

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

Risk factors relating to the Wakala Assets

Ownership of the Wakala Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in the Wakala Assets comprised within the relevant Wakala Portfolio will pass to the Trustee under the Master Purchase Agreement and the Supplemental Purchase Agreement. The Trustee will, under English law pursuant to the relevant Trust Deed, declare a trust in respect of its interests in such Wakala Portfolio and the other Wakala Assets in favour of the Certificateholders of the relevant Series. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an undivided ownership interest in the relevant Wakala Portfolio unless the transfer of the Wakala Portfolio is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*" below).

The Wakala Assets (which shall be Eligible Wakala Assets) will be selected by the Obligor, and none of

the Certificateholders, the Trustee or the Delegate will have any ability to influence such selection. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets of any Series, and no representation shall be given by the Obligor in respect of expected profit generation under the Wakala Assets. No investigation or enquiry will be made and no due diligence will be conducted by any of the Trustee, the Delegate, any Agent or any Dealer in respect of any Wakala Assets comprised within any Wakala Portfolio. No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee or obligor in respect thereof. For the avoidance of doubt, this will not prejudice any transfer of Wakala Assets in accordance with the principles of *Shari'a*. In order to comply with the requirements of the EI *Shari'a* Board, the Obligor shall maintain details of the Wakala Assets in the Wakala Portfolio in respect of each Series and shall, on each relevant Periodic Distribution Date, submit a report in respect of such Wakala Assets to the EI *Shari'a* Board.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any Certificateholders on the basis of any ownership interest in the Wakala Assets of any Series, the Obligor has agreed in the Master Trust Deed to indemnify the Trustee, the Delegate and the Certificateholders against any such liabilities. In the event that the Obligor is unable to meet any such claims then the Certificateholders may suffer losses in excess of the original face amount invested.

Transfer of the Wakala Assets

No investigation has been or will be made as to: (i) whether any Wakala Assets may be transferred as a matter of the law governing the contracts (if any) underlying such Wakala Assets, (ii) the law of the jurisdiction where such assets are located or (iii) any other relevant law. No investigation will be made to determine if the relevant Purchase Agreement will have the effect of legally transferring the Wakala Assets of the relevant Series of Certificates.

Nevertheless, as indicated earlier, although, in order to comply with the requirements of *Shari'a*, an ownership interest in the Wakala Assets comprised within the relevant Wakala Portfolio will pass to the Trustee under the Master Purchase Agreement, together with the relevant Supplemental Purchase Agreement the Certificateholders will not have any rights of enforcement as against the Wakala Assets and their rights are limited to enforcement against the Obligor of its obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking. Accordingly, any such restriction on the ability of the Obligor to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

By way of further assurance, the Obligor has covenanted in the Purchase Undertaking that to the extent that any sale and purchase or transfer and assignment of any of the Wakala Assets is not valid or effective in any jurisdiction for any reason, it will make restitution in respect of those Wakala Assets, will fully accept all or any ownership interest the Trustee may have in the relevant Wakala Assets and, if that ownership interest is disputed or challenged, will fully indemnify the Trustee for the purpose of redemption in full or in part, as the case may be, of the relevant Series of Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (see "*Description of the Principal Transaction Documents – Purchase Undertaking*").

Credit risk

The Trustee will fund the redemption amount payable by it in respect of each Series of Certificates with the Exercise Price paid to it by the Obligor under the Purchase Undertaking, see "*Summary of the Principal Transaction Documents - Purchase Undertaking*".

Risk factors relating to taxation

Payments made by the Obligor to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Service Agency Agreement and the Purchase Undertaking each require the Obligor to pay additional amounts in the event that any withholding or deduction is required by UAE law to be made in respect of payments made by it to the Trustee under those documents. Condition 13 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands and/or the UAE (see Condition 13 (*Taxation*) and the definitions of "**Taxes**" and "**Relevant Jurisdiction**") in certain circumstances. In the event that the Trustee fails to gross-up for any such

withholding or deduction on payments due in respect of the Certificates to Certificateholders, the Obligor has, pursuant to the Master Trust Deed, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 13 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CBI and the Irish Stock Exchange shall be incorporated in, and form part of, this Base Prospectus:

- (1) the unaudited condensed consolidated interim financial statements of the Obligor as of and for the three months ended 31 March 2016, including comparative financial information for the three months ended 31 March 2015, including:
 - (i) consolidated statement of financial position (page 2);
 - (ii) consolidated statement of income (page 3);
 - (iii) consolidated statement of comprehensive income (page 4);
 - (iv) consolidated statement of changes in equity (page 5);
 - (v) consolidated statement of cash flows (page 6);
 - (vi) notes to the condensed consolidated interim financial statements (pages 7-20); and
 - (vii) independent auditors' review report (page 1);
- (2) the audited consolidated annual financial statements of the Obligor as of and for the year ended 31 December 2015, including:
 - (i) consolidated statement of financial position (page 3);
 - (ii) consolidated statement of income (page 4);
 - (iii) consolidated statement of comprehensive income (page 5);
 - (iv) consolidated statement of changes in equity (page 6);
 - (v) consolidated statement of cash flows (page 7);
 - (vi) notes to the consolidated financial statements (pages 8-67); and
 - (vii) independent auditors' report (pages 1-2);
- (3) the audited consolidated annual financial statements of the Obligor as of and for the year ended 31 December 2014, including:
 - (i) consolidated statement of financial position (page 3);
 - (ii) consolidated statement of income (pages 4);
 - (iii) consolidated statement of comprehensive income (page 5);
 - (iv) consolidated statement of changes in equity (page 6);
 - (v) consolidated statement of cash flows (page 7);
 - (vi) notes to the consolidated financial statements (pages 8-70); and
 - (vii) independent auditors' report (pages 1-2).
- (4) the audited consolidated annual financial statements of the Obligor as of and for the year ended 31 December 2013, including:
 - (i) consolidated statement of financial position (page 3);
 - (ii) consolidated statement of income (pages 4);

- (iii) consolidated statement of comprehensive income (page 5);
- (iv) consolidated statement of changes in equity (page 6);
- (v) consolidated statement of cash flows (page 7);
- (vi) notes to the consolidated financial statements (pages 8-67); and
- (vii) independent auditors' report (pages 1-2).

Following the publication of this Base Prospectus a supplement may be prepared by the Trustee and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive and the DFSA in accordance with the DFSA's Markets Rule 2.6. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained, upon request, free of charge, from the registered offices of the Trustee and from the specified offices of the Principal Paying Agent in London.

The documents incorporated by reference are also available on the Irish Stock Exchange's website via the following links:

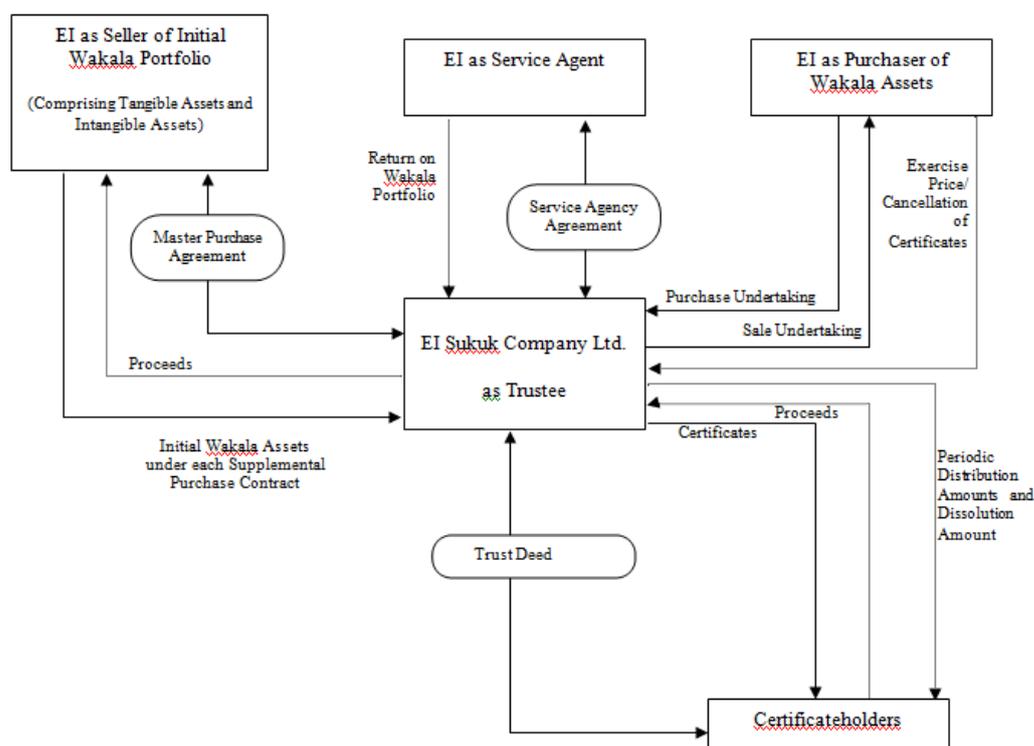
1. http://www.ise.ie/debt_documents/Emirates%20Islamic%20Bank%20Q1%202016%20Financial%20Statements%20-%20English_6b809179-2df1-4096-adf2-4ee885ae22ea.pdf
2. http://www.ise.ie/debt_documents/EI%20Financial%20Statements%202015%20English%20Signed_2d617f31-09fa-4d60-a264-489d9b45d7d7.pdf
3. http://www.ise.ie/debt_documents/EI%20Financial%20Statements%202014%20English%20Signed_2f990ee6-2908-4174-9206-010e7eb68f2f.pdf
4. http://www.ise.ie/debt_documents/EI%20Financial%20Statements%202013%20English%20Signed_c365dbf9-ba53-41af-904a-5c2331a90a04.pdf

The Trustee 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 Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series of Certificates issued. Potential investors are referred to the terms and conditions of the Certificates and the summary of the relevant Transaction Documents set out elsewhere in this document for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Principal cash flows

On the Issue Date of each Series of Certificates (in the case of the first Tranche of the relevant Series of Certificates), the relevant Certificateholders will pay the issue price in respect thereof to the Trustee, and the Trustee will use such proceeds to purchase from Emirates Islamic the Initial Wakala Portfolio, and (in the case of any subsequent Tranche of such Series) the relevant Certificateholders will pay the issue price in respect of the issuance of Additional Certificates to the Trustee, and the Trustee will use such proceeds to purchase from Emirates Islamic the relevant Additional Assets pursuant to the terms of the Sale Undertaking.

Periodic Distribution Payments

The Service Agent will be obliged to provide certain services to the Trustee in respect of the Wakala Portfolio in accordance with the Service Agency Scope, including to maintain three separate book-entry ledger accounts in respect of each Series, such accounts being the Wakala Principal Collection Account, the Wakala Income Collection Account, and the Wakala Income Reserve Collection Account, into which all Wakala Portfolio Revenues will be recorded as follows: (i) all Wakala Portfolio Principal Revenues shall be credited to the Wakala Principal Collection Account; (ii) Wakala Portfolio Income Revenues shall be credited to the Wakala Income Collection Account; and (iii) amounts remaining, following payment to the Trustee of the Required Amount (which is intended to be sufficient for the payment of each relevant periodic distribution amount due under the Certificates of the relevant Series), shall be

credited to the Wakala Income Reserve Collection Account.

Prior to each Periodic Distribution Date, the Service Agent will pay to the Trustee (by way of a payment into the relevant Transaction Account) the Required Amount from the Wakala Portfolio Income Revenues generated during the relevant Return Accumulation Period ending on such Periodic Distribution Date.

In the event that the relevant Wakala Portfolio Income Revenues generated during the Return Accumulation Period ending on such Periodic Distribution Date is less than the Required Amount, the Service Agent will apply any amounts standing to the credit of the relevant Wakala Income Reserve Collection Account to cover such shortfall. In the event that such amounts are insufficient for this purpose, the Service Agent may in its discretion provide a Liquidity Facility, in each case in the amount required to ensure that: (i) there is no Shortfall; (ii) the Trustee receives no later than the Business Day immediately preceding the relevant Periodic Distribution Date, the full amount of the Periodic Distribution Amount payable on such date; and (iii) such funding is repayable from Wakala Portfolio Income Revenues in the future or on the date on which the Certificates of the relevant Series are redeemed in full.

Dissolution Payments

Upon the occurrence of the earlier of: (i) a Dissolution Event and (ii) the Maturity Date; and (iii) (if an investor put option is applicable to the relevant Series of Certificates) an Optional Redemption Date, the Trustee will be entitled to exercise the Purchase Undertaking granted by Emirates Islamic in favour of the Trustee pursuant to which Emirates Islamic undertakes to purchase the relevant Wakala Portfolio at the Exercise Price equal to the aggregate of:

- (i) the aggregate outstanding face amount of the relevant Certificates;
- (ii) all accrued and unpaid Periodic Distribution Amounts (if any);
- (iii) any amount equal to any outstanding amounts repayable in respect of any Liquidity Facility; and
- (iv) any amount equal to any outstanding Service Agency Liabilities Amount.

The Purchase Undertaking will provide that to the extent that there are any outstanding: (A) amounts payable in respect of any Liquidity Facility; or (B) any outstanding Service Agency Liabilities Amount, these amounts will be set-off in full against the Exercise Price.

Upon the occurrence of the earlier of: (i) a tax event; and (ii) (if a call option is applicable to the relevant Series of Certificates) the Optional Dissolution Date, Emirates Islamic will be entitled to exercise the Sale Undertaking granted by the Trustee in favour of Emirates Islamic pursuant to which the Trustee undertakes to sell the relevant Wakala Portfolio to Emirates Islamic at the Exercise Price.

Following any purchase of Certificates by or on behalf of Emirates Islamic, or any of its subsidiaries or affiliates, in the open market or otherwise pursuant to Condition 12.7 (*Purchase and Cancellation*), Emirates Islamic shall be entitled to require the Trustee to purchase the Cancelled Certificates from the Obligor in consideration for: (i) the sale and transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Cancellation Wakala Assets to the Obligor; and (ii) the deduction by the Service Agent from the Principal Collection Account of an amount equal to the Cancellation Amount.

Any amounts standing to the credit of the relevant Wakala Income Reserve Collection Account on the applicable dissolution date may be retained by the Service Agent for its own account as an incentive payment for its performance as Service Agent.

Further Issuances

In connection with an issuance of Additional Certificates in accordance with Condition 21 (*Further Issuances*), pursuant to the Sale Undertaking the Trustee grants to the Obligor the right to require the Trustee to purchase and accept the transfer of all of the Obligor's interests, rights, benefits and entitlements in, to and under the Additional Assets from Obligor in consideration for the payment by the Trustee to the Obligor of the proceeds of the related issuance of Additional Certificates.

The purchase of the Additional Assets will become effective upon the Trustee and the Obligor entering into an Additional Assets Sale Agreement in accordance with the terms of the Sale Undertaking. On the date of issue of such Additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such Additional Certificates so issued, declaring that the relevant Additional Assets transferred to the Trustee in accordance with the terms of the Sale Agreement pursuant to the exercise of the Sale Undertaking (in respect of the issuance of the Additional Certificates) and the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Assets (in respect of the relevant Series as in existence immediately prior to the issue of such Additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such Additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

GENERAL DESCRIPTION OF THE PROGRAMME

The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in the Certificates issued under the Programme discussed under "Risk Factors".

Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this general description.

Certain Transaction Documents are described in more detail in "Summary of the Principal Transaction Documents" below.

Trustee:	EI Sukuk Company Ltd., an exempted company incorporated in accordance with the laws of the Cayman Islands.
Obligor:	Emirates Islamic Bank PJSC.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares of a nominal or par value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by Deutsche Bank (Cayman) Limited, Boundary Hall, Cricket Square, P.O. Box 1984, George Town, Grand Cayman, KY1-1104 Cayman Islands under the terms of a trust for charitable purposes.
Administration of the Trustee:	Deutsche Bank (Cayman) Limited (the " Trustee Administrator ") provides, among other things, certain administrative services for and on behalf of the Trustee pursuant to the Corporate Services Agreement dated 7 June 2007 between, <i>inter alios</i> , the Trustee and the Trustee Administrator (the " Corporate Services Agreement ").
Arrangers:	Emirates Islamic Bank PJSC Standard Chartered Bank
Dealers:	Barclays Bank PLC Citigroup Global Markets Limited Deutsche Bank AG, London Branch Dubai Islamic Bank PJSC Emirates Islamic Bank PJSC Emirates NBD PJSC Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.
Delegate:	Deutsche Trustee Company Limited
Principal Paying Agent, Calculation Agent:	Deutsche Bank AG, London Branch
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Payment Administrator:	Deutsche Bank AG, London Branch will act as payment administrator (the " Payment Administrator ") under the Agency Agreement. The Payment Administrator is authorised to transfer funds standing to the credit of the

Transaction Account to an account of the Principal Paying Agent in order to enable the Trustee to make payments in respect of the Certificates, subject to and in accordance with the Agency Agreement.

Certain Restrictions:

Each issue of Certificates denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). The proceeds of any issue of Certificates will not be accepted in the United Kingdom.

Programme Size:

Up to U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series:

The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates will all be subject to identical terms, except that the date of issuance and the amount payable on the first Periodic Distribution Date may be different in respect of different Tranches. The specific terms of each Tranche will be set out in the applicable Final Terms.

Distribution:

Certificates may be distributed on a syndicated or non-syndicated basis.

Currencies:

Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee and the relevant Dealer.

Maturities:

The Certificates will have such maturities as may be agreed between the Trustee and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.

Issue Price:

Certificates may only be issued on a fully-paid basis and at an issue price which is at par.

Form of Certificates:

The Certificates will be issued in registered form as described in "*Form of the Certificates*". The Certificates of each Tranche of a Series will be represented on issue by ownership interests in a Global Certificate.

Clearance and Settlement:

Holders of the Certificates must hold their interest in the relevant Global Certificate through Euroclear or Clearstream, Luxembourg. Transfers within and

between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.

Status: Each Certificate evidences an undivided ownership interest in the Trust Assets of the relevant Series (as defined in the Conditions) subject to the terms of the Trust Deed, the Purchase Undertaking, the Sale Agreement and these Conditions and is a limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme.

Periodic Distributions: Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.

Redemption of Certificates: The Certificates of each Series shall be redeemed at the applicable Dissolution Amount, as each such amount shall be specified in the applicable Final Terms.

Denomination of Certificates: The Certificates will be issued in such denominations as may be agreed between the Trustee and the relevant Dealer save that the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that the minimum denomination of each Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency).

Dissolution Events: Upon the occurrence of any Dissolution Event, the Certificates may be redeemed on the Dissolution Date at the Final Dissolution Amount together with the accrued Periodic Distribution Amounts (if any) and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 15 (*Dissolution Events*).

Optional Dissolution (Call) Option: If so specified in the applicable Final Terms, all or part of a Series of Certificates may be redeemed prior to the Maturity Date in the circumstances set out in Condition 12.3 (*Dissolution at the Option of the Trustee*). If, pursuant to such Condition, all of a Series of Certificates are redeemed, the Trust in respect of such Series of Certificates shall be dissolved.

Optional Redemption (Investor Put) Option: If so specified in the applicable Final Terms, all or part of a Series of Certificates may be redeemed

prior to the Maturity Date of such series in the circumstances set out in Condition 12.4 (*Redemption at the Option of the Certificateholders*). If, pursuant to such Condition, all of a Series of Certificates are redeemed, the Trust in respect of such Series of Certificates shall be dissolved.

Change of Control (Put) Option:

If so specified in the applicable Final Terms, all or part of a Series of Certificates may be redeemed prior to the Maturity Date of such series in the circumstances set out in Condition 12.5 (*Capital Distributions of Trust - Change of Control Put Option*). If, pursuant to such Condition, all of a Series of Certificates are redeemed, the Trust in respect of such Series of Certificates shall be dissolved.

Early Dissolution for Tax Reasons:

Where (a) the Trustee or the Obligor has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 13 (*Taxation*) as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions); and (b) such obligation cannot be avoided by the Trustee or the Obligor (as applicable) taking reasonable measures available to it, the Trustee may, with the prior written consent of the Obligor, redeem the Certificates in whole but not in part at any time at an amount equal to the relevant Early Dissolution Amount (Tax) together with the accrued Periodic Distribution Amounts (if any) to the Early Tax Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Early Tax Dissolution Date must be a Periodic Distribution Date.

Withholding Tax:

All payments in respect of Certificates by the Trustee shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Trustee will, save in the limited circumstances provided in Condition 13 (*Taxation*), be required to pay additional amounts so that the holders of the Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.

Negative Pledge:

The Purchase Undertaking contains a negative pledge given by the Obligor. See Condition 5 (*Negative Pledge*) and "*Summary of the Principal Transaction Documents*".

Covenants:

The Trustee has agreed to certain restrictive covenants as set out in Condition 7 (*Covenants*).

Ratings:

The ratings assigned to each Series of Certificates to be issued under the Programme will be specified

in the applicable 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.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation (or is not endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

Listing and admission to trading:

Application has been made to the Irish Stock Exchange for Certificates issued under the Programme to be admitted to the Official List and to the Irish Stock Exchange for such Certificates to be admitted to trading on the Regulated Market.

Application has also been made to the DFSA for the Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Series to be admitted to trading on NASDAQ Dubai.

Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee and the relevant Dealer in relation to the Series. Certificates which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Transaction Documents:

The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed and the applicable Final Terms, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, and the Corporate Services Agreement.

Governing Law and Jurisdiction:

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

The Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking and any non-contractual obligations arising out of, relating to or having any connection with such Transaction Document will be governed by, and shall be construed in accordance with,

English law. In respect of any dispute, claim, difference or controversy under any such Transaction Document, the parties thereto have each consented to arbitration in accordance with the LCIA Arbitration Rules unless, *inter alios*, the Trustee, the Obligor (in respect of the Sale Undertaking only), the Delegate, or the Agents as the case may be, elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English and DIFC courts will each have non-exclusive jurisdiction to settle such dispute, claim, difference or controversy.

The remaining Transaction Documents (other than the Corporate Services Agreement) will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. The courts of Dubai have jurisdiction to hear all disputes relating to such Transaction Documents.

The Corporate Services Agreement is governed by the laws of the Cayman Islands. The courts of the Cayman Islands have jurisdiction to hear all disputes relating to it.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Certificates in the United States, the European Economic Area (including the United Kingdom), the UAE (excluding the Dubai International Financial Centre), the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the Dubai International Financial Centre, Malaysia, Hong Kong, Singapore, Qatar and the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular Series of Certificates (see "*Subscription and Sale*").

United States Selling Restrictions:

Regulation S, Category 2.

FORM OF THE TRUST CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

Each Series of Certificates will initially be represented by a global trust certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited with a common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and will be registered in the name of a nominee for the Common Depositary. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form (the "**Individual Certificates**").

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 2.2 (*Register*)) as the registered holder of the Global Certificates. None of the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment of any amounts in respect of Individual Certificates will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 1.1 (*Definitions*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that (i) a Dissolution Event (as defined in Condition 15 (*Dissolution Events*)) has occurred and is continuing or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee and its agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and its agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system relating to the relevant Series.

APPLICABLE FINAL TERMS

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

Final Terms dated [•]

EI SUKUK COMPANY LTD.
Issue of [Aggregate Face Amount of Series] [Title of Certificates]
under the U.S.\$2,500,000,000 Certificate Issuance 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 16 May 2016 [and the supplement[s] to the Base Prospectus dated [•] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). [This document contains the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus[, as so supplemented]¹. Full information on the Trustee and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus[, as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing on the website of the Irish Stock Exchange at *www.ise.ie* and on the Dubai Financial Service Authority's website at *www.dfsa.ae* and during normal business hours at the registered office of the Trustee at P.O. Box 6564, Dubai, United Arab Emirates and the specified office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

- | | | |
|----|---|--|
| 1. | Trustee: | EI Sukuk Company Ltd. |
| 2. | Series Number: | [•] |
| | Tranche: | [•] |
| | [Date on which the Certificates which are Additional Certificates will be consolidated and form a single Series:] | [The Certificates which are Additional Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date] / [Not Applicable] |
| 3. | Specified Currency: | [•] |
| 4. | Aggregate Face Amount of Series: | [•] |
| 5. | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued Periodic Distribution Amounts from [•]] |
| 6. | (a) Specified Denominations: | [•] |
| | (b) Calculation Amount: | [•] |
| 7. | (a) Issue Date: | [•] |
| | (b) Return Accrual Commencement Date: | [[•]/Issue Date/Not Applicable] |
| 8. | Maturity Date: | [•] |
| 9. | Periodic Distribution Amount Basis: | [[•] per cent. Fixed Periodic Distribution Amount] |

¹ Delete where the Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

- [•] +/- [•] per cent. Floating Periodic Distribution Amount]
10. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Periodic Distribution Basis: [•] [Not Applicable]
12. Call/Put Options: [Optional Redemption (Investor Put) Option]
[Optional Dissolution (Call) Option]
[Change of Control Put Option]
[Not Applicable]
13. Status: Unsubordinated
14. Date of Board approval for issuance of Certificates obtained: [•]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS (IF ANY) PAYABLE

15. Fixed Periodic Distribution Provisions [Applicable/Not Applicable]
- (a) Rate(s): [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Periodic Distribution Date]
- (b) Periodic Distribution Date(s): [[•] in each year [up to and including the Maturity Date]
- (c) Fixed Amount(s): [•] per Calculation Amount
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]/Not Applicable]
- (e) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
- (f) Determination Date(s): [•] in each year
- (g) Business Day Convention: [Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (h) Periodic Distribution Date Adjustment: [Applicable/Not Applicable]
(Applicable to RMB Certificates only)
- (i) Business Centre(s): [[•]/[Not Applicable]
(Applicable to RMB Certificates only)
16. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
- (a) Specified Periodic Distribution Dates: [•] in each year [, subject to adjustment in accordance with (c) below/, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]

- (b) Specified Period: [•]/Not Applicable
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (d) Additional Business Centre(s): [[•]/Not Applicable]
- (e) Screen Rate Determination:
- Reference Rate: [LIBOR]/[LIBID]/[LIMEAN]/[EURIBOR]/[SHIBOR]/[HIBOR]/[CNH HIBOR]/[TRLIBOR or TRYLIBOR]/[SIBOR]/[EIBOR]/[TIBOR]/[SAIBOR]/[BBSW]/[AUD LIBOR]/[JPY LIBOR]/[PRIBOR]
 - Periodic Distribution Determination Date(s): [•]
 - Relevant Screen Page: [•]
 - Relevant Time: [•]
- (f) Margin: [+/-][•] per cent. per annum
- (g) Day Count Fraction: [Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[30/360]
[360/360]
[Bond Basis]
[30E/360]
[Eurobond Basis]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO DISSOLUTION

17. Optional Dissolution (Call) Option: [Applicable/Not Applicable]
- (a) Optional Dissolution Amount (Call): [•] per Calculation Amount
- (b) Optional Dissolution Date(s): [•]
18. Change of Control Put Option: [Applicable/Not Applicable]
- (a) Change of Control Put Option Dissolution Amount [•]
19. Final Dissolution Amount: [•] per Calculation Amount
20. Early Dissolution Amount (Tax): [Not Applicable/Final Dissolution Amount/[•] per Calculation Amount]
21. Dissolution Amount pursuant to Condition 15: [•] per Calculation Amount

PROVISIONS RELATING TO OPTIONAL REDEMPTION

22. Optional Redemption (Investor Put) Option: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [•] per Calculation Amount

GENERAL PROVISIONS RELATING TO THE TRUST CERTIFICATES

23. Form of Certificates: Global Certificates exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[•]]
25. Renminbi Currency Event: [Applicable/Not Applicable]

[THIRD PARTY INFORMATION

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

Signed on behalf of EI Sukuk Company Ltd.

By:
Duly authorised

Signed on behalf of Emirates Islamic Bank PJSC

By:
Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (a) Admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on the Main Securities Market of the Irish Stock Exchange or NASDAQ Dubai) and, listing on the Official List of the Irish Stock Exchange or the DFSA Official List maintained by the Dubai Financial Services Authority)] with effect from [•].]
- [Not Applicable]
- (b) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

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

[Fitch: [•]]

[Moody's: [•]]

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

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

4. **YIELD (Fixed Rate Periodic Distribution Certificates only)** [•] per cent. per annum or a [quarterly/[semi- annual] basis

5. OPERATIONAL INFORMATION

- (a) ISIN Code: [•]
- (b) Common Code: [•]
- (c) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s); [Not Applicable]/[•]
- (d) Delivery: Delivery [against]/[free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): [•]

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates, which (save for the text in italics) will be endorsed on each Certificate in definitive registered form issued under the Programme and will apply to each Global Certificate.

EI Sukuk Company Ltd. (in its capacity as issuer and as trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of up to U.S.\$2,500,000,000 in aggregate face amount of Certificates.

Certificates issued under the Programme are issued in series (each a "**Series**"). The final terms for this Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Certificate which complete these Terms and Conditions (the "**Conditions**"). References to the "**applicable Final Terms**" are, unless specified otherwise, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Certificate.

Each of the Certificates will represent an undivided ownership interest in the Wakala Assets which are held by the Trustee on trust (the "**Trust**") for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to: (i) an amended and restated master trust deed dated 16 May 2016 (the "**Master Trust Deed**") and made between the Trustee, Emirates Islamic Bank PJSC as obligor (the "**Obligor**") and Deutsche Trustee Company Limited (the "**Delegate**"); and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**") between the same parties and dated the relevant Issue Date.

In these Conditions, references to "**Certificates**" shall be references to the Certificates which are the subject of the applicable Final Terms. In these Conditions and in any applicable Final Terms, "**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates and/or Issue Price.

Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement dated 16 May 2016 (the "**Agency Agreement**") made between the Trustee, the Obligor and Deutsche Bank Luxembourg S.A. in its capacities as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any successor) and registrar (in such capacity, the "**Registrar**", which expression shall include any successor) and Deutsche Bank AG, London Branch in its capacities as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor), payment administrator (in such capacity, the "**Payment Administrator**", which expression shall include any successor) and calculation agent (in such capacity, the "**Calculation Agent**", which expression shall include any successor). The Principal Paying Agent, the Payment Administrator, the Calculation Agent, the Transfer Agent and the Registrar are together referred to as the "**Agents**".

Subject as set below, copies of the documents set out below are available for inspection and obtainable free of charge during normal business hours at the specified office for the time being of the Principal Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

- (a) an amended and restated master purchase agreement between the Trustee and the Obligor dated 16 May 2016 (the "**Master Purchase Agreement**");
- (b) a supplemental purchase agreement (the "**Supplemental Purchase Agreement**" and, together with the Master Purchase Agreement, the "**Purchase Agreement**") between the same parties to the Master Purchase Agreement and dated the relevant Issue Date;
- (c) an amended and restated service agency agreement between, *inter alia*, the Trustee and the Obligor as service agent (the "**Service Agent**") dated 16 May 2016 (the "**Service Agency Agreement**");
- (d) a purchase undertaking entered into by the Obligor dated 16 May 2016 (the "**Purchase Undertaking**"), containing the form of sale agreement (the "**Sale Agreement**") to be executed by the Obligor, the Trustee and the Trustee on the Maturity Date, the relevant Dissolution Date or

Optional Redemption Date, as the case may be;

- (e) the Trust Deed;
- (f) the Agency Agreement;
- (g) a corporate services agreement between Deutsche Bank (Cayman) Limited (as provider of corporate services to the Trustee) and the Trustee dated 7 June 2007 (the "**Corporate Services Agreement**");
- (h) the applicable Final Terms.

The documents listed above are referred to in these Conditions as the "**Transaction Documents**". The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee (acting as trustee on behalf of the Certificateholders) to apply the sums paid by it in respect of its Certificates to purchase from the Obligor the Assets comprised in the Initial Wakala Portfolio pursuant to the terms of the Purchase Agreement and to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

1. INTERPRETATION

1.1 *Definitions*

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions the following expressions have the following meanings:

"**Additional Assets**" has the meaning given to such term in the Sale Undertaking;

"**Additional Assets Exercise Price**" means, in relation to the issue of Additional Certificates in respect of a Series, an amount equal to the proceeds of the issue of such Additional Certificates;

"**Additional Assets Sale Agreement**" means the agreement substantially in the form as set out in Schedule 5 (*Form of Additional Assets Sale Agreement*) to the Sale Undertaking;

"**Additional Certificates**" means, in respect of a Series, Certificates issued pursuant to Condition 21 (*Further Issuances*);

"**Auditors**" means a firm of independent auditors of good repute appointed by the Obligor;

"**Calculation Agent**" means the Principal Paying Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Periodic Distribution Amount and/or such other amount(s) as may be specified in the applicable Final Terms in accordance with Condition 8 (*Floating Periodic Distribution Provision*);

"**Change of Control Event**" means, if at any time Emirates NBD PJSC ceases to own, directly or indirectly, at least 50 per cent. plus one share of the issued share capital of the Obligor or otherwise ceases to control, the Obligor. For the purposes of this definition, the Emirates NBD PJSC will be deemed to control the Obligor if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Obligor or otherwise controls, or has the power to control, the affairs and policies of the Obligor;

"Change of Control Dissolution Date" means the first Business Day following the expiration of the Change of Control Put Period provided that the Change of Control Notice is given within 30 days of the Change of Control Event occurring, otherwise it means the date falling 14 days after the date on which the relevant Certificateholders exercise their right to require the redemption of the relevant Certificates in accordance with Condition 12.5 (*Capital Distributions of the Trust – Change of Control Put Option*);

"Change of Control Put Option Dissolution Amount" means the Change of Control Put Option Dissolution Amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

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

"Change of Control Notice" has the meaning given to it in Condition 12.5 (*Capital Distributions of the Trust – Change of Control Put Option*);

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

"Dissolution Amount" means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call), Optional Redemption Amount, the Change of Control Put Option Dissolution Amount or such other amount in the nature of a redemption amount to be paid on a Dissolution Date as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Dissolution Date" means, as the case may be, (a) the Maturity Date, (b) the Dissolution Event Redemption Date, (c) the Early Tax Dissolution Date, (d) an Optional Dissolution Date, (e) a Change of Control Dissolution Date, or (f) an Optional Redemption Date;

"Dissolution Event Redemption Date" means the date on which the Certificates are redeemed in accordance with the provisions of Condition 15 (*Dissolution Events*) following the occurrence of a Dissolution Event (as defined in Condition 15 (*Dissolution Events*));

"Early Dissolution Amount (Tax)" means the Early Dissolution Amount (Tax) as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Early Tax Dissolution Date" means the date on which the Certificates are redeemed in accordance with the provisions of Condition 12.2 (*Early Dissolution for Tax Reasons*);

"Extraordinary Resolution" has the meaning given in Schedule 4 to the Master Trust Deed;

"Final Dissolution Amount" means the Final Dissolution Amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Maturity Date" means, in respect of each Series, the date so specified in the applicable Final Terms;

"Optional Dissolution Amount (Call)" means the Optional Dissolution Amount (Call) as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Optional Dissolution Date" means the Optional Dissolution Date as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms relating to the exercise of the option set out in Condition 12.3 (*Dissolution at the Option of the Trustee*);

"Optional Redemption Amount" means the Optional Redemption Amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Optional Redemption Date" means the Optional Redemption Date or Optional Redemption

Dates, as the case may be, as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

"Payment Business Day" means:

- (a) a day on which banks in the relevant place of surrender of the Individual Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and
- (b) in the case of payment by transfer to an account:
 - (i) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (ii) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre; or
 - (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong;

"Periodic Distribution Amount" means, in relation to a Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with Condition 8 (*Fixed Periodic Distribution Provisions*) or Condition 9 (*Floating Periodic Distribution Provisions*);

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

"Rate" means the rate or rates (expressed as a percentage per annum) representing a defined share of the profits distributable by the Trustee in respect of the Certificates specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms;

"Rating Agencies" means the rating agencies, each of which has assigned a credit rating to the Certificates, and their successors, and each a **"Rating Agency"**;

"Record Date" means, (a) in the case of the payment of a Periodic Distribution Amount, (i) in respect of a Global Certificate, at the close of business (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant Periodic Distribution Date, and (ii) in respect of Certificates in definitive form, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, (b) in the case of the payment of a Dissolution Amount or Optional Redemption Amount, the date falling two Payment Business Days before the relevant Dissolution Date or Optional Redemption Date, as the case may be;

"Reference Banks" means the principal London office of each of four major banks engaged in the London, Eurozone or Emirates inter-bank market selected by or on behalf of the Trustee, **provided that** once a Reference Bank has first been selected by the Trustee or its duly appointed representative, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

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

- (a) Euro-Zone interbank offered rate ("**EURIBOR**");
- (b) London interbank bid rate ("**LIBID**");

- (c) London interbank offered rate ("**LIBOR**");
- (d) London interbank mean rate ("**LIMEAN**");
- (e) Shanghai interbank offered rate ("**SHIBOR**");
- (f) Hong Kong interbank offered rate ("**HIBOR**");
- (g) Singapore interbank offered rate ("**SIBOR**");
- (h) Emirates interbank offered rate ("**EIBOR**");
- (i) Saudi Arabia interbank offered rate ("**SAIBOR**");
- (j) Australia Bank Bill Swap ("**BBSW**");
- (k) Australian dollar LIBOR ("**AUD LIBOR**");
- (l) Japanese Yen LIBOR ("**JPY LIBOR**");
- (m) Prague interbank offered rate ("**PRIBOR**");
- (n) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (o) Turkish Lira interbank offered rate ("**TRLIBOR**" or "**TRYLIBOR**"); and
- (p) Tokyo interbank offered rate ("**TIBOR**").

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Certificateholders by the Trustee in accordance with Condition 18 (*Notices*);

"**Relevant Jurisdiction**" means the Cayman Islands and the United Arab Emirates or, in either case, any political subdivision or authority thereof or therein having the power to tax;

"**Relevant Screen Page**" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" means the time specified as such in the applicable Final Terms.

"**Return Accumulation Period**" means the period from (and including) a Periodic Distribution Date (or the Return Accumulation Commencement Date) to (but excluding) the next (or first) Period Distribution Date;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open;

"**Taxes**" means any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction, and all interest, penalties or similar liabilities with respect thereto;

"**Tax Event**" has the meaning given to it in Condition 12.2 (*Early Dissolution for Tax Reasons*);

"**Transaction Account**" means the account in the Trustee's name, details of which are specified in the Supplemental Trust Deed and the applicable Final Terms;

"Transaction Documents" means the Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Trust Deed, the Costs Undertaking Deed, the Agency Agreement, and the Corporate Services Agreement;

"Trust Assets" means the assets, rights, cash or investments described in Condition 6.1 (*Trust Assets*).

1.2 **Interpretation**

In these Conditions:

- (a) any reference to face amount shall be deemed to include the Dissolution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 13 (*Taxation*), and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (c) references to Certificates being "**outstanding**" shall be construed in accordance with the Master Trust Deed;
- (d) any reference to a Transaction Document shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date; and
- (e) references to "**RMB Certificates**" are to Certificates denominated in Renminbi. References herein to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**") that is deliverable offshore. For the purposes of these Conditions, references to the PRC exclude the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan.

2. **FORM, DENOMINATION AND TITLE**

2.1 **Form and Denomination**

The Certificates are issued in registered form in the Specified Denominations, and in the case of Certificates in definitive form, are serially numbered.

*For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, societe anonyme ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Trustee, the Obligor and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, the Obligor and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder**" in relation to any Certificates and related expressions shall be construed accordingly.*

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

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so

permits, be deemed to include a reference to any additional or alternative clearing system applicable to the Certificates.

2.2 **Register**

The Registrar will maintain a register (the "**Register**") of Certificateholders in respect of the Certificates in accordance with the provisions of the Agency Agreement. A certificate of registration (each an "**Individual Certificate**") will be issued to each Certificateholder in respect of its entire registered holding of Certificates and will be serially numbered with an identifying number which will be recorded also on the Register.

2.3 **Title**

The Trustee, the Obligor and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificate is for the time being registered (as set out in the Register) as the holder of such Certificate or of a particular face amount of the Certificates for all purposes (whether or not such Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, the Obligor and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for moneys payable in respect of such Certificate or face amount.

3. **TRANSFERS OF TRUST CERTIFICATES AND ISSUE OF CERTIFICATES**

3.1 **Transfers**

Subject to Conditions 3.4 (*Closed periods*) and 3.5 (*Regulations*), a Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the Individual Certificate issued in respect of that Certificate, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar.

3.2 **Delivery of new Certificates of Registration**

Each new Individual Certificate to be issued upon transfer of Certificates will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant Individual Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

Where some but not all of the Certificates in respect of which a Individual Certificate is issued are to be transferred, a new Individual Certificate in respect of the Certificates not so transferred will, within five business days of receipt by the Registrar of the original Individual Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.3 **Formalities free of charge**

The registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee and the Registrar except that the Trustee and the Registrar may require the payment (or the giving of such indemnity as the Trustee and the Registrar may reasonably require) of a sum sufficient to cover any tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date, a Dissolution Date, an Optional Redemption

Date or any other date on which any payment of the face amount or payment of any profit in respect of a Certificate falls due.

3.5 **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Certificates scheduled to the Master Trust Deed. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one. Among other things, such regulations require the following: (i) the Trustee shall ensure that the Registrar maintains the Register showing the outstanding face amount of the Certificates (with each Certificate bearing an identifying serial number) and (ii) the issue dates and the names and addresses of the holders of the Certificates.

The Trustee and the holders of Certificates may inspect the Register. The Certificates are transferable (in whole or in part) and the Individual Certificate in respect of the Certificates to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer, which may be obtained from the Registrar, endorsed and accompanied by such other evidence as the Trustee may require to prove the title of the transferor or his right to transfer the Certificates. The holder of Certificates shall be entitled to receive in accordance with Condition 3.2 (*Delivery of new Certificates of Registration*) only one Individual Certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Individual Certificate, a new Individual Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2 (*Delivery of new Certificates of Registration*).

4. **STATUS AND LIMITED RECOURSE**

4.1 **Status**

Each Certificate evidences an undivided ownership interest in the Trust Assets subject to the terms of the Trust Deed, the Purchase Undertaking, the Sale Agreement and these Conditions and is a limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme.

4.2 **Obligor**

The payment obligations of the Obligor under the Transaction Documents are direct, unconditional, unsecured and unsubordinated obligations of the Obligor and rank *pari passu* with the claims of the Obligor's other unsecured and unsubordinated creditors, save whose claim may be preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

4.3 **Limited Recourse**

Proceeds of the Trust Assets are the sole source of payments on the Certificates. The Certificates do not represent an interest in any of the Trustee, the Obligor, the Delegate any of the Agents or any of their respective affiliates. Accordingly, other than the Trust Assets, Certificateholders will have no recourse to any assets of the Trustee (including, in particular other assets comprised in other trusts, if any), the Obligor (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Delegate or Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets.

The Obligor is obliged to make certain payments under the Transaction Documents directly to the Trustee (for and on behalf of the Certificateholders), and the Delegate will have direct recourse against the Obligor to recover such payments.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 16 (*Enforcement and Exercise of Rights*), no Certificateholder will have any claim against the Trustee, the Agents, the Delegate, the Obligor (to the extent it fulfils all of its

obligations under the relevant Transaction Documents to which it is a party) or any of their affiliates or other assets in respect of such shortfall and any unsatisfied claims of the Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee, the Agents, the Delegate, the Obligor (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party) or any of their affiliates as a consequence of such shortfall or otherwise.

4.4 ***Agreement of Certificateholders***

By purchasing the Certificates, each Certificateholder agrees that notwithstanding anything to the contrary contained herein or in any other Transaction Document:

- (a) no payment of any amount whatsoever shall be made by or on behalf of the Trustee or any of its respective agents on its behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any other Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished; and
- (b) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law; and
- (c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with these Conditions by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer or director of the Trustee in their capacity as such and any and all personal liability of every such shareholder, officer or director in their capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law.

5. **NEGATIVE PLEDGE**

Pursuant to the Purchase Undertaking, the Obligor has undertaken that, so long as any Certificate is outstanding it shall not and will ensure that none of its Subsidiaries will create, or have outstanding, any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without (i) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is a party (in whatever capacity) or (ii) providing such other security for those obligations as either (A) the Delegate (on behalf of the Trustee) shall in its absolute discretion deem not materially less beneficial to the interest of Certificateholders; or (B) shall be approved by an Extraordinary Resolution of holders of the Certificates.

For the purposes of these Conditions:

"Indebtedness" means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any liability arising under or in connection with any *sukuk* or other securities or any moneys raised under any transaction having the commercial effect of borrowing or raising money;

"Relevant Indebtedness" means any Indebtedness other than Permitted Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, *sukuk* certificates or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other

securities market;

"Non-recourse Project Financing Indebtedness" means any Indebtedness incurred in connection with any financing of all or part of the costs of the acquisition, construction or development of any project, **provided that** (a) any Security Interest given by the Obligor is limited solely to assets of the project, (b) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the monies advanced, and (c) there is no other recourse to the Obligor in respect of any default by any person under the financing;

"Permitted Indebtedness" means Non-recourse Project Financing Indebtedness and Securitisation Indebtedness;

"Securitisation Indebtedness" means any Indebtedness incurred in connection with any securitisation of existing or future asset and/or revenues, **provided that:** (i) any Security Interest given by the Obligor or any of its Subsidiaries in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each party participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised; and (iii) there is no other recourse to the Obligor or any of its Subsidiaries in respect of any default by any person under the securitisation;

"Security Interest" means any mortgage, charge, lien or other security interest securing any obligation of any party;

6. THE TRUST

6.1 *Trust Assets*

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder. The term "Trust Assets" in respect of each Series means the following:

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Assets from time to time (excluding any representations given by Emirates Islamic to the Trustee and/or the Delegate under any document constituting the Wakala Assets from time to time);
- (c) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by Emirates Islamic to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and the covenant given to the Trustee pursuant to clause 17 of the Master Trust Deed);
- (d) all moneys standing to the credit of the Transaction Account from time to time; and

all proceeds of the foregoing.

6.2 *Application of Proceeds from the Trust Assets*

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for and on behalf of the holders of the Certificates. On each Periodic Distribution Date or on any Dissolution Date as the case may be, the Payment Administrator, notwithstanding any instructions to the contrary from the Trustee, will apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, to the extent not previously paid, to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;

- (b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (c) *third*, only if such payment is made on a Dissolution Date on which Certificates of a Series are to be redeemed in part, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount in redemption of the relevant Certificates to be redeemed;
- (d) *fourth*, only if such payment is made on a Dissolution Date on which Certificates of a Series are to be redeemed in whole, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount;
- (e) *fifth*, only if such payment is made on a Dissolution Date on which Certificates of a Series are to be redeemed in whole, to the Service Agent to pay any amounts advanced by way of a Liquidity Facility under the Service Agency Agreement;
- (f) *sixth*, only if such payment is made on a Dissolution Date on which Certificates of a Series are to be redeemed in whole, to the Service Agent for application in or towards payment of any outstanding Service Agent Liability Amounts; and
- (g) *seventh*, only if such payment is made on a Dissolution Date on which Certificates of a Series are to be redeemed in whole, the excess, if any, to the Obligor.

7. COVENANTS

The Trustee has covenanted in the Master Trust Deed that, *inter alia*, for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than the Certificates issued under the Programme;
- (b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise or permit such to occur or suffer such to exist), any part of (i) its title to the Portfolio or any interest therein except pursuant to any Transaction Document or (ii) its interests in any of the other Trust Assets except pursuant to any Transaction Document;
- (d) use the proceeds of the issue of the Certificates for any purpose other than as set out in the applicable Final Terms;
- (e) amend or agree to any amendment of any Transaction Document to which it is a party, or its memorandum and articles of association, in a manner which is materially prejudicial to the rights of holders of outstanding Certificates (it being accepted that an increase in the aggregate face amount of the Programme will not be materially prejudicial to such rights) without (i) the prior approval of the Certificateholders by way of Extraordinary Resolution and (ii) first notifying the Rating Agencies of the proposed amendments and subsequently providing the Rating Agencies with copies of the relevant executed amended Transaction Documents;
- (f) act as trustee in respect of any trust other than the Trust corresponding to a Series of Certificates issued from time to time pursuant to the Programme;
- (g) have any subsidiaries or employees;

- (h) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:
 - (i) as provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

8. FIXED PERIODIC DISTRIBUTION PROVISIONS

8.1 *Application*

This Condition 8 is applicable to the Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

8.2 *Periodic Distribution Amount*

A Periodic Distribution Amount representing a defined share of the profit in respect of the Portfolio for the Certificates will be payable in respect of the Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions.

8.3 *Determination of Periodic Distribution Amount*

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate for any Return Accumulation Period shall be the Fixed Amount and, if the Certificates are in more than one Specified Denomination, shall be the Fixed Amount in respect of the relevant Specified Denomination. Payments of Periodic Distribution Amount on any Periodic Distribution Date may, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

In the case of a Certificate where the Specified Currency is Renminbi and the applicable Final Terms specifies a Business Day Convention to be applicable (an "**Adjusted Renminbi Fixed Periodic Distribution Certificate**"), each Periodic Distribution Date (and, accordingly, the relevant Return Accumulation Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. For this purpose, the provisions relating to the application of a Business Day Convention set out in Condition 9.2 below shall apply to this Condition 8, *mutatis mutandis*, save that, for the purposes of the Conditions relating to an Adjusted Renminbi Fixed Periodic Distribution Certificate, the term "**Business Day**" shall mean a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

Except in the case of Certificates in definitive form where a Periodic Distribution Amount or Broken Amount is specified in the applicable Final Terms, such Periodic Distribution Amount shall be calculated in respect of any period by applying the Rate to:

- (a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or
- (b) in the case of Certificates in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the

resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition 8.3:

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

In the Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

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

8.4 ***Payment in Arrear***

Subject to Condition 8.5 (*Cessation of Profit Entitlement*), Condition 12.2 (*Early Dissolution for Tax Reasons*), Condition 12.3 (*Dissolution at the Option of the Trustee*), Condition 12.4 (*Redemption at the Option of the Certificateholders*), and Condition 15 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution

Date.

8.5 ***Cessation of Profit Entitlement***

No further amounts will be payable on any Certificate from and including the Dissolution Date on which such Certificate has been redeemed in accordance with Condition 12 (*Capital Distributions of the Trust*) and Condition 15 (*Dissolution Event*). Without prejudice to the foregoing sentence, where any Certificate is to be redeemed prior to the Maturity Date pursuant to the exercise of the option under Condition 12.3 (*Redemption at the Option of the Trustee*), Condition 12.4 (*Redemption at the Option of the Certificateholders*) or Condition 12.5 (*Change of Control Put Option*), no further amounts will be payable on such Certificate to be redeemed from and including the relevant Dissolution Date but this shall not affect amounts payable on any Certificate in respect of which the option under Condition 12.3 (*Redemption at the Option of the Trustee*), Condition 12.4 (*Redemption at the Option of the Certificateholders*) or Condition 12.5 (*Change of Control Put Option*) has not been exercised.

9. **FLOATING PERIODIC DISTRIBUTION PROVISIONS**

9.1 ***Application***

This Condition 9 is applicable to the Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

9.2 ***Periodic Distribution Amount***

A Periodic Distribution Amount representing a defined share of the profit in respect of the Portfolio for the Certificates will be payable in respect of the Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable in arrear on either:

- (a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a "**Periodic Distribution Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accumulation Commencement Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 9.2(b) above, the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Periodic Distribution Date

shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, unless otherwise specified, "**Business Day**" means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre), (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open, (iii) if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively, or (iv) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

9.3 **Screen Rate Determination**

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

- (a) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
- (i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London, Eurozone or Emirates interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
- (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time, and the Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so

determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

9.4 ***Cessation of Profit Entitlement***

No further amounts will be payable on any Certificate from and including the Dissolution Date on which such Certificate has been redeemed in accordance with Condition 12 (*Capital Distributions of the Trust*) and Condition 15 (*Dissolution Event*). Without prejudice to the foregoing sentence, where any Certificate is to be redeemed prior to the Maturity Date pursuant to the exercise of the option under Condition 12.3 (*Redemption at the Option of the Trustee*), Condition 12.4 (*Redemption at the Option of the Certificateholders*) or Condition 12.5 (*Change of Control Put Option*), no further amounts will be payable on such Certificate to be redeemed from and including the relevant Dissolution Date but this shall not affect amounts payable on any Certificate in respect of which the option under Condition 12.3 (*Redemption at the Option of the Trustee*), Condition 12.4 (*Redemption at the Option of the Certificateholders*) or Condition 12.5 (*Change of Control Put Option*) has not been exercised.

9.5 ***Calculation of Periodic Distribution Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to:

- (a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or
- (b) in the case of Certificates in definitive form, the Calculation Amount,

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

"Day Count Fraction" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 9:

- (a) if "**Actual/365**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (b) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;
- (c) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (d) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;

- (e) if "**30/360**" "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Return Accumulation Period is the 31st day of a month but the first day of the Return Accumulation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Return Accumulation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (f) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Return Accumulation Period unless, in the case of the final Return Accumulation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

9.6 ***Linear Interpolation***

If Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Rate for such Return Accumulation Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

9.7 ***Calculation of Other Amounts***

If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

9.8 ***Publication***

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period.

9.9 ***Notifications, etc. to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Trustee, the Principal Paying Agent and all Certificateholders (in the absence as referred to above). No liability to the Trustee, the Obligor the Principal Paying Agent or the

Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

10. **PAYMENT**

10.1 Payment of Dissolution Amounts and Periodic Distribution Amounts will be made by transfer to the registered account (as defined below) of the Certificateholder in the Specified Currency mailed to the registered address of the Certificateholder if it does not have a registered account. Payments of Dissolution Amounts will only be made against surrender of the relevant Individual Certificate at the specified office of the Registrar or the Principal Paying Agent. Dissolution Amounts and Periodic Distribution Amounts will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

10.2 For the purposes of this Condition, a Certificateholder's "**registered account**" means the account in the Specified Currency maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date, and a Certificateholder's "**registered address**" means its address appearing on the Register at that time.

10.3 Payments of any Optional Redemption Amounts will be made in accordance with Condition 12.4 (*Redemption at the Option of the Certificateholders*).

10.4 All such payments will be made subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions described in Condition 13 (*Taxation*) 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, official interpretations thereof, or (without prejudice to the provisions of Conditions 13 (*Taxation*)) any law implementing an intergovernmental approach thereto.

10.5 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Payment Business Day preceding the due date for payment or, in the case of a payment of face amounts, if later, on the Payment Business Day on which the relevant Individual Certificate is surrendered at the specified office of the Registrar or the Principal Paying Agent.

10.6 Unless otherwise specified in the applicable Final Terms, Certificateholders will not be entitled to any payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Certificateholder is late in surrendering its Individual Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

10.7 If the amount of any Dissolution Amount, Optional Redemption Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount of such Dissolution Amount, Optional Redemption Amount or Periodic Distribution Amount in fact paid.

10.8 *RMB Account*: All payments in respect of any Certificate denominated in RMB will be made solely by credit to a registered RMB account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

10.9 ***RMB Currency Event***

(a) If the Specified Currency of the Certificates is RMB and an RMB Currency Event, as determined by the Obligor or the Trustee acting in good faith, exists on a date for payment of any Periodic Distribution Amount, Dissolution Amount or Redemption Amount (in whole or in part) in respect of any Certificates, the Obligor's obligation under the relevant Transaction Document, and the Trustee's corresponding obligation

under the terms of the Certificates, to make a payment in RMB may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Trustee and Paying Agents.

- (b) Upon the occurrence of an RMB Currency Event, the Trustee shall give notice as soon as practicable to the Certificateholders in accordance with Condition 18 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.
- (c) In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City; and "**Payment Day**" shall mean any day which (subject to Condition 14) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Certificates in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 10:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date of the relevant payment under the Certificates, other than where the Obligor or Trustee properly determines that a RMB Currency Event has occurred at any time during the period from and including 10:01 a.m. (Hong Kong time) on the second Determination Business Day preceding the original due date to and including 11:59 p.m. (Hong Kong time) on the original due date, in which case the "**Determination Date**" will be the Determination Business Day immediately following the date on which the determination of the occurrence of a RMB Currency Event has been made;

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

"**Relevant Currency**" means United States dollars;

"**RMB**" or "**Renmimbi**" means the lawful currency of the People's Republic of China;

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

"**RMB Illiquidity**" means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Obligor cannot obtain sufficient RMB in order to satisfy its obligation to pay the relevant amount under the relevant Transaction Document to fund the Periodic Distribution Amount, Dissolution Amount or Redemption Amount (in whole or in part) in respect of any Certificates, as determined by the Obligor acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

"**RMB Inconvertibility**" means the occurrence of any event that makes it impossible for the Obligor or Trustee to convert any amount due in respect of the Certificates into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Obligor or the Trustee (as applicable) 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 relevant 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 Obligor or the Trustee (as applicable) to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Obligor or the Trustee (as applicable) 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 Series and it is impossible for the Obligor or the Trustee (as applicable), due to an event beyond its control, to comply with such law, rule or regulation); and

"Spot Rate" means the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10.9 by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Obligor, the Trustee, the Agents and all relevant Certificateholders.

11. AGENTS

11.1 *Agents of Trustee*

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

11.2 *Specified Offices*

The names of the initial Agents and their initial specified offices are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms attached to or endorsed on this Certificate. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided, however, that:**

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Registrar;
- (c) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system;
- (d) there will at all times be a Paying Agent having its specified office in Europe; and
- (e) there will at all times be a Calculation Agent.

Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 18 (*Notices*).

12. CAPITAL DISTRIBUTIONS OF TRUST

12.1 *Scheduled Dissolution*

Unless the Certificates are redeemed earlier, each Certificate will be redeemed on the Maturity Date at its Final Dissolution Amount together with any Periodic Distribution Amount payable. Upon payment in full of such amounts and the termination of the Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 *Early Dissolution for Tax Reasons*

The Trust may be dissolved at the option of the Trustee (with the prior written consent of the Obligor) and in such case the Certificates will be redeemed by the Trustee in whole, but not in part:

- (a) at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Final Terms as being applicable); or
- (b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), at their Early Dissolution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Early Tax Dissolution Date, if:

- (i) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction or, by any authority in or of a Relevant Jurisdiction having a power to tax), which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Trustee taking reasonable measures available to it;
- (ii) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of the Service Agency Agreement, the Purchase Undertaking and/or the exercise of the Sale Undertaking as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction or, by any authority in or of a Relevant Jurisdiction having a power to tax), which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

(together, a "**Tax Event**"),

provided, however, that no such notice of dissolution shall be given earlier than:

- (A) where the Trust may be dissolved at any time, 90 days prior to the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due; or
- (B) where the Trust may be dissolved only on a Periodic Distribution Date, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due.

Prior to the publication of any notice of dissolution pursuant to this paragraph, the Trustee shall deliver to the Principal Paying Agent (a) a certificate signed by a director acting on behalf of the Trustee, which shall be binding on the Certificateholders, stating that the Trustee is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions

precedent in (i) and (ii) above to the right of the Trustee so to dissolve have occurred, and (b) an opinion of independent legal advisers of recognised standing to the effect that the Trustee has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 12.2, the Trustee shall be bound to dissolve the Trust in accordance with this Condition 12.2 and the Trustee shall be bound to redeem the Certificates. Upon such dissolution as aforesaid redemption, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.3 *Dissolution at the Option of the Trustee*

If the Optional Dissolution (Call) Option is specified in the applicable Final Terms as being applicable, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Certificateholders in accordance with Condition 18 (*Notices*) redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on the relevant Optional Dissolution Date at the Optional Dissolution Amount (Call), together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date.

The Optional Dissolution (Call) Option and the Optional Redemption (Investor Put) Option shall not be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

12.4 *Redemption at the Option of the Certificateholders*

If the Optional Redemption (Investor Put) Option is specified in the applicable Final Terms as being applicable, upon the holder of any Certificate giving to the Trustee not less than 15 nor more than 30 days' notice the Trustee will, upon the expiry of such notice, subject to, and in accordance with this Condition 12.4, redeem such Certificate on the relevant Optional Redemption Date at the Optional Redemption Amount. The Optional Redemption Amount shall be paid on the relevant Optional Redemption Date together, if appropriate, with the Periodic Distribution Amounts on such Certificate accrued to (but excluding) the relevant Optional Redemption Date.

To exercise its Optional Redemption (Investor Put) Option to require the redemption of this Certificate under this Condition 12.4, a Certificateholder must, where this Certificate is an Individual Certificate, deliver, at the specified office of any Paying Agent at any time during the normal business hours of such Paying Agent, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (an "**Individual Certificate Put Notice**") and in which the Certificateholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 12.4 and the face amount of this Certificate to be redeemed and, if less than the full face amount of this Certificate is to be redeemed, an address to which a new Individual Certificate in respect of the balance of such Certificates is to be sent subject to and in accordance with the Conditions in each case accompanied by this Certificate or evidence satisfactory to the Paying Agent concerned that this Certificate will, following delivery of the Individual Certificate Put Notice, be held to its order or under its control.

If this Certificate is represented by a Global Certificate or is an Individual Certificate and held through Euroclear or Clearstream, Luxembourg, to exercise the Optional Redemption (Investor Put) Option to require redemption of this Certificate the holder of this Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise (including the face amount of the Certificates in respect of which such option is exercised) in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time (a "**Global Certificate Put Notice**", with each Individual Certificate Put Notice and Global Certificate Put Notice being a "**Put Notice**") and, if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation

accordingly.

All notices to be given by any Certificateholder to the Trustee under this Condition 12.4 must be given in accordance with Condition 18 (*Notices*). Any Put Notice given by a Certificateholder pursuant to this Condition 12.4 shall be irrevocable and the Trustee will redeem all Certificates which are the subject of a validly delivered Put Notice on the relevant Optional Redemption Date.

The Optional Dissolution (Call) Option and the Optional Redemption (Investor Put) Option shall not be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

12.5 ***Change of Control Put Option***

If the Change of Control Put Option is specified in the applicable Final Terms as being applicable, the Trustee will, upon the occurrence of a Change of Control and the holder of any Certificates giving notice within the Change of Control Put Period to the Trustee in accordance with this Condition 12.5 (unless prior to the giving of a Change of Control Notice (as defined below) the Trustee has given notice of redemption under Condition 12.2 (*Early Dissolution for Tax Reasons*)), the Trustee shall redeem such Certificates on the Change of Control Put Option Date at the Change of Control Put Option Dissolution Amount.

Promptly upon the Trustee becoming aware that a Change of Control Event has occurred, the Trustee shall give notice (a "**Change of Control Notice**") to the Certificateholders in accordance with Condition 18 (*Notices*) to that effect.

To exercise its Change of Control Put Option to require the redemption of this Certificate under this Condition 12.5, a Certificateholder must, where this Certificate is an Individual Certificate, deliver, at the specified office of any Paying Agent at any time during the normal business hours of such Paying Agent, a duly completed and signed Individual Certificate Put Notice obtainable from the specified office of any Paying Agent and in which the Certificateholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 12.5 and the face amount of this Certificate to be redeemed and, if less than the full face amount of this Certificate is to be redeemed, an address to which a new Individual Certificate in respect of the balance of such Certificates is to be sent subject to and in accordance with the Conditions in each case accompanied by this Certificate or evidence satisfactory to the Paying Agent concerned that this Certificate will, following delivery of the Individual Certificate Put Notice, be held to its order or under its control.

If this Certificate is represented by a Global Certificate or is an Individual Certificate and held through Euroclear or Clearstream, Luxembourg, to exercise the Change of Control Put Option to require redemption of this Certificate the holder of this Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise (including the face amount of the Certificates in respect of which such option is exercised) in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) by way of a Global Certificate Put Notice and, if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

All notices to be given by any Certificateholder to the Trustee under this Condition 12.5 must be given in accordance with Condition 18 (*Notices*). Any Put Notice given by a Certificateholder pursuant to this Condition 12.5 shall be irrevocable and the Trustee will redeem all Certificates which are the subject of a validly delivered Put Notice on the relevant Change of Control Put Option Date.

12.6 ***No Other Dissolution***

Neither the Trustee nor any Certificateholders shall be entitled to redeem the Certificates at its option otherwise than as provided in this Condition 12.

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than in accordance with this Condition 12 and Condition 15 (*Dissolution Events*).

12.7 ***Purchase and Cancellation***

(a) ***Purchases***

The Obligor or any of its Subsidiaries may at any time purchase Certificates at any price in the open market or otherwise.

(b) ***Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries***

Following any purchase of Certificates by or on behalf of the Obligor or any of its Subsidiaries pursuant to this Condition 12.7, the Sale Undertaking may be exercised by the Obligor in respect of the transfer to the Obligor of the relevant portion of the Wakala Portfolio with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates pursuant to Condition 12.8.

12.8 ***Cancellation***

All Certificates which are redeemed, and all Certificates purchased by or on behalf of the Obligor or any of its Subsidiaries and delivered by the Obligor to the Principal Paying Agent for cancellation, will forthwith be cancelled and accordingly such Certificates may not be held, reissued or resold.

12.9 ***Consequences of Redemption***

Upon payment in full of the relevant Dissolution Amount in accordance with this Condition 12, the relevant Certificates redeemed pursuant to this Condition 12 shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect of such Certificates so redeemed and the Trustee shall have no further obligations in respect thereof.

Upon payment in full of the relevant Dissolution Amount in accordance with this Condition 12 and all Certificates outstanding are redeemed pursuant to this Condition 12, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect of the Certificates and the Trustee shall have no further obligations in respect thereof.

13. **TAXATION**

All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay to the Certificateholders additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by parties entitled thereto, except that no such additional amount shall be payable to any Certificateholder:

- (a) who is liable for such Taxes in respect of such Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Certificate; or
- (b) where (in the case of the payment of face amounts or Periodic Distribution Amounts on dissolution) the relevant Individual Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Certificateholder would have been entitled to such additional amount if it had surrendered the relevant Individual Certificate on the last day of such period of 30 days.

The Service Agency Agreement, the Purchase Undertaking, and the Sale Undertaking provide that all payments shall be made without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind, and, if there is any such deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net

amounts as would have been received by it if no withholding or deduction had been made.

14. **PRESCRIPTION**

The rights to receive distributions in respect of the Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts and Optional Redemption Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

15. **DISSOLUTION EVENTS**

If any of the following events occurs and is continuing (each, a "**Dissolution Event**"):

- (a) default is made in the payment of the Dissolution Amount or any Optional Redemption Amount on the date fixed for payment thereof and such default continues for a period of seven Business Days, or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and such default continues for a period of 14 days; or
- (b) the Trustee fails duly to perform or comply with any of the obligations expressed to be assumed by it in the Transaction Documents; or
- (c) an Obligor Event; or
- (d) the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or
- (e) at any time it is or will become unlawful for the Trustee (by way of insolvency or otherwise) to perform or comply with any of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (f) either (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made) or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or
- (h) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

then the Delegate at its discretion may, and if so requested in writing by Certificateholders representing not less than one-fifth in face amount of the Certificates for the time being outstanding (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) shall, by written notice addressed to the Trustee and the Obligor (a "**Dissolution Notice**"), declare the Certificates to be immediately due and payable, whereupon they shall become immediately due and payable at their Final Dissolution Amount together with accrued Periodic Distribution Amounts (if any). Notice of a Dissolution Notice shall promptly be given to the Certificateholders in accordance with Condition 18 (*Notices*). Upon payment in full of such amounts, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Certificates

(including for the avoidance of doubt any amounts calculated as being payable under Condition 8 (*Fixed Periodic Distribution Provisions*), Condition 9 (*Floating Periodic Distribution Provisions*) and Condition 12 (*Capital Distributions of Trust*)) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

For the purposes of these Conditions, "**Obligor Event**" means:

- (i) default is made in the payment of: (A) any Required Amount (as defined in the Service Agency Agreement) to be paid into the Transaction Account by the Service Agent in accordance with the terms of the Service Agency Agreement and such default continues for a period of seven Business Days; or (B) any Exercise Price to be paid by the Obligor under the Purchase Undertaking or Sale Undertaking, as the case may be, and such default continues for a period of 14 days; or
- (ii) the Obligor defaults in the performance or observance of any of its other material obligations under or in respect of the Transaction Documents to which it is a party, (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required), the default continues for a period of 30 days after written notice thereof, addressed to the Obligor by the Delegate, has been delivered to the Obligor; **provided, however, that** the failure by the Obligor (acting in its capacity as Service Agent) to perform or observe the obligations set out in clause 4.1.4(c) or clause 4.2 of the Service Agency Agreement will not constitute an Obligor Event; or
- (iii) any indebtedness of the Obligor or any of its Material Subsidiaries is not paid when due or within any applicable grace period or becomes due and payable prior to its specified maturity (and, in the case of a guarantee or indemnity, is called), **provided that** it shall not constitute an Obligor Event unless the aggregate amount (or its equivalent in U.S. dollars) of all such indebtedness either alone or when aggregated with all other such indebtedness which shall remain unpaid or unsatisfied, as the case may be, shall be more than U.S.\$10,000,000; or
- (iv) the Obligor or any of its Material Subsidiaries takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Obligor save for the purposes of reorganisation on terms approved by an Extraordinary Resolution; or
- (v) the Obligor or any of its Material Subsidiaries ceases to carry on the whole or substantially all of its business save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution **provided that** a *bona fide* disposal for full value on an arm's length basis of the whole or substantially all of the business of the Obligor shall not be deemed in any event to be an Obligor Event for the purposes of this sub-paragraph; or
- (vi) the Obligor or any of its Material Subsidiaries is unable to pay its debts as they fall due, commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or
- (vii) any execution or distress is levied against, or an encumbrancer takes possession of, the whole or substantially all of the property, undertaking or assets of the Obligor or any of its Material Subsidiaries or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Obligor or any of its Material Subsidiaries; or
- (viii) the Obligor or any of its Material Subsidiaries fails to comply with or pay any sum

which amount shall not be less than U.S.\$10,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for period of 30 days next following the service by the Delegate on the Obligor or any of its Material Subsidiaries of notice requiring the same to be paid/remedied; or

- (ix) at any time (following the expiry of any grace period permitted by applicable law) it is or becomes unlawful for the Obligor to perform or comply with any or all of its material obligations under or in respect of the Transaction Documents to which it is a party.

For this purpose, the "**winding-up**", "**dissolution**" or "**administration**" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

"**Material Subsidiary**" means, at any time, an Subsidiary:

- (i) whose total assets (consolidated, in the case of a Subsidiary which itself has Subsidiaries) exceed 10 per cent. of the consolidated total assets of the Obligor; or
- (ii) whose revenues (consolidated, in the case of a Subsidiary which itself has Subsidiaries) exceed 10 per cent. of the consolidated net operating revenues of the Obligor.

16. **ENFORCEMENT AND EXERCISE OF RIGHTS**

16.1 ***Enforcement***

Upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 15 (*Dissolution Events*), subject to Condition 16.3, the Delegate shall, upon being requested in writing by Certificateholders representing not less than one-fifth in face amount of the Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking against the Obligor; and/or
- (b) take such other steps as the Trustee may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustee and Obligor to enforce their respective obligations under the Transaction Documents, the Conditions and the Certificates.

16.2 ***Limitation on liability of the Trustee***

Following the distribution of the proceeds of the Trust Assets in respect of the Certificates to the Certificateholders in accordance with these Conditions and the Trust Deed, neither the Delegate nor the Trustee shall be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee, the Delegate or any other person (other than the Obligor) to recover any such sum in respect of the Certificates or Trust Assets.

16.3 ***Delegate not obliged to take action***

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Trustee and/or Obligor under any Transaction unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth in aggregate face amount of the Certificates then outstanding and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so

doing.

16.4 ***Direct enforcement by Certificateholders***

No Certificateholder shall be entitled to proceed directly against the Obligor unless (i) the Delegate, having become bound so to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against the Obligor) holds at least one-fifth of the aggregate face amount of the Certificates then outstanding. Under no circumstances shall the Trustee, Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking, and the sole right of the Trustee, Delegate and the Certificateholders against the Obligor shall be to enforce its obligation to pay the Exercise Price under the Purchase Undertaking and any other amounts due by it under the Transaction Documents to which it is a party.

16.5 ***Limited recourse***

Conditions 16.2 (*Limitation on liability of the Trustee*), 16.3 (*Trustee not obliged to take action*) and 16.4 (*Direct enforcement by Certificateholders*) are subject to this Condition 16.5. After distributing the net proceeds of the Trust Assets in accordance with Condition 6.2 (*Application of Proceeds from the Trust Assets*), the obligations of the Trustee in respect of the Certificates shall be satisfied and no holder of the Certificates may take any further steps against the Trustee or the Delegate to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee nor shall any of them have any claim in respect of the Trust Assets of any other trust established by the Trustee.

17. **REPLACEMENT OF CERTIFICATES OF REGISTRATION**

Should any Individual Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Certificates of Registration must be surrendered before replacements will be issued.

18. **NOTICES**

All notices regarding Certificates will be deemed to be validly given if published in one or more leading English language daily newspapers of general circulation in London and the Gulf region. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and *Gulf News* in the Gulf region. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Certificates are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any Individual Certificates are issued, there may, so long as any Global Certificate representing the Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates and, in addition, for so long as any Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Certificates on the same day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relative Certificate or Certificates, with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate, such notice may be given by any holder of a Certificate to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

19. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

19.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing in the aggregate not less than a majority in face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more Certificateholders, proxies or representatives present whatever the face amount of the Certificates held or represented by him or them except that any meeting the business of which includes the modification of certain provisions of the Certificates (including modifying the Maturity Date, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates or amending certain covenants given by the Trustee in the Master Trust Deed), the quorum shall be one or more persons present holding or representing not less than 75 per cent, in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more persons present holding or representing not less than 25 per cent, in aggregate face amount of the Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than two-thirds of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than two-thirds of the votes cast on such poll and, if duly passed, will be binding on all holders of the Certificates, whether or not they are present at the meeting and whether or not voting. The Master Trust Deed also provides that an Extraordinary Resolution may be passed by (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent, in face amount of the Certificates which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders; or (ii) consent being given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent, in face amount of the Certificates.

19.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or determine, without any such consent or sanction as aforesaid, that any Dissolution Event shall not be treated as such, which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error.

19.3 In connection with the exercise by it of any of the powers, trusts, authorities and discretions vested in it (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent provided in Condition 13 (*Taxation*).

19.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter

in accordance with Condition 18 (*Notices*).

20. **INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE**

20.1 The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders. In particular, in connection with the exercise of certain rights arising after the occurrence of a Dissolution Event in respect of the Trust Assets, the Delegate shall not be required to take any action unless directed to do so in accordance with Condition 16.3 (*Delegate not obliged to take action*).

20.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor under any Transaction Document to which the Obligor is a party (or are parties) and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payment which should have been made by the Obligor, but is not so made, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in the Conditions or in the Trust Deed.

20.3 Each of the Delegate and the Trustee is exempted from: (i) any liability in respect of any loss or theft of the Trust Assets or any cash, (ii) any obligation to insure the Trust Assets or any cash and (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default or fraud of the Trustee or the Delegate, as the case may be.

20.4 Subject to Condition 15 (*Dissolution Events*) and Condition 16 (*Enforcement and Exercise of Rights*), the Trustee waives any right to be indemnified by the Certificateholders in circumstances where the Trust Assets are insufficient therefor.

21. **FURTHER ISSUES**

In respect of each Series, the Trustee may at any time (including during a Return Accumulation Period) (without the consent of the Certificateholders) create and issue Additional Certificates having the same terms and conditions as the Certificates issued on the Issue Date of that relevant Series (save for the date of payment and amount of the first payment of the Periodic Distribution Amount and the issuance price).

In connection with an issuance of Additional Certificates in accordance with this Condition 21, pursuant to the Sale Undertaking the Trustee grants to the Obligor the right to require the Trustee to purchase and accept the transfer of all of the Obligor's interests, rights, benefits and entitlements in, to and under the Additional Assets from the Obligor in consideration for the payment by the Trustee to the Obligor of the proceeds of the related issuance of Additional Certificates.

*The purchase of the Additional Assets will become effective upon the Trustee and the Obligor entering into an Additional Assets Sale Agreement in accordance with the terms of the Sale Undertaking. On the date of issue of such Additional Certificates, the Trustee will execute a declaration of commingling of assets (a "**Declaration of Commingling of Assets**") for and on behalf of the holders of the existing Certificates and the holders of such Additional Certificates so issued, declaring that the relevant Additional Assets transferred to the Trustee in accordance with the terms of the Sale Agreement pursuant to the exercise of the Sale Undertaking (in respect of the issuance of the Additional Certificates) and the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Assets (in respect of the relevant Series as in existence immediately prior to the issue of such Additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such Additional Certificates as tenants in common pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.*

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

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

23.1 The Trust Deed and the Certificates (including the remaining provisions of this Condition 23 and any non-contractual obligations arising out of or in connection with the Trust Deed and the Certificates) are governed by, and shall be construed in accordance with, English law.

23.2 Subject to Condition 23.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed and/or the Certificates (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination of the Trust Deed and/or the Certificates or the consequences of their nullity and any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 23.2. For these purposes:

- (a) the seat, or legal place, of arbitration will be London;
- (b) the governing law of the arbitration agreement shall be English law;
- (c) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (d) the language of the arbitration shall be English.

23.3 Notwithstanding Condition 23.2 above, the Delegate (or, but only where permitted to take action in accordance with these presents, any Certificateholder) may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and the Obligor:

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

require that a Dispute be heard by a court of law. If the Delegate or any Certificateholder (where permitted so to do) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 23.4 and, subject as provided below, any arbitration commenced under Condition 23.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Trustee, failing which the Obligor), each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate the arbitration in accordance with Condition 23.3 is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or the relevant Certificateholder, as the case may be, 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:

- (a) 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;
- (b) his entitlement to be paid his proper fees and disbursements; and

- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.
- 23.4 In the event that a notice pursuant to Condition 23.3 is issued, the following provisions shall apply:
- (a) subject to paragraph (c) below, the courts of England or the courts of the Dubai International Financial Centre ("**DIFC**"), at the option of the Delegate or any Certificateholder (where permitted so to do in accordance with these presents), shall each have non-exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor submits to the exclusive jurisdiction of such courts;
 - (b) each of the Trustee and the Obligor waives any objection to the courts of either England or the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute; and
 - (c) this Condition 23.4 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Delegate and any Certificateholder (where permitted so to do) may start proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders (where permitted to do so) may start concurrent Proceedings in any number of jurisdictions.
- 23.5 Each of the Trustee and the Obligor has in the Trust Deed appointed an agent for service of process and has undertaken that, in the event of such agent ceasing so to act or ceasing to be registered in England, it will immediately (and in any event within 30 days of the event taking place) appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Failure by a process agent to notify the person that appointed it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds of each Series issued under the Programme will be applied by the Trustee to Emirates Islamic (in its capacity as Seller) for the purchase from the Seller of all of rights, title, interests, benefits and entitlements in, to and under the relevant Initial Wakala Portfolio (in the case of the first Tranche of the relevant Series of Certificates), and (in the case of any subsequent Tranche of such Series) as the Additional Assets Exercise Price payable under the relevant Additional Assets Sale Agreement pursuant to the Sale Undertaking for the relevant Additional Assets.

DESCRIPTION OF THE TRUSTEE

General

EI Sukuk Company Ltd. (previously EIB Sukuk Company Ltd.), a Cayman Islands exempted company with limited liability, was incorporated on 16 April 2007 under the Companies Law (as revised) of the Cayman Islands with company registration number 185691. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at c/o Deutsche Bank (Cayman) Limited, P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KY1-1104, Cayman Islands, and its telephone number is +1 345 949 8244.

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 shares of a nominal or par value of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by Deutsche Bank (Cayman) Limited, P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KY1-1104, Cayman Islands as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**Share Declaration of Trust**") dated 6 June 2007 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit the Certificateholders or Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made by the Share Trustee whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Trustee

The Trustee does not have any substantial liabilities other than in connection with the Certificates issued, or to be issued, under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in the Amended and Restated Memorandum of Association of the Trustee as adopted on 6 June 2007.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish financial statements.

Directors of the Trustee

The directors of the Trustee are as follows:

<u>Name</u>	<u>Principal Occupation</u>
Alan Corkish	Banker
Alex McCoy	Banker

The business address of the directors is c/o Deutsche Bank (Cayman) Limited, P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman, KY1-1104 Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Trustee.

The Administrator

Deutsche Bank (Cayman) Limited will also act as the corporate administrator of the Trustee (in such capacity, the "**Corporate Administrator**"). The office of the Corporate Administrator will serve as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Corporate Administrator and dated 7 June 2007 (the "**Corporate Services Agreement**"), the Corporate Administrator will perform in the Cayman Islands various administrative functions on behalf of the Trustee, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other

services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement provide that the Trustee may terminate the appointment of the Corporate Administrator by giving 30 days' notice to the Corporate Administrator at any time within 12 months of the happening of any certain stated events, including any breach by the Corporate Administrator of its obligations under the Corporate Services Agreement. In addition, the Corporate Services Agreement provides that the Corporate Administrator shall be entitled to retire from its appointment by giving at least three months' notice in writing.

The Corporate Administrator will be subject to the overview of the Trustee's board of directors. The Corporate Services Agreement may be terminated (other than as stated above) by either the Trustee or the Corporate Administrator giving the other party at least three months' written notice.

The Corporate Administrator's principal office is Boundary Hall, Cricket Square, P.O. Box 1984, Grand Cayman, KY1-1104, Cayman Islands.

The directors of the Trustee are all employees or officers of the Corporate Administrator. The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION OF EMIRATES ISLAMIC BANK PJSC

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of the Obligor (as at and for the years ended 31 December 2015, 2014 and 2013) incorporated by reference into this Base Prospectus and the other information included elsewhere in this Base Prospectus.

The following tables set out in summary form the consolidated statement of financial position and income statement information relating to the Obligor. Such financial statements together with the independent auditor's reports of Ernst & Young Middle East (Dubai BR.) and the accompanying notes are incorporated by reference in this Base Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

	As at and for the year ended 31 December 2015	As at and for the year ended 31 December 2014	As at and for the year ended 31 December 2013
<i>(AED million/except percentages and employee numbers)</i>			
Statement of Income Highlights			
Total income.....	2,750	2,258	1,904
Total expenses.....	(982)	(794)	(663)
Net operating profit.....	958	672	523
Financial Statement Highlights			
Total assets.....	53,202	42,913	39,769
Financing and investing receivables.....	34,180	26,102	21,683
Investments ¹	3,093	4,398	3,113
Customers' accounts.....	39,301	31,447	28,893
Total deposits ²	42,363	32,871	29,206
Total equity attributable to equity holders.....	5,095	4,502	4,158
Profitability			
Return on average assets (per cent.).....	1.2	0.8	0.4
Return on average shareholders' equity (per cent.).....	12.6	8.1	3.4
Earnings per share (AED).....	0.163	0.093	0.039
Profit per employee (AED).....	518,679	460,905	404,173
Capital			
Shareholders' equity to total assets (per cent.).....	9.58	10.49	10.45
Capital adequacy ratio (per cent.).....	13.22	13.83	15.96
Liquidity and Business Indicators			
Due from banks/due to banks (per cent.).....	241	516	3470
Financing/total deposits (per cent.).....	81	79	74
Customer deposits/total deposits (per cent.).....	93	96	99
Liquid assets/total assets (per cent.).....	27	26	35
Impaired financing receivables/gross financing receivables (per cent.)....	10	11	19
Number of employees.....	1,847	1,458	1,294

¹ Includes investments (in securities) and investment properties.

² Includes customers' accounts and due to banks.

Liabilities and Total Shareholders' Equity

The Obligor's main source of funding has been customer and other banks' deposits and shareholders' equity. The following table sets out certain details of such funding for the Obligor as at 31 December 2015, 31 December 2014 and 31 December 2013.

	31 December 2015	31 December 2014	31 December 2013
<i>(AED million)</i>			
Customers' accounts.....	39,301	31,447	28,893
Due to banks.....	3,062	1,424	313
Sukuk financing instruments.....	3,673	3,673	3,673
Payables and other liabilities.....	1,475	1,301	1,182
Investment wakala.....	—	—	1,082
Shareholders' equity.....	5,095	4,502	4,158

Assets

The following summarises the position in relation to some of the Obligor's principal assets and investments as at 31 December 2015, 31 December 2014 and 31 December 2013.

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Cash and balances with UAE Central Bank	7,256	3,819	3,059
Due from banks	7,373	7,341	10,852
Financing and investing receivables	34,180	26,102	21,683
Investments	2,287	3,206	1,975
Investment properties	806	1,192	1,138

Financing receivables

The following table summarises the movement in financing receivables and related allowances for impairment as at 31 December 2015, 31 December 2014 and 31 December 2013.

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Gross financing receivables	39,751	31,261	26,922
Less: Deferred income	(2,635)	(2,495)	(2,210)
Net financing receivables (before impairment)	37,116	28,766	24,712
Less: Allowance for impairment	(2,936)	(2,664)	(3,029)
Financing receivables net	34,180	26,102	21,683

Commitments and Contingent Liabilities

The following table summarises the movement in letters of guarantees and letters of credit and other contingent liabilities provided by the Obligor to meet the requirements of its customers as at 31 December 2015, 31 December 2014 and 31 December 2013. These commitments have fixed limits and expirations, are not concentrated in any period and arose in the normal course of business.

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Letters of guarantee	5,221	4,686	3,389
Letters of credit and other contingent liabilities	3,392	3,573	3,260

Related Party Transactions

The Obligor has carried out transactions in the normal course of business with the Holding Company Group (as defined below) companies and with certain staff, shareholders, directors and entities in which the Obligor, its shareholders and directors have significant interests. The Obligor's related party transactions for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 are as follows:

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Statement of financial position			
Due from Group Holding Company* and subsidiaries	2,795	3,321	8,139
Financing receivables – Ultimate Parent Company**	184	183	184
Investment in Ultimate Parent Company**	44	90	—
Deposits from Ultimate Parent Company**	1,322	(300)	(255)
Due from Dubai Bank PJSC	1,505	2,302	2,416
Financing receivables – directors and affiliates	1	3	6
Financing receivables – key management personnel and affiliates	26	26	17
Current and investment accounts – directors	(1)	(1)	(0)

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Current and investment accounts – key management personnel.....	(23)	(18)	(14)
Investment in government related entities.....	298	653	85
Statement of income			
Income from Group Holding Company*	191	264	323
Key management personnel compensations.....	(23)	(21)	(17)
Key management personnel compensations – retirements benefits.....	(0)	(0)	(0)

* Emirates NBD.

** ICD.

Maturity Profile of Financial Assets and Liabilities

The tables below set out information regarding the maturity profile of the Obligor's assets and liabilities as at 31 December 2015, 31 December 2014 and 31 December 2013. These amounts are determined through the Obligor's accounting software and monitored by its Assets and Liabilities Committee (the "Obligor's ALCO").

31 December 2015	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
	<i>(AED million)</i>					
Financial assets:						
Cash, and balances with UAE						
Central Bank.....	5,802	1,453	—	—	—	7,255
Due from banks.....	3,503	120	3,750	—	—	7,373
Financing and investing						
receivables.....	4,706	3,030	7,194	8,005	11,245	34,180
Investments.....	305	121	924	445	492	2,287
Other financial assets.....	104	—	—	—	—	104
Total financial assets.....	14,420	4,724	11,868	8,450	11,737	51,199
Financial liabilities:						
Customers' accounts.....	(4,375)	(18,369)	(16,557)	—	—	(39,301)
Due to banks.....	(2,785)	(277)	—	—	—	(3,062)
Sukuk financial liabilities.....	—	—	(3,673)	—	—	(3,673)
Other financing liabilities.....	(716)	—	—	—	—	(716)
Zakat payable.....	(33)	—	—	—	—	(33)
Total financial liabilities.....	(7,909)	(18,646)	20,230	—	—	(46,785)
Liquidity surplus/(deficit).....	6,511	(13,922)	(8,362)	8,450	11,737	4,414
Cumulative Liquidity surplus/(deficit).....	6,511	(7,411)	(15,773)	(7,323)	(4,414)	0

* Emirates NBD.

31 December 2014	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
	<i>(AED million)</i>					
Financial assets:						
Cash, and balances with UAE						
Central Bank.....	3,417	402	—	—	—	3,819
Due from banks.....	3,591	—	3,750	—	—	7,341
Financing and investing						
receivables.....	3,169	2,467	5,441	6,314	8,711	26,102
Investments.....	273	8	809	1,136	979	3,205
Other financial assets.....	159	—	—	—	—	159
Total financial assets.....	10,609	2,877	10,000	7,450	9,690	40,626
Financial liabilities:						
Customers' accounts.....	(9,390)	(8,493)	(13,563)	—	—	(31,447)
Due to banks.....	(1,273)	(150)	—	—	—	(1,423)

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Analysis by economic activity			
Agriculture and related activities	17	6	8
Manufacturing.....	807	546	437
Construction.....	1,109	741	420
Trade.....	2,626	2,008	1,437
Transportation and communication.....	223	298	255
Services.....	3,528	2,026	1,485
Sovereign.....	298	355	412
Personal	23,513	18,870	15,821
Real estates	4,547	3,902	4,669
Financial Institutions.....	1,126	1,146	1,023
Others	1,957	1,363	955
	<u>39,751</u>	<u>31,261</u>	<u>26,922</u>
Less: Deferred income	(2,635)	(2,495)	(2,210)
Less: Allowance for impairment.....	(2,936)	(2,664)	(3,029)
Net carrying value.....	<u>34,180</u>	<u>26,102</u>	<u>21,683</u>

Included in "Others" above are delinquent financing receivables that were identified at the time of acquisition of the Obligor by Emirates NBD (at the time, Emirates Bank International PJSC ("EBI")). These are old balances which were transferred to the Obligor upon its transformation into an Islamic bank. These are impaired financing receivables, which have been provisioned in full, and are being managed by the Special Loans Group. No new disbursements are being made under this portfolio and the entire portfolio is being managed on a work out basis.

Impairment Allowances

The following table sets out the movements in impairment allowances for the years ended 31 December 2015, 31 December 2014 and 31 December 2013.

	31 December 2015	31 December 2014	31 December 2013
	<i>(AED million)</i>		
Movement in allowances for impairment:			
Balance at the beginning of the year	2,664	3,029	2,468
Allowances for impairment made during the year.....	1,020	797	691
Recoveries/writeback during the year.....	(278)	(186)	(136)
Transfer from Dubai Bank PJSC.....	78	-	17
Write off	(548)	(976)	(11)
Balance at the end of the year	<u>2,936</u>	<u>2,664</u>	<u>3,029</u>

The Obligor pro-actively manages credit quality, delinquencies and impaired financing receivables across its corporate and retail portfolios.

Geographical Distribution of Assets and Liabilities

The following tables set out the allocation of the Obligor's assets by geographic region as at 31 December 2015, 31 December 2014 and 31 December 2013.

31 December 2015	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
	<i>(AED million)</i>							
Assets:								
Cash, and balances with								
U.A.E Central Bank.....	7,256	—	—	—	—	—	—	7,256
Due from banks.....	7,116	2	184	68	1	0	2	7,373
Financing receivables.....	33,905	—	77	—	144	—	54	34,180
Investments.....	1,596	8	91	—	482	—	110	2,287
Investment properties.....	806	—	—	—	—	—	—	806
Customer acceptances.....	563	—	—	—	—	—	—	563
Receivables and other assets	570	—	—	—	—	—	—	570

31 December 2015	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
Property and equipment	167	—	—	—	—	—	—	167
Total assets	51,979	10	352	68	627	0	166	53,202
Liabilities:								
Customers' accounts.....	38,959	119	115	19	43	0	46	39,301
Due to banks	3,062	0	—	0	0	—	—	3,062
Sukuk financing instruments	3,673	—	—	—	—	—	—	3,673
Customer acceptances.....	563	—	—	—	—	—	—	563
Payables and other liabilities	1,475	—	—	—	—	—	—	1,475
Zakat payable.....	33	—	—	—	—	—	—	33
Total liabilities.....	47,765	119	115	19	43	0	46	48,107
Shareholders' equity	5,095	—	—	—	—	—	—	5,095
Total equity and liabilities	52,860	119	115	19	43	0	46	53,202

31 December 2014	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
<i>(AED million)</i>								
Assets:								
Cash, and balances with U.A.E Central Bank	3,819	—	—	—	—	—	—	3,819
Due from banks.....	7,191	2	103	44	1	—	—	7,341
Financing and investing receivables	25,844	35	220	0	2	—	—	26,101
Investments.....	2,317	20	108	128	633	—	—	3,206
Investment properties.....	1,192	—	—	—	—	—	—	1,192
Customer acceptances.....	549	—	—	—	—	—	—	549
Receivables and other assets.....	593	—	—	—	—	—	—	593
Property and equipment	112	—	—	—	—	—	—	112
Total assets	41,617	57	431	172	636	0	0	42,913
Liabilities:								
Customers' accounts.....	31,033	124	133	35	71	1	50	31,447
Due to banks	1,422	—	—	2	—	—	—	1,424
Sukuk financing instruments.....	3,673	—	—	—	—	—	—	3,673
Customer acceptances.....	549	—	—	—	—	—	—	549
Payables and other liabilities	1,301	—	—	—	—	—	—	1,301
Zakat payable.....	17	—	—	—	—	—	—	17
Total liabilities.....	37,995	124	133	37	71	1	50	38,411
Shareholders' equity	4,502	—	—	—	—	—	—	4,502
Total equity and liabilities.....	42,497	124	133	37	71	1	50	42,913

31 December 2013	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
<i>(AED million)</i>								
Assets:								
Cash, and balances with U.A.E Central Bank	3,059	—	—	—	—	—	—	3,059
Due from banks.....	10,754	1	26	70	1	—	0	10,852
Financing and investing	21,358	56	190	—	79	—	—	21,683

31 December 2013	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
	<i>(AED million)</i>							
receivables								
Investments	1,369	19	1	—	479	106	—	1,974
Investment properties	1,138	—	—	—	—	—	—	1,138
Customer acceptances	462	—	—	—	—	—	—	462
Receivables and other assets	495	—	—	—	—	—	—	495
Property and equipment	106	—	—	—	—	—	—	106
Total assets	38,741	76	217	70	559	106	0	39,769
Liabilities:								
Customers' accounts	28,482	121	93	54	47	0	95	28,892
Due to banks	312	—	0	0	1	—	—	313
Sukuk financing instruments	3,673	—	—	—	—	—	—	3,673
Customer acceptances	462	—	—	—	—	—	—	462
Payables and other liabilities	1,182	—	—	—	—	—	—	1,182
Zakat payable	7	—	—	—	—	—	—	7
Investment wakala	1,082	—	—	—	—	—	—	1,082
Total liabilities	35,200	121	93	54	48	0	95	35,611
Shareholders' equity	4,158	—	—	—	—	—	—	4,158
Total equity and liabilities	4,158	—	—	—	—	—	—	4,158

DESCRIPTION OF EMIRATES ISLAMIC BANK PJSC

Overview

The Obligor, formerly known as Middle East Bank PJSC, was incorporated as a public limited company and conventional commercial bank by H.H. Sheikh Rashid bin Saeed Al Maktoum, Ruler of Dubai, pursuant to Emiri Decree dated 3 October 1975, as amended by Emiri Decree dated 3 April 1976 and, in 1991, was acquired by EBI pursuant to an agreement dated 9 December 1991. The Obligor was registered as a Public Joint Stock Company in July 1995 (Commercial Register No. 30 dated 18 July 1995).

In 2004, in response to customer demand for *Shari'a* compliant products on a broader scale, the Obligor was converted to an Islamic bank and its name was changed to Emirates Islamic Bank (a resolution was passed at an extraordinary general meeting of shareholders held on 10 March 2004 to convert the Obligor's activities to be fully *Shari'a* compliant). The process was completed on 9 October 2004 when the Obligor obtained UAE Central Bank's and other relevant UAE authorities' approvals.

Through its head office in Dubai, and its 60 branches across the UAE as at 31 December 2015, the Obligor provides full Islamic banking services and a variety of products through *Shari'a* compliant financing and investment activities, and currently ranks as the third largest Islamic bank in the UAE by total assets.

The Obligor is a publicly listed company whose shares are listed on the Dubai Financial Market (the "**DFM**"). The Obligor's authorised capital as at 31 December 2015 was AED 5,000 million, consisting of 5,000 million shares of AED 1 each. In 2013, shareholders of the Obligor approved the increase of its paid up share capital by AED 1,500 million from AED 2,430 million to AED 3,930 million by issuing new shares of AED 1 each. The Obligor's paid-up capital, as at 31 December 2015, was AED 3,930 million.

As at 31 December 2015, the Obligor had total assets of AED 53,202 million, tier 1 capital of AED 5,099 million and tier 2 capital of AED 689 million. The Obligor's net profit for the year ended 31 December 2015 was AED 641 million.

Whilst the Obligor does have a strong degree of independence in the operation of its business, it enjoys a high level of support from Emirates NBD and Emirates NBD's subsidiaries (together, the "**Holding Company Group**") in relation to business support functions, including human resources, treasury, information technology, certain administrative services and back office operations such as clearing and remittances (see "*Competitive Strengths – Support from the Holding Company Group*"). In addition, the Obligor's network of Automated Teller Machines ("**ATMs**") is integrated with the network within the Holding Company Group. The Obligor is also aligned to Holding Company Group policy and standards, to the extent not inconsistent with the principles of *Shari'a* as per the standards of the EI *Shari'a* Board. Further, all of the Obligor's activities are overseen by the EI *Shari'a* Board comprising scholars of Islamic *Shari'a*.

General

The Obligor's registered office address is P.O. Box 6564, Dubai, United Arab Emirates. The Obligor's head office is located on the 3rd Floor, Building 16, Dubai Health Care City, Dubai, United Arab Emirates. The Obligor's general contact number is +971 4 316 0330.

Ownership Structure

The Obligor is 99.9 per cent. owned by Emirates NBD. In turn, ICD holds 55.6 per cent. of the shares of Emirates NBD.

Emirates NBD was registered as a Public Joint Stock Company on 16 July 2007 and is a publicly listed company whose shares are listed on the Dubai Financial Market. Emirates NBD is the largest banking entity in the UAE across a range of metrics, including by shareholders equity and by loans as at 31 December 2014. Emirates NBD is also one of the largest banking entities in the GCC by assets, with total assets of AED 406.6 billion as at 31 December 2015. Originally incorporated to serve as the holding company of EBI and National Bank of Dubai PJSC ("**NBD**") during the initial stages of their merger, on 21 November 2009, EBI and NBD were legally amalgamated with Emirates NBD. As a result of the amalgamation, all of the assets and liabilities of EBI and NBD were transferred to Emirates NBD and EBI

and NBD were dissolved. Emirates NBD has a significant presence in the UAE retail, corporate and commercial banking market. Emirates NBD (including through the operation of its operating subsidiaries) is one of the leading full service banks in the UAE and has branches or representative offices in the Kingdom of Saudi Arabia, Iran, India, Singapore, Indonesia, Egypt, China and the United Kingdom.

The board of directors of Emirates NBD is chaired by H.H. Sheikh Ahmed bin Saeed Al Maktoum, the Chairman of the Supreme Fiscal Committee of the Government of Dubai ("SFC"), and is composed of nine directors, who include each member of the Obligor's board of directors except Mr. Shayne Nelson (who is the Holding Company Group Chief Executive Officer).

ICD is wholly-owned by the Government of Dubai and was established in May 2006, through the partial transfer of the Government of Dubai's investment portfolio from the Department of Finance, pursuant to a decree issued by H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE). It is the only entity mandated to directly own and manage the Government of Dubai's corporate assets.

The aim of ICD is to assist in establishing the vision for Dubai through devising and implementing the Government of Dubai's investment strategy and managing investments deemed to be of strategic importance to Dubai's long-term development goals. The investments, diversified across multiple sectors, are considered to be a platform for the future growth of Dubai and include Dubai's most recognised companies including but not limited to, in addition to Emirates NBD, Borse Dubai Limited, Dubai Islamic Bank PJSC, Commercial Bank of Dubai PJSC, Union National Bank PJSC, HSBC Middle East Finance Company Limited, The Emirates Group (including dnata), Dubai Aerospace Enterprise (DAE) Limited, Dubai Aluminium, Dubai Cable Company (Private) Ltd, Emirates National Oil Company Limited (ENOC) LLC and Emaar Properties PJSC.

The board of directors of ICD is chaired by H.H. Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE, and is composed of five directors, who include the Chairman of Emirates NBD.

Business

In October 2004, the Obligor commenced its operations as an Islamic bank offering a range of *Shari'a* compliant products and services with the objective of conforming to the strictest standards of Islamic finance to meet the expectations of its customers. All of the Obligor's activities are conducted under the supervision of its *Shari'a* Board, comprising several prominent *Shari'a* scholars (see "*Shari'a Board*" below).

On the operational side, the Obligor is segmented into two primary business divisions plus Treasury operations as follows:

- Retail Banking (accounting for 62.1 per cent. and 59.0 per cent. of total income for the years ended 31 December 2015 and 2014, respectively, and 43.8 per cent. and 44.4 per cent. of total assets for the same respective periods);
- Corporate Banking (accounting for 28.1 per cent. and 27.0 per cent. of total income for the years ended 31 December 2015 and 2014, respectively, and 33.6 per cent. and 34.3 per cent. of total assets for the same respective periods) which is further segmented into the following sub divisions:
 - Real Estate;
 - Corporate Banking Services; and
 - Investments and Syndication; and
- Treasury (accounting for 9.8 per cent. and 14.1 per cent. of total income for the years ended 31 December 2015 and 2014, respectively, and 21.2 per cent. and 19.7 per cent. of total assets for the same respective periods).

Retail Banking

The Obligor's Retail Banking division offers a complete range of *Shari'a* compliant retail and personal banking products and services through its network of 60 branches located throughout the UAE with 35 branches in Dubai, 10 in Abu Dhabi, 10 in Sharjah and 5 in the remaining emirates as at 31 December 2015.

As at 31 December 2015, the Obligor operated a total of 190 ATMs and Smart Deposit Machines ("**SDMs**"). The Obligor's customers are also able to use the ATMs and SDMs of Emirates NBD for no additional fees which gives the Obligor's customers access to a network of approximately 551 ATMs and SDMs across the seven emirates. The Obligor's customers can also use any ATM in the UAE through the "UAE Switch network" for a small fee for every withdrawal. In addition to these branches, ATMs and SDMs, the Obligor has a wide range of distribution channels as detailed below (see "*Internet phone and mobile banking*").

The Obligor offers a variety of investment deposit products and services that are designed to meet the varied needs of its retail customers. The Obligor has been at the forefront of innovation in its retail operations, being the first bank in the UAE to introduce a *Shari'a* compliant credit card and the first Islamic bank in the UAE to introduce and install fraud device inhibitors on its ATMs. The Obligor was also the first bank in the UAE to introduce a *Shari'a* compliant co-branded credit card in association with Emirates airline, with its "Skywards EIB" credit card, which was introduced in April 2008. Similarly, in 2013, the Obligor (in partnership with NASDAQ Dubai) introduced a new *murabaha* financing platform as an Islamic banking tool while, in 2014, the Obligor became the first Islamic bank in the UAE to offer a mobile banking application ("**mobile app**"). The Obligor aims to support these products and services with dedicated and quality customer service.

As at 31 December 2015, 74.7 per cent. of the Obligor's source of funding was derived from customers' accounts (comprising 41.0 per cent. from current accounts and others, 23.0 per cent. from savings accounts and 36.0 per cent. from fixed deposit accounts). Substantially all of the Obligor's customer deposits (current, savings and fixed) are domestic.

The Obligor's principal retail products and services include the following:

- *Ethmar*: an exclusive priority banking service designed to meet the needs of high net worth individuals. Ethmar customers enjoy personalised services and a wide range of benefits including dedicated relationship managers, preferential pricing and pre-approved platinum charge/credit cards;
- *SME*: the Obligor provides banking services to small and medium-sized enterprises ("**SMEs**"), providing facilities up to a limited amount (beyond which Corporate Banking provides the facilities). The Obligor has been actively developing its resources and infrastructure to target this market and the Obligor aims to grow this area significantly during the next few years;
- *Current accounts*: these accounts are transactional accounts with a checking option and debit card, online and phone banking facilities.
- *Savings Accounts*: various savings accounts that provide profits, prizes and other value added services to customers.
- *Investment Time Deposit Accounts*: these are accounts structured under the principles of *mudaraba* financing and offered in a variety of tenors ranging from three months to two years;
- *Charge cards*: *Shari'a* compliant VISA charge cards;
- *Credit cards*: *Shari'a* compliant VISA credit cards in various categories including platinum, gold, classic and the "Skywards EIB" credit card;
- *Manzili Home Finance*: providing of *Shari'a* compliant home financing for purchase, transfer and cash release on freehold properties;
- *BINA Home Finance*: providing home financing to UAE nationals in respect of properties in

areas eligible for purchase by UAE nationals only;

- *Auto finance*: car financing (for new and used vehicles) based on *murabaha* financing. This was one of the first products introduced by the Obligor and is one of its most popular products. This also covers fleet and light medium and heavy commercial vehicles;
- *Personal finance*: financing for a variety of personal needs in the form of investment *murabaha*, goods *murabaha* and service *ijara*; and
- *Internet, phone and mobile banking*: in addition to the Obligor's branch, ATM and SDM network, the Obligor provides extensive electronic banking options to its customers including internet banking, phone banking and mobile banking (through SMS and mobile app). The Obligor's internet, phone and mobile banking technology platform is provided by the Holding Company Group and therefore the Obligor has the benefit of a well-developed system that is tried, tested and resourced at the Holding Company Group level;
 - *Internet Banking*: a highly secure and reliable banking platform which offers customers a quick and convenient way to manage their finances, pay bills and keep up to date with their account information. Some key services available are:
 - *Phone Banking*: allows customers to manage their Account & finances at any time, simply by calling 24/7 Call Centre on 600 599 995. Customers can access our automated Interactive Response Service (IVR) to conduct their transactions or speak to one of our friendly and knowledgeable team of agents in Arabic, English, Hindi and Urdu.
 - *Mobile Banking*: allows customers to enjoy their day to day banking services on any Smartphone or Tablet device. The App has been designed to work across all popular platforms (iOs, Android, Windows & BB). Customers can simply log in using their Online Banking user name and password to enjoy host of services available at their finger-tips.

Corporate Banking

The Obligor's Corporate Banking division provides a full-fledged value proposition consisting of working capital finance, trade finance, project finance, syndicate finance, structured finance, cash management and treasury services to large-mid corporates and to financial institutions. As at 31 December 2015, the Corporate Banking division operated through 5 strategically located Corporate Banking centres across the UAE.

The Corporate Banking division is segmented into three key business units – Corporate Banking Services, Structured Finance and Syndication, and Financial Institutions.

Corporate Banking Services

The obligor's is a leading player in the Corporate Banking markets, offering customized *Shari'a* compliant financial solutions to cater to their clients requirements. The Corporate Banking unit consists of sector specialist teams that deliver industry insight and personalized financial solutions to their large and mid-corporate clients. Their solutions cover a wide suite of financial products and services that consist of the following.

- *Financing Solutions* – provision of short-term financing solution to meet client's working capital requirements which includes procurement of raw materials, parts, supplies, and other inventory assets; and long-term financing solution to facilitate capital expenditure and expansion requirements of clients' businesses which include among others, acquisition of property, plant and machinery and contract / project financing.
- *Trade and Supply Chain Solutions* – comprehensive product suite designed to meet business requirements pertaining to imports, exports and guarantee issuance to support both local and global business requirements..
- *Transaction Banking* – provision of full-fledge cash management solutions via electronic

banking platform to facilitate customers' payments, collections and liquidity management in an efficient manner.

The above products and services are provided through *Shari'a* compliant structures including *murabaha*, *ijara*, *istisna'a*, *musharaka* and *mudaraba*. The Obligor's Corporate Banking Services customers consist of private sector customers, public sector customers and government bodies/agencies. The industries covered by Corporate Banking Services customers comprise, *inter alia*, trade, manufacturing, real estate and other industries.

Structured Finance and Syndication

The Obligor's Structured Finance and Syndication department business scope covers syndication financing, large corporate bilateral financings and is responsible for implementing the Obligor's investment strategy and undertakes proprietary investment activities for the Obligor's own balance sheet.

It also provides fee based services in the role of Arranger, Investment Agent, Security Agent and Paying Agent to the Obligor's clients in the syndication and Sukuk financing transactions. As at 31 December 2015, the department manages an asset portfolio size in excess of AED 5 billion.

Subject to credit and *Shari'a* approval, the Obligor's Structured Finance and Syndication department has the discretion to enter into a wide range of financing and investment opportunities and is often approached with a variety of external proposals. The activities undertaken by the Structured Finance and Syndication department include the following:

- Syndication finance – the Obligor arranges and participates in financing Governments, GREs, Financial Institutions and Large Corporate transactions through club deals and syndicated deals. For example, in the past the Obligor has arranged transactions for Energy City Development Company Bahrain, Royal University for Women Bahrain, Amlak Finance, Limitless LLC, Bahrain Financial Harbour, Emirates Healthcare Development Co and Sahara Center.
- Sukuk Issuance – the Obligor has played lead roles (Arranger/Investment Agent (Service Agent)) in many Sukuk issuance such as Bukhatir Investment Sukuk, Berber Sukuk, Thani Investment Sukuk, Lagoon City Sukuk, Drake and Scull Sukuk and CRE. By using the experience gained on these transactions the Obligor aims to increase its business of arranging structured finance, Sukuk and syndication transactions.
- Collective investment schemes – the Obligor invests its own funds, as well as clients' funds, in third party and the Obligor's own collective investment schemes such as mutual funds, real estate funds and investment portfolios. The Obligor's own collective investment schemes are managed by Emirates NBD Asset Management Limited, a subsidiary of Emirates NBD;
- Direct investments (equity holdings) – the Obligor holds strategic stakes in Gulf based companies such as Khaleeji Commercial Bank (Bahrain), Mawarid Finance, Madain Real Estate, Madares and First Energy Bank
- Short term treasury investment – the Obligor places funds through wakala investment products (an agency agreement whereby the financial institution is provided with an investment limit that it can utilise at any time in *Shari'a* compliant investments with banks and other financial institutions); and
- Other investments – the Obligor also invests in other assets such listed Sukuk portfolio including sovereign; financial Institutions and Supra National Sukuks.

Financial Institutions

The Financial Institutions department manages the Obligor's overall relationships with Financial Institutions. Main functions include management of Obligor's sovereign and Financial Institutions limits and exposures, marketing of Obligor's products and services to Financial Institutions across the globe, facilitate fund raising initiatives through sourcing of bilateral, club and market funding, management of Obligor's correspondent banking relationships and marketing of the Nasdaq Dubai Murabaha Platform established by Obligor.

Treasury and Markets

The Obligor's Treasury and Markets department offers a wide range of products and services to both corporate and individual clients which includes foreign exchange products and services in the UAE for domestic, GCC and G10 currencies, multi-asset trading services. In addition to the sales function, the Obligor's Treasury and Markets department is responsible for the Obligor's overall long-term and short term liquidity, guided by the overriding principle of prudent liquidity management in accordance to the policy set by the Holding Company Group and Group ALCO.

The majority of the Obligor's funding is provided by customer deposits. The interbank market is used for residual funding purposes. To mitigate future liquidity risks (e.g associated with market events), Treasury and Markets department adopts the Holding Company Group's liquidity buffer policy, which is designed to be of a size sufficient to deal with all foreseeable liquidity events.

Strategy

Mission and Objective

The Obligor's vision is to be the leading provider of high standard *Shari'a*-compliant innovative financial products, quality service and superior value for its customers, shareholders, employees and the communities in which it operates.

The Obligor places a high emphasis on the quality of service it provides and strives to exceed its customers' expectations. In relation to *Shari'a*, the Obligor adheres very strictly to *Shari'a* principles in accordance with its customers' demands. In relation to society, the Obligor is involved in a number of charitable endeavours including, for example, the Obligor's zakat accounts which support families and individuals who are eligible for zakat amounts as per *Shari'a* guidelines of Khair Funds as directed by the *El Shari'a Board*. The Obligor is also actively reaching out to its community through sponsorships, engagements with universities and other bodies.

The Obligor plans to achieve its objective to be one of the top Islamic banks in the UAE by providing innovative *Shari'a* compliant financial products and services of a high standard. The current strategic intention is to operate locally within the MENA region, but to be recognised internationally. The Obligor believes that further growth of the UAE economy and the expansion of its public and private sector will sustain strong demand for *Shari'a* compliant financing. As such, a key objective of the Obligor is to meaningfully contribute to this growth through its innovative range of products and services.

The Obligor's main strategic objectives are outlined below:

Growth Strategy

The Obligor's Retail Banking objective is to achieve optimal profit growth by improving its market share amongst the key target segments while addressing the banking needs of all segments of the market, with a key focus on high and middle income segments, priority banking, home finance, credit cards and SMEs from micro market to medium-sized enterprise. To achieve this, it aims to be a full service bank for its target segments by continuing to offer a wide range of innovative products and services supported by high quality sales and service infrastructure through a well-qualified, trained and motivated workforce. The Obligor also aims to ensure effective cost control so as to be competitive with other banks in the market. This will be achieved by using cutting edge technology, effective risk management and utilising economies of scale by centralising operations with those of the Holding Company Group, where appropriate, and outsourcing support services.

In Corporate Banking, the Obligor aims to optimise its investment opportunities, provide customer-oriented and innovative *Shari'a* products and to strike an optimal balance between profit-based and fee-based income. The Obligor's objective is to diversify its portfolio amongst various business sectors while continuing to emphasise the delivery of quality service backed by effective relationship management and competitive products.

Diversify Deposit Base

The Obligor intends to improve its funding base by increasing its share of the domestic deposits market

through its extensive retail branch network and customer-focused product offering. In line with this approach, the Obligor has increased the number of branches in the UAE to 60 (as at 31 December 2015) and plans to grow its distribution network by continuing to invest in new branches, ATMs and alternative channels. A wider branch and ATM network is expected to provide the platform for the launch of new products and services that will allow the Obligor to further grow its market share. This enables the Obligor to diversify its deposit base that includes retail and corporate customers, government bodies and public sector agencies, which, taken together are regarded by the Obligor as relatively stable and a low cost source of funding.

New Markets

The Obligor aims to expand its operations and investments in various jurisdictions in the MENA and Far East regions through strategic acquisitions, joint ventures and participation in cross border transactions to diversify its revenue and risk profile.

Competitive Strengths

The Obligor enjoys a number of key competitive strengths, including the following:

Support from the Holding Company Group

The Obligor enjoys a high level of support from the Holding Company Group in relation to many support functions including human resources, IT, certain administrative services and back office operations such as clearing and remittances. For instance, the Obligor utilises the services of its sister companies in the Holding Company Group such as Tanfeeth LLC ("**Tanfeeth**"), a subsidiary of Emirates NBD, which handles, *inter alia*, the Obligor's call centre and various back office functions such as clearing, payment and remittance processing.

Diversified distribution channels

The Obligor is able to distribute its products through a variety of channels, which include its expanding network of branches, ATMs and SDMs, a direct sales force, the internet, phone and mobile banking and a call centre. The proposed increase in the number of branches, ATMs and SDMs over the coming years will enhance the Obligor's access to its customers. The Obligor has accounts with a diverse client base, which in turn creates opportunities to cross sell its other products and services such as car and home financing facilities.

Service quality

The Obligor considers service quality and quick response time to be the key differentiators in maintaining client and customer satisfaction and loyalty. To this end, the Obligor's employees are trained in client service techniques and new product and market developments. The Obligor ensures continuous monitoring and improvement of customer services through the Customer Service Working Committee which meets monthly to monitor the implementation of various strategic initiatives designed to ensure continuous improvement of its service quality.

The Obligor has used "mystery shopping" to assess the quality of service provided by each of its branches, call centres and sales staff. The Obligor believes that the data obtained from "mystery shopping" has allowed it to target specific areas for improvement and necessary staff training. Further, as part of its commitment to customer service, the "Customer Experience Unit" is tasked with the main objective of reaching out to the Obligor's growing customer base with a customer satisfaction survey.

Ability to innovate

The Obligor has in the past benefited from various first-mover advantage through provision of unique and innovative products and service. The Obligor was the first bank in the UAE to introduce a *Shari'a* compliant co-branded credit card in association with an airline with its "Skywards" credit card. It was also the first Islamic bank in the UAE to allow for the payment of utility bills and other recurring payments through its remote distribution channels, such as its ATMs.

The Obligor through its wholly owned brokerage arm has also been the first to offer an innovative Nasdaq Murabaha Trading Platform that addresses *Shari'a* shortcomings associated with liquidity management

within the Islamic Finance industry. This initiative has received industry recognition as evidenced by the Euromoney's Islamic Finance Innovation of The Year in 2015.

Shari'a compliance standards

The Obligor strives for *Shari'a* compliance by offering all its products and services in strict conformity with the *Shari'a* supervision parameters approved by the *Shari'a* Board. To this end, the Obligor has established a *Shari'a* department that supports the *fatwa*, audit and supervisory functions of the *Shari'a* Board. The *Shari'a* department is staffed with suitably skilled employees who ensure that *Shari'a* principles are applied to all new products and services. This helps to ensure that the Obligor's reputation as a premier Islamic bank is maintained.

Experienced and committed management

The Obligor aims at a high employee retention rate and a high proportion of the Obligor's senior management team has been with the Obligor since its inception. Prior to joining the Obligor, most of the senior management had many years of experience with other international banks (see "*Management and Employees*").

Comprehensive staff training and development

The Obligor provides regular training to staff members at all levels. This is done through a dedicated training division within the Obligor. All new employees of the Obligor are required to attend an intensive training programme, which provides them with a comprehensive introduction to the Obligor's products and services.

The Obligor also aims to enhance its role in expanding the overall staff knowledge level of banking in general and Islamic banking in particular through its innovative career development programmes. The Obligor believes that the continuous efforts and developmental programmes provided over the past years by the Obligor have contributed to the high level of skill in the industry and have contributed to the Obligor being seen as an industry leader (see "*Management and Employees – Training*").

Strong information technology base

The Obligor is focused on utilising the most advanced IT systems to secure the accounts of its customers and ensure that customers' data is well protected and secured against unauthorised entry. The Obligor also envisages the role of IT to be significant in ensuring that the Obligor remains responsive and flexible to the competitive and dynamic forces of the environment within which it operates. Accordingly, the Obligor continues to invest in IT to ensure that it is resourced in line with modern banking requirements.

The mainframe of the IT system is centralised at the Holding Company Group level.

Business process automation, consolidation of IT assets and continuous replacement of obsolete and redundant IT systems are intended to ensure that the Obligor's IT support infrastructure functions in an operationally productive and cost-efficient environment.

The Obligor's IT investment strategy is focused on continuously improving the cost efficiency and the quality of the services that the Obligor provides to its customers. The Obligor is in the process of implementing a new core banking IT system to have a single platform across the Holding Company Group. The Obligor has also implemented an "Islamic financing system" for front-end Retail Banking which employs workflow technology to control and monitor the various work steps in Islamic finance processing and uses digital imaging technology to reduce the delays and inefficiencies in handling paper documents.

Links with the community

The Obligor's philosophy has been to maintain strong links with the local community and it intends to continue to promote the positive development of society in the UAE. The Obligor sees this as an important feature in maintaining its position as a premier Islamic bank. For example, it has been active in promoting "**Emiratisation**", the process of employing and training UAE nationals with a view to encouraging them to participate in and enhance the economy of the UAE.

The Obligor enjoys one of the highest Emiratisation levels in the UAE banking sector due to its innovative initiatives in attracting UAE nationals into the industry and as at 31 December 2015, 32 per cent. of the Obligor's total employees were UAE nationals. The Obligor's target is to further increase its Emiratisation level to 40.0 per cent. The Obligor offers sponsorship contracts to Emirati university students who are allocated mentors to train them until the date of their graduation, whereupon they are hired by the Obligor on a permanent basis. The Obligor also hires UAE nationals with differing levels of education as trainees. The trainees are trained in different departments and branches, attending training courses to improve their skills. Following the completion of the training period, these UAE national trainees are deployed into the Obligor's different departments.

Competition

In its Retail Banking and Corporate Banking businesses, the Obligor's principal competitors include both banks that are locally incorporated (conventional and Islamic) as well as certain foreign banks operating in the UAE. As at 30 October 2015, there were 49 banks holding full commercial banking licenses in the UAE, of which 23 were locally incorporated. In the Islamic banking market, the Obligor's direct competitors include Dubai Islamic Bank, Abu Dhabi Islamic Bank, Sharjah Islamic Bank and Noor Bank, all of which are incorporated in the UAE. The Obligor's direct competitors also include those international banks which provide Islamic services, as well as the Islamic windows of various domestic and international banks.

Despite the relatively high level of competition in the banking sector in the UAE, the Obligor believes that Islamic banking is one of the fastest growing sectors in the finance industry and that it can continue to capitalise on its experience in the Islamic banking sector to participate in this growth and increase its market share.

Risk Management

The activities of the Obligor require continuous management of particular risks or combinations of risks. Risk management is the identification, analysis, evaluation and management of the factors that could adversely affect the Obligor's resources, operations and financial results. The main risk factors that concern the Obligor are credit, operational, market, liquidity, reputational, legal and *Shari'a* risks. The Obligor aims to manage its exposure to these risks conservatively.

The risk management is overseen primarily by the Obligor's board of directors (the "**Board**"). The Obligor has its own independent risk management department operating under its Head of Credit and Risk, although the Obligor's risk management infrastructure is within the ambit of risk policy of the Holding Company Group.

The Obligor manages identification, measurement, aggregation and effective management of risk through a comprehensive risk management framework which incorporates organizational structure, risk measurement and monitoring processes.

The key features of the Obligor's risk management framework are:

- The Board of Directors ("**the Board**") has the overall responsibility for the establishment and oversight of the Obligor's risk management framework;
- The Obligor's risk appetite is determined by the Executive Committee (EXCO) and approved by the Board;
- Board committees meet regularly and are responsible for monitoring compliance with the risk management policies and procedures, and reviewing the adequacy of the risk management framework;
- Reporting any policy or major practice changes, unusual situations, significant exceptions and new strategies to the Board of Directors for review, approval and/or ratification through various Board Committees; and
- The Obligor's overall risk management process is managed by the Obligor risk management function operating under its Head of Credit and Risk with oversight function exercised by the Chief Risk Officer ("**CRO**") of the Holding Company Group. This function is independent of the

business divisions.

Obligor Risk assists senior management in controlling and actively managing the Obligor's overall risk profile. This function also ensures that:

- Risk policies, procedures and methodologies are consistent with the Obligor's risk appetite;
- The Obligor's overall business strategy is consistent with its risk appetite; and
- Appropriate risk management architecture and systems are developed and implemented.

Credit Risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in a financial loss to the Obligor. The Obligor is exposed to credit risk through traditional lending to corporate, retail and institutional customers and transactions involving settlements with counterparties, including other financial institutions. These include direct financing commitments to extend credit and settlement exposures.

The Obligor seeks to manage its credit risk exposure through diversification of financial product offerings and investments to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses.

Credit Risk Management and Structure

The approach to credit risk management is based on the foundation of preserving the independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the business segments.

The Obligor's credit policy focuses on the core credit principles and includes guidelines on financing parameters, target businesses, policy guidelines, *Shari'a* guidelines, management of high risk customers and provisioning.

The Board has delegated authority to the Board Credit and Investment Committee ("**BCIC**") Management Credit and Investment Committee ("**MCIC**") and CEO to facilitate and effectively manage the business. However, the Board and the BCIC retain the ultimate authority to approve credits above MCIC authority.

Credit Risk Monitoring

Risks of the Obligor's credit portfolio is continuously assessed/ monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

The Obligor's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Provision and Write-Offs

Impairment assessment

The asset portfolio is reviewed on an ongoing basis for impairment. The accrual or non-accrual status of the asset is re-assessed and appropriately risk graded as per credit policy. Impaired assets are classified as such and reported at least on quarterly intervals to the Board sub committees.

Corporate Exposure: The Obligor determines impairment appropriate for each financing by exercising mature judgment in line with Central Bank of the UAE and IFRS requirements. The Obligor classifies those accounts where recovery is considered doubtful and ensures impairment is made accordingly. The impairment losses are evaluated on an ongoing basis. Specific impairment is assessed when an exposure shows a significant perceived decline in the credit quality or when an obligation is past due or over-limit for more than 90 days. Impaired accounts are classified as Substandard, Doubtful or Loss.

Retail Exposure: Criteria for provisions are based on products, namely, credit cards and other retail financings. All retail financings are classified as non-performing after 90 days and provisions are made in line with the Obligor's income and loss recognition policies.

Provisions for collective impairment are made based on the IFRS and Central Bank of the UAE guidelines. Impairments that cannot be identified with an individual financing are estimated on a portfolio basis.

Collateral Management

Collaterals and guarantees are effectively used as mitigating tools by the Obligor. The quality of collateral is continuously monitored and assessed. Where credit facilities are secured by collateral, the Obligor seeks to ensure the enforceability of the same.

Collaterals are revalued regularly as per the policy as a general rule. However, periodic valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Obligor to assess the fair market value of the collateral and ensure that risks are appropriately covered.

Operational Risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, human error or external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks. The Obligor has standard policies and procedures for managing each of its divisions, departments and branches so as to minimize losses through a framework to ensure compliance with the Basel II requirements. All related policies are subject to review and approval by the Board of Directors.

The Obligor manages operational risk through disciplined application and evaluation of internal controls, appropriate segregation of duties, independent authorization of transactions and regular, systematic reconciliation and monitoring of transactions. This control structure is complemented by independent and periodic reviews by the Bank's internal audit department.

The operational risk function develops and implements the methods for the identification, assessment and monitoring of operational risks throughout the Obligor and provides regular and comprehensive reporting on operational risks to senior management. The function supports business and other support units to monitor and manage their individual operational risks.

Furthermore, the Obligor operational risk function also provides analysis and reports on operational risks to senior management and conducts independent oversight and monitoring of risks and mitigating measures. The governance structure of operational risk is regulated through the Obligor Operational Risk and Compliance Committee ("**ORCC**"). The ORCC reviews the Obligor's operational risks on a periodic basis, and the effectiveness of existing controls to mitigate these risks.

The Obligor has implemented the following processes to proactively monitor and manage operational risks:

- Assessment of any operational risk of a new or amended product or process prior to its implementation. This enables identification and mitigation of operational risks prior to the introduction of new products, processes, systems or any major change initiatives;
- The internal loss data collection process enables an effective and efficient management of the risk, i.e. analysing the root cause, improving controls and mitigating the loss potential. The responsibility for the identification of and notification on operational risk events lies with the line managers of the business and support units;
- IT Security processes ensure confidentiality, integrity and availability of Obligor's information, information systems and its resources through the selection and application of appropriate safeguards. The Holding Company's operational risk function ensures that security processes are integrated with strategic and operational planning processes at the Obligor;
- A comprehensive *Shari'a* compliant insurance program is in place as an integral component of the Obligor's operational risk mitigation strategy; and

- The Obligor Business Continuity Management (BCM) policy enables the implementation of measures to protect the Obligor's resources and maintain the availability of business operations in the event of a disaster.

Market Risk

Market risk is the potential for adverse changes in the market value of portfolio and positions due to fluctuations in profit rates, exchange rates, equity prices, commodity prices, as well as in their correlation and implied volatility. Consistent with the Obligor's approach to strict compliance with *Shari'a* rules and principles, the Obligor does not involve in speculative foreign exchange transactions.

The Obligor's market risk is managed through risk limits set by the ALCO and approved by the Obligor's Board of Directors. Risk limits are reviewed by the ALCO on an annual basis and are monitored independently by the Market Risk unit on a regular basis, and exceptions, if any, are reported to senior management.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Obligor is not significantly exposed to currency risk since the majority of the assets and liabilities of the Obligor are denominated predominately in either AED or in USD-pegged currencies from other GCC countries.

Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Liquidity Risk

Liquidity risk is the risk that the Obligor will be unable to meet its maturing obligations to counterparties. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately.

Liquidity risk management

To guard against this risk, the Obligor has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. Liquidity is managed by the Obligor's Treasury and Market department under guidance from the Obligor's ALCO, and is monitored using short-term cash-flow reports and medium-term maturity mismatch reports. 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. They do not take into account the effective maturities as indicated by the Obligor's deposit retention history and the availability of liquid funds.

The maturity profile of the Obligor's assets and liabilities is monitored by management to ensure adequate liquidity is maintained.

Liquidity risk monitoring

All funded liquidity risk positions are monitored and evaluated by Obligor risk to identify mismatches of future cash inflows and corresponding maturity of liabilities over the short term and by major currencies.

The Obligor ALCO reviews the funding capacity, and its sensitivity to any key event, based on the judgment of the Obligor's Treasury and Market that is responsible for maintaining diversified funding sources within capital and money markets.

The Obligor applies a prudent mix of liquidity controls which provide security of access to funds without undue exposure to increased costs of funds from the liquidation of assets or aggressive bidding for deposits. The Obligor's approach to manage the liquidity risk is to ensure that it has adequate funding from diversified sources at all times. The Obligor ALCO monitors the concentration risk through a combination of indicative triggers (as opposed to prescriptive Limits) that include:

- Depositor concentration;
- Maturity analysis;
- Varied funding programs; and
- Investor diversification.

Reputational Risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation. It also includes the threat to the brand value of a financial institution.

Reputational risk can arise as a consequence of failures with a strong negative perception of clients, shareholders, creditors or the public. The Obligor has controls that are designed to ensure a positive perception of the Obligor.

Legal Risk

The Obligor has a full-time legal department that deals with both routine and more complex legal matters (both contentious and non-contentious). Where cross-border issues arise and/or a matter is complex or requires court representation the legal department makes referrals to external firms of panel lawyers, either in the UAE or overseas, as appropriate.

Capital Management/Adequacy

As per current capital requirements, the UAE Central Bank requires banks operating in the UAE to maintain a prescribed minimum ratio of total capital to total risk-weighted assets of 12 per cent. (of which Tier 1 has to be 8 per cent.).

The tiered components of a UAE bank's regulatory capital comprise of:

- Tier 1 capital, which includes share capital, share premium, legal, statutory and other reserves, retained earnings; and
- Tier 2 capital, which includes qualifying subordinated debt, undisclosed reserve, and fair value reserve.

While the calculation of capital adequacy ratios in the UAE broadly follows the Bank for International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 20 per cent.

When assessing the capital adequacy of an individual bank, the UAE Central Bank can take a number of factors into consideration, under the Supervisory Review and Evaluation Process, such as the extent and nature of credit concentration, policies and procedures and internal control systems and may set a higher total capital requirement for that particular bank if it deems it necessary.

As of 31 December 2015, the Obligor is above the UAE Central Bank imposed requirement, with a total capital adequacy ratio of 13.22 per cent. and a Tier 1 capital adequacy ratio of 12.08 per cent.

Under Union Law No. (10) of 1980 Concerning the Central Bank, the Monetary System and Organisation of Banking (the "**Union Law**"), banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reserve makes up 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends have to be authorised by the UAE Central Bank.

The Obligor's capital adequacy ratio is regularly monitored by the Obligor's ALCO, as a part of Emirates NBD's internal annual and quarterly capital adequacy assessment process, and managed by Emirates NBD's board risk committee. The following table shows the Obligor's risk assets and their risk weighted values for capital adequacy ratio purposes as at 31 December 2015, 31 December 2014 and 31 December

2013, respectively:

	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
	<i>(AED million/except percentages)</i>		
Capital base.....	5,581	4,914	5,193
Risk Weighted Assets	42,206	35,544	32,539
Capital Adequacy Ratio (per cent.).....	13.22	13.83	15.96

Basel II

The Obligor has implemented the standardised approaches for credit risk under Basel II, and complies with the corresponding requirements as set out by Circular 27/2009 of the UAE Central Bank ("**Circular 27/2009**").

Under Circular 27/2009, the main UAE banks are expected to migrate to the foundation internal ratings based approach in due course.

As at the date of this Base Prospectus, the UAE Central Bank has published draft guidelines and reporting standards (as of October 2010) on its website; final guidelines and reporting standards are yet to be published.

Basel III

The board of the UAE Central Bank reviewed the Banking Supervision Department's report on the implementation of Basel III requirements by banks operating in the UAE on 3 February 2015. The board of the UAE Central Bank approved some of the recommendations in the report, and formed a committee (consisting of members of the board of the UAE Central Bank) to follow-up on Basel III.

Total impaired financing receivables

Total impaired financing receivables as at 31 December 2015 were AED 3,279 million which equated to 9.6 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 15.3 per cent. pertained to the Retail Banking division and the remaining 84.7 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 2,936 million against the total impaired financing receivables of AED 3,279 million as at 31 December 2015 (i.e. 89.5 per cent. of total impaired financing receivables as at 31 December 2015).

Total impaired financing receivables as at 31 December 2014 were AED 2,948 million which equated to 11.3 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 10.1 per cent. pertained to the Retail Banking division and the remaining 89.9 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 2,664 million against the total impaired financing receivables of AED 2,948 million as at 31 December 2014 (i.e. 90.4 per cent. of total impaired financing receivables as at 31 December 2014).

Total impaired financing receivables as at 31 December 2013 were AED 4,078 million which equated to 18.8 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 26.4 per cent. pertained to the Retail Banking division and the remaining 73.6 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 3,029 million against the total impaired financing receivables of AED 4,078 million as at 31 December 2013 (i.e. 74.3 per cent. of total impaired financing receivables as at 31 December 2013).

Internal Audit and Compliance

The Obligor's internal audit department functions under a charter approved by the Board. The Head of Internal Audit is independent from the other operations of the Obligor and reports directly to the Board. This allows him to carry out his work independently and objectively.

The Internal Audit has a principal reporting line to the Board Audit Committee (the "**BAC**"), a body composed of non-executive directors. Planned audit activities are subject to review and approval by the BAC, which also evaluates and approves the level of resources available to Internal Audit for such

activities.

The BAC meets four times annually to discuss the audit reports produced by Internal Audit and to discuss the status of management actions on any issues previously raised with the committee. In addition to these meetings, the Vice President –Internal Audit has access to the Chairman of the BAC and the Chief Executive Officer as required.

The primary objective of Internal Audit is to independently assess the adequacy and effectiveness of the control framework through which the activities of the Obligor are conducted. Internal Audit uses a risk-profiling methodology to assess the relative degree of risk in each of the auditable business units and for selecting the business activity to audit. BAC approval is obtained for the risk based annual audit plan.

Internal Audit is organised into specialist teams aligned with the Obligor's primary business and support areas. Internal Audit focuses on the employment of professionally qualified individuals with industry specific experience. Training requirements are identified annually and are delivered in coordination with the Holding Company Group's training centre.

Internal Audit is itself subject to a review periodically by independent third party assessors appointed by the BAC.

Types of audit assignments conducted include:

Operational

This involves undertaking a comprehensive review of all business and support activities including but not limited to retail banking, corporate banking, treasury and markets operations, trade finance and related operational and administrative support functions. These reviews provide for an evaluation of the organisational structure in place to manage the business and the control processes adopted in the related functions, against management's control objectives, which ensure that activities are:

- authorised, accord with all internal and external authorisation requirements and are conducted in an orderly and efficient manner;
- recorded and reported accurately and upon a timely basis; and
- protected from loss/misplacement, howsoever arising.

IT Audits

This involves appraising the internal control environment of automated information processing systems as well as evaluating the integrity, confidentiality and availability of IT systems generated information.

Compliance Policies

This involves the review of adherence to internal policies, plans, procedures, as well as laws and regulations in the countries where the Obligor operates.

The role of Compliance is to identify, assess and monitor the compliance risks faced by the Obligor, to advise and report to senior management on these risks and to oversee the satisfaction of regulatory requirements by the Obligor (and its subsidiaries). The Obligor's policy is that all applicable legal, statutory and regulatory obligations in force in the jurisdictions in which the Obligor operates are to be met in full.

Compliance also oversees the anti-money laundering policy and procedures of the Obligor. These policies and procedures are aimed at ensuring that the Obligor is not being used for the purpose of laundering funds associated with drug trafficking, terrorism and other serious crimes. The Obligor's policy is to not establish relationships with customers whose transaction requirements gives rise to suspicions of involvement in money laundering activities.

The Obligor has implemented detailed anti-money laundering ("AML") and know your client ("KYC") policies and procedures. The responsibility for implementation and monitoring adherence to the policies rests with the Obligor's Compliance department.

As part of its AML policy, the Obligor conducts KYC and customer due diligence checks, which is mandatory for all new accounts. A customer profile is created at the time of account opening and is updated as customer circumstances change and develop during their time with the Obligor. Prospective customers are also required to provide key information regarding their identity, circumstances and expected transactions. The Obligor will terminate any customer relationship where the customer's conduct gives the Obligor reasonable cause to believe or suspect ongoing involvement with illegal activities. Any such termination follows reporting of the suspicion to the appropriate authorities and any further action by the Obligor is taken in consultation with the UAE Central Bank.

The Obligor also has in place a high risk accounts policy and a politically exposed persons ("**PEP**") policy that covers enhanced due diligence and escalated approval processes for relationships with regards to high risk businesses and customer segments as covered by UAE Central Bank regulations and in accordance with the Obligor's internal risk based approach towards KYC and AML.

The Obligor's customer database is periodically rescreened against sanctions lists, PEP lists and adverse media lists as well as the Obligor's internal watch lists and, where required, enhanced due diligence reviews are undertaken on customers.

The Obligor has appointed a Money Laundering Reporting Officer ("**MLRO**") who reports to the Chief Operating Officer. The MLRO is responsible for policy development and awareness, as well as suspicious transaction detection and reporting, responding to staff queries regarding anti-money laundering issues and implementation of an automated anti-money laundering system.

The Obligor has controls to ensure compliance with sanctions regulations prescribed by the regulators of the UAE as well as the United States and the European Union that cover restrictions applicable to countries that are subject to sanctions. The Obligor has systems and processes in place to monitor transactions against applicable sanctions requirements. The Obligor uses automated systems to screen and monitor customers and transactions to help ensure compliance with key regulatory requirements.

All staff are required to be aware of the Obligor's AML, KYC and sanctions policies and procedures, which are available to all staff through the intranet. In addition, the Obligor conducts specific training programmes for customer-facing staff.

The Obligor has registered with the United States Internal Revenue Service in accordance with the FATCA regulations and has taken steps to ensure FATCA compliance.

Legal Proceedings

Litigation commenced against banks is a reasonably common occurrence in the banking industry due to the nature of the business undertaken. The Obligor has formal controls and policies for managing legal claims. Advice is obtained from external legal counsel and an early case assessment completed which will include a reasonable estimate of the potential amount of loss (if any) and the Obligor makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on the information available, no material adverse impact on the financial position of the Obligor is expected to arise from legal claims brought against the Obligor as at 31 December 2015 other than to the extent already provided, hence as at 1 May 2016 no additional provision for any claim needs to be made in the 2016 financial statements.

Information Technology

The Obligor's IT strategy is focused on providing reliable and accurate information systems to its customers and employees in a secure environment through the support of the IT department at the Holding Company Group level.

The Obligor has in place a wide range of banking software that has been developed for Emirates NBD and re-engineered to suit the Obligor's requirements. The Obligor, in conjunction with Emirates NBD, is in the process of upgrading to a new computer system for its core banking system. The Obligor has implemented an "Islamic financing system" for front-end Retail Banking. The Obligor has also established "IB Tawasal", its own dedicated call centre for 24 hour phone banking and for providing internet banking and mobile banking services to its customers (see "*Retail Banking*" above). A 24-hour IT support centre is in place staffed with expert support staff to respond to IT related issues.

The security and reliability of the Obligor's IT services has been tested by the IT department at the Obligor through implementation of a disaster and recovery site at a remote premises that can be activated in the case of any accident affecting the Obligor's IT systems to ensure that critical systems and data continue to be fully operational so that the Obligor can continue to provide essential services to its customers. The IT department at the Obligor carries out daily and other periodic data back-ups which are stored at a location away from its head office. The Holding Company Group, also carries out annual intrusion tests on its IT network with the assistance of an external vendor. There is no evidence of intrusion attempts to date. The Obligor's disaster recovery plan provides for the back-up of its IT systems at its disaster recovery site.

Subsidiaries

Emirates Islamic Financial Brokerage

Emirates Islamic Financial Brokerage ("**EIFB**") was established in April 2006 and is 100 per cent. owned by the Obligor. EIFB provides *Shari'a* compliant brokerage services to investors in the local stock markets which includes both the Dubai Financial Market and the Abu Dhabi Securities Market. EIFB offers customers the opportunity to trade shares through dedicated brokers as well as online trading. EIFB offers a competitive fee structure, dedicated brokers, customer service representatives and trading rooms for high net worth individuals.

EI Sukuk Company Limited

The Trustee was established in June 2007 and is a Cayman Islands exempted company with limited liability. None of the issued share capital of the Trustee is held by or on behalf of the Obligor (all of the issued share capital of the Trustee is held by the Share Trustee; see further "*Description of the Trustee*"). For financial reporting purposes, however, the Trustee is consolidated as a "special purpose entity" subsidiary of the Obligor (See Note 2(c)(ii) (*Principles of Consolidation – Special Purpose Entities*) of the audited consolidated annual financial statements of the Obligor as of and for the year ended 31 December 2015).

EI Funding Limited

EI Funding Limited ("**EFL**") was established in May 2014 and is 100 per cent. owned by the Obligor. EFL is a special purpose vehicle incorporated under the laws of the Cayman Islands and its principal activities comprise purchasing a portfolio of assets from the Obligor through the issuance of certain liquidity instruments as consideration for such portfolio. These instruments are registered through NASDAQ Dubai's clearing system for over-the-counter dealing and underpin the Obligor's new *murabaha* financing platform (see further "*Business – Retail banking*").

Industry Regulation and Supervision

Banking and financial institutions in the UAE are subject to governmental supervision and regulation exercised by the Emirates Securities and Commodities Authority (the "**SCA**"), the UAE Central Bank and the competent local authority in the Emirate in which the institution is registered, which in Dubai is the Department of Economic Development.

The principal source of banking regulation in the UAE is the UAE Central Bank. The UAE Central Bank provides prudential supervision (see also "*The UAE Banking and Financial Services System*") of each bank's capital adequacy, liquidity and anti-money laundering controls and its general banking activities. Monitoring by the UAE Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission of data including, but not limited to, deposited funds, financing and mortgage business, liquidity status and anti-money laundering measures.

The Obligor submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. The Obligor's Memorandum and Articles of Association, the audited financial statements, the distribution of dividends and other documents are all required to be approved by the UAE Central Bank. As a UAE company, the Obligor is also subject to supervision and regulation at a corporate level by both the UAE Ministry of Economy and Planning and by the local regulatory authorities within each of the Emirates of the UAE in relation to branches located in those Emirates.

The Obligor operates under a commercial banking license granted to it by the UAE Central Bank to undertake Islamic banking activities. The licensing of Islamic banks requires the appointment of a *Shari'a* committee to each such bank to ensure the adherence to *Shari'a* principles in the banks' operations and contracts. The Obligor complies with this requirement through the *Shari'a* Board (see "*Shari'a Board*" below).

Shari'a Compliance

All transactions that the Obligor undertakes and all products that it offers are strictly *Shari'a* compliant. The Obligor's objective is to provide the highest standards of Islamic finance and all the Obligor's activities are supervised by the EI *Shari'a* Board.

Before either the execution of a transaction or the launch of a new product, the terms of the transaction or the product (as applicable) are presented to the EI *Shari'a* Board for its approval.

EI Shari'a Board

The EI *Shari'a* Board is an independent body of *Shari'a* scholars that is appointed by the General Assembly of the Obligor. Its key task is to supervise the application of different aspects of *Shari'a* within the Obligor and to ensure that all transactions are undertaken in strict compliance with *Shari'a*. The resolutions and pronouncements of the EI *Shari'a* Board are binding on the management and the directors of the Obligor. The EI *Shari'a* Board meetings are held periodically and whenever the need arises. As at the date of this Base Prospectus, the three members of the EI *Shari'a* Board are:

Dr. Yousef Abdullah Al Shubaili (Chairman and Executive Member)

Dr. Yousef Abdullah Al Shubaili serves as the Chairman of the EI *Shari'a* Board. He also serves as a member of the *Shari'a* boards/committees at Dubai Islamic Bank PJSC (UAE), CIMB Bank Berhad (Malaysia), Al Bilad Bank (Saudi Arabia), National Bonds Corporation PJSC (UAE) and Arabian Scandinavian Insurance Company (UAE), and is also a member of the Central *Shari'a* Committee of the Accounting and Auditing Organization for Islamic Financial Institutions ("**AAOIFI**"). He received his PhD (*Islamic Studies*) from Imam Muhammad bin Saud Islamic University (Saudi Arabia) and is now a Professor in Comparative *Fiqh* (Jurisprudence) at the Higher Institute of Judiciary at that university.

Dr. Mohamed Abdul Rahim Sultan Al Ulama

Dr. Mohamed Abdul Rahim Sultan Al Ulama is a professor of Islamic Studies in the Emirates College and Head of Research and Studies for the Dubai Quran Award. As at the date of this Base Prospectus, he sits on the *Shari'a* Board of several Islamic banks and committees including Al Hilal Bank PJSC (UAE), National Bonds Corporation PJSC (UAE) and Muwarid Financing and *Shari'a* Capital (UAE). He holds a PhD in *Shari'a* from Umm Al Qurah (Saudi Arabia).

Sheikh Essam Ishaq

Sheikh Essam Ishaq serves as Chairman and Member of the *Shari'a* Board of several Islamic institutions such as Investment Dar Bank, Arcapita Investments (Bahrain), Echo Islamic Bank, Al Baraka Islamic Bank (Bahrain), Dar Takaful Islamic Insurance and Maldivian Central Bank. He holds a Bachelor Degree in Political Science from McGill University (Canada).

Fiscal Year

The fiscal year of the EI is the calendar year ending on 31 December.

Recent Developments

Financial Performance for the three months ended 31 March 2016

The following information has been extracted from the unaudited condensed consolidated interim financial statements as at and for the three months ended 31 March 2016, which includes the comparative financial information for the three months ended 31 March 2015:

	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	<i>(AED million)</i>	
Income from financing and investing activities.....	502	388
Commissions and fees income	125	107
Total income	712	737
Total Expenses.....	(298)	(213)
Net operating profit before allowances for impairment and distributions	414	524
Allowances for impairment, net of recoveries.....	(263)	(259)
Net operating profit	151	265
Customers' share of profit and distribution to sukuk holders.....	(106)	(71)
Net profit for the period	45	194

For the three months ended 31 March 2016, income from financing and investing activities increased by 29 per cent. to AED 502 million as compared to the same period in 2015, and commissions and fees income increased by 17 per cent. to AED 125 million as compared to the same period in 2015 which was mainly due to growth in EI's high yield financing portfolio.

For the three months ended 31 March 2016, total income decreased by 3.35 per cent. to AED 712 million, in part due to a decrease in both income in investment securities and other income. During the same period, net operating profit decreased by 43 per cent. to AED 151 million which was mainly due to an increase in total expenses of 40 per cent., amounting to AED 298 million, as compared to the same period in 2015.

As at 31 March 2016, total assets were AED 56.5 billion compared to AED 53.2 billion as at 31 December 2015, representing an increase of 6.2 per cent. which was mainly due to growth in the financing portfolio.

MANAGEMENT OF EMIRATES ISLAMIC BANK PJSC

Board of Directors

The Obligor operates under the direction of the Board, which is comprised of seven members vested with the power to manage the Obligor and conduct its business in accordance with the Federal Law No. 2 of 2015 concerning commercial companies of the UAE (the "**Commercial Companies Law**"), the Obligor's Memorandum and Articles of Association and resolutions of the shareholders. The Board is elected by the shareholders. The Board is fully responsible for the Obligor's performance and for reporting to the shareholders. The following table sets out the names of the members of the Board:

<u>Name</u>	<u>Position</u>
Mr. Hesham Abdulla Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Vice Chairman
Mr. Shoaib Mir Hashem Khoory	Director
Mr. Mohamed Hamad Obaid Khamis Al Shehi	Director
Mr. Mohamed Hadi Ahmad Abdulla Al Hussaini	Director
Mr. Ali Humaid Ali Al Owais	Director
Mr. Shayne Nelson	Director

Mr. Hesham Abdulla Al Qassim was appointed as the Chairman of the Obligor in September 2011. Mr. Al Qassim is currently the Chairman of Emirates NBD and the Vice Chairman and CEO of Dubai Real Estate Corporation/Wasl. In addition, he is the Chairman of Emirates NBD Capital KSA and Emirates NBD Egypt and a member of the boards of directors of Amlak Finance PJSC, International Humanitarian City, NGI, DIFC Authority, DIFC Investments LLC and the Federal Authority for Government Human Resources.

Mr. Buti Obaid Buti Al Mulla was appointed as the Vice Chairman of the Obligor in September 2011. He is currently the Chairman of Dubai Insurance Co., Vice Chairman of Emirates Investment Bank PJSC and a director of Emirates NBD and Dubai Bank P.J.S.C. ("**Dubai Bank**").

Mr. Shoaib Mir Hashem Khoory was appointed as a director of the Obligor in September 2011. Mr. Khoory is the Managing Director of Mir Hashim Khoory LLC. He is the Chairman of Dubai Bank, MAHY Khoory, Group International Institute Management (GIIM) French School in Dubai, International Concept Education LLC FZ, Meydan MHK Education LLC FZ, Meydan MHK Healthcare LLC FZ, and a director of Dubai Real Estate Corporation/WASL, Jebel Ali Cement Factory, Emirates Telecommunications Corporation (Etisalat), and Mir Hashim Khoory LLC.

Mr. Mohamed Hamad Obaid Khamis Al Shehi was appointed as a director of the Obligor in September 2011. Mr. Al Shehi is also the Secretary of the SFC and a member of the Economic Development Committee, Sectoral Committees of the Executive Council. In addition, he is the Chairman of Emirates Financial Services and a director of Dubai Bank, Emirates NBD Asset Management Ltd, Emirates NBD Capital Limited ("**Emirates NBD Capital**"), Dubai Real Estate Corporation and Galadari Brothers Co. LLC.

Mr. Mohamed Hadi Ahmad Abdulla Al Hussaini was appointed as a director of the Obligor in September 2011. Mr. Al Hussaini is a director of Emirates Telecommunications Corporation (Etisalat), Dubai Refreshments Company, Dubai Real Estate Corporation, Emaar Malls PJSC and Emirates NBD Egypt.

Mr. Ali Humaid Ali Al Owais was appointed as a director of the Obligor in March 2013. Mr. Ali is the Chairman of Al Owais Group, United Food Company PJSC, United Can Company LLC and Moderna Group LLC. He is the Vice Chairman of Dubai Refreshment Co. PJSC, Modern Bakery and director of Emirates Islamic, Dar Al Takaful and Oman Refreshment Company.

Mr. Shayne Nelson was appointed as a director of the Obligor in December 2013. Mr. Nelson is the Chief Executive Officer of Emirates NBD and is a director of Emirates NBD Capital and Emirates Financial Services. He is also a Founding Member of the Higher Colleges of Technology Industry Advisory Council, a Graduate Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Managers.

The business address of the Obligor's directors is P.O. Box 6564, Dubai, United Arab Emirates.

No member of the Board has any actual or potential conflict of interest between his duties to the Obligor and his private interests or other duties. None of the directors have an employment contract with the Obligor.

Senior Management

Name	Position
Jamal Saeed Bin Ghalaita	Chief Executive Officer
Abdulla Showaiter	Deputy Chief Executive Officer, Wholesale Banking
Faisal Aqil	Deputy Chief Executive Officer, Consumer Banking and Wealth Management
Wael Ibrahim	Chief Operating Officer
Hitesh Thakkar	Chief Financial Officer
Edmundo Uribe	Head of Credit and Risk
Philip John	Head of Treasury and Markets
Hessa Al Mulla	Head of Human Resources
Dr. Abdulsalam Kilani	Head of <i>Shari'a</i>
Faysal Hadi	Head of Legal

Jamal Saeed bin Ghalaita, Chief Executive Officer

Jamal Bin Ghalaita is the Chief Executive Officer of Emirates Islamic (EI). Since his appointment to the role in late 2011, he has driven record breaking growth in EI, thus marking the bank as the fastest growing bank in the country. His focused approach has been recognized and acknowledged across the industry through multiple awards both locally and internationally, including the recognition of Emirates Islamic as the 'Best Islamic Bank' in the UAE in 2 out of the past 3 years.

Earlier, Jamal was the Holding Company Group Deputy CEO and GM of Consumer Banking and Wealth Management (CWM) and was instrumental in driving the growth of the bank to become one of the leading players in the retail and wealth management space. In his capacity as Deputy CEO of the Holding Company Group, he led four major businesses: Retail Banking, Private Banking, Asset Management and Consumer Finance, and as oversaw branding and business marketing for the overall Holding Company Group, leading a team of over 4,000 people across five countries.

Jamal is a veteran banker with over 25 years of banking experience across multiple leadership domains, including corporate, retail, wealth management and human resources sectors.

He holds a degree in Business Administration from the University of Arizona as well as completing specialised courses in Leading Corporate Renewal and Transformation programs from leading global institutions.

Abdulla Showaiter - Deputy CEO, Wholesale Banking Management

Abdulla Showaiter is the Deputy CEO and General Manager of Wholesale Banking at Emirates Islamic, a position he has held since 2005. He is responsible for developing and implementing the bank's Corporate Banking, Trade Finance, Real Estate Finance and Investments strategy.

Abdulla joined the bank in 2004 as Senior Vice President – Corporate & Investment, after an eleven year stint in corporate banking and syndications at Dubai Islamic Bank. His career spans over 37 years, holding key roles in Corporate Banking, Credit and Trade Finance at several large organisations.

Abdulla gained his early work experience at Bank of Bahrain and Kuwait, Bahrain & Middle East Bank

and First Gulf Bank.

Faisal Aqil - Deputy CEO, Consumer Wealth Management

Faisal Aqil is the Deputy CEO of Consumer Banking and Wealth Management at Emirates Islamic, and is responsible for developing the bank's strategy and implementing a sales and marketing plan.

Before taking up the position of Deputy CEO – Consumer Wealth Management, Faisal was General Manager – Retail Banking for seven years. Prior to joining Emirates Islamic in 2005, Faisal held several positions at EBI, the most recent being Head of Al Shaheen Club priority banking. During his three years in this position, he established Al Shaheen as the most successful and recognizable priority-banking brand in the market, resulting in a substantial increase in customer base. Other notable positions he held at EBI include General Manager – meBANK. Faisal has also worked at HSBC where he started his career in 1990.

In addition to his current responsibilities at Emirates Islamic, Faisal is a Director for Emirates Islamic Financial Brokerage, Arabian Scandinavian Insurance, Emirates NBD Properties, Al Baraka Bank, Syria, Emirates NBD Securities, and Taaleem PJSC.

Wael Ibrahim, Chief Operating Officer

Wael Ibrahim is the COO of Emirates Islamic, leading Operations, Marketing, Outsourcing management, Performance management, Compliance, Strategy and transformation of the bank across all business lines.

He joined Emirates Islamic in 2011 after serving as acting Chief Marketing Officer and Head of Strategy and Development, Consumer & Wealth Management at Emirates NBD. Wael is a banking executive with a mix of consultancy and industry experiences, leveraging diversified international exposure and has served organizations across Middle East, Europe, and the US.

As a Banking executive, he has led Marketing, Operations, Strategy, and Performance management functions. As a consultant, he has served a number of global financial institutions and governments across the Middle East, USA, and Europe on a variety of topics including policy reform, growth & business building, strategy formulation, market entry, risk and loss mitigation, technology, and organizational and performance transformation issues.

Wael is an alumni of the American University of Cairo, where he completed his Bachelor and Masters of Business Administration, and Harvard Business School, where he completed executive management certification.

Hitesh Thakkar, Chief Financial Officer

Hitesh serves as Emirates Islamic's CFO since February 2016. He is a Chartered Accountant with more than 16 years of experience in the banking and finance industry in India and UAE.

He has experience in business and geographic roles in finance across country, regional and group structures with some of the world's leading financial institutions. Hitesh has been working with the Holding Company Group for over 9 years. Prior to joining Emirates Islamic, he served as the Head of Group Business Performance and Finance – ALM. In the past, he has also served as the Head of Finance for the Corporate Banking business in Emirates NBD. Prior to joining the Holding Company Group, he held a number of senior positions within the finance function in ABN AMRO, ICICI Bank and BNP Paribas.

Edmundo Uribe, Head of Credit and Risk

Edmundo heads the Credit and Risk Management department at Emirates Islamic since May 2013. He is responsible to oversee Emirates Islamic's Risk Management functions including management of risk policies, risk analysis, underwriting of credit, market risk, operational risk, credit administration, collection and remedial activities.

Edmundo has accumulated 26 years of banking experience, 22 of which has been in Risk Management. He has previously worked with renowned organisations such as Bank of America, JP Chase, Citibank, Bank Al Jazira and Al Khaliji Bank in United States of America, Mexico, Saudi Arabia, Qatar and Dubai.

Philip John, Head of Treasury and Markets

Philip John heads the Treasury and Markets in Emirates Islamic since 2012 where he is responsible for the liquidity management, multi-asset trading and foreign exchange business of the bank.

Philip is a senior banker and treasury professional with 33 years of banking experience of which the past 21 years are in treasury. His GCC experience spans 16 years in banks such as Standard Chartered Bank and Dubai Bank. Philip's comprehensive treasury experience encompasses Balance Sheet Management, Debt Capital Markets, Financial Institutions, Trading, Structuring, Advisory and Sales. A graduate in Commerce, he is also an expert in Islamic banking products. He has also been part of the core team that converted Dubai Bank to an Islamic Bank.

Hessa Al Mulla, Head of Human Resources

Hessa Al Mulla heads the Human Resources department at Emirates Islamic, where she is responsible for the management and leadership of all Human Resources functions at Emirates Islamic, including strategic planning of several initiatives to help the bank acquire and retain the best UAE National talent and to position the bank as the Employer of Choice.

Hessa has been with the Holding Company Group since 2004 and has worked in various units within the HR department, including Nationalization, Recruitment and HR Business Partnering. In her previous role as HR Business Partner, Retail Banking at Emirates NBD, she was responsible for over 3,000 employees with a strategic involvement in the Retail Leadership Team. Hessa played a major role in the transition of the bank's business model in the Priority Banking and Small Medium Enterprise (SME) sectors after the merger phase. In addition, she worked for the SME Banking unit as the Centre Head for Emerging SMEs, during which the team received several accolades and awards including 'Best SME Centre for 2011'.

Hessa graduated with honours in Business Administration with a major in Human Resources from Dubai Woman's College. In addition, Hessa has completed executive courses at Ashridge University in the United Kingdom. In 2014, she received a leadership certificate from the University of Virginia, USA.

Dr Abdulsalam Kilani, Head of Shari'a

Dr Abdulsalam Kilani has served as the Head of *Shari'a* in Emirates Islamic since June 2012. He was Head of *Shari'a* since 2008 at Dubai Bank and was central to the establishment of the *Shari'a* department at Emirates Islamic following the integration of the vast majority of the assets and liabilities of Dubai Bank into Emirates Islamic in 2012.

Dr Kilani has gained experience in various segments including Retail, Corporate Banking, Investments, Brokerage, and Capital Markets. He has also built a solid track record in establishment of *Shari'a* governance structure, supervisory and audit, structuring *Shari'a* compliant solutions, *Shari'a* advisory, training and development.

Some of his notable achievements include leading the establishment of Nasdaq Murabaha Platform - the world's first Retail product based on securitized trust assets and conversion of Dubai Bank from conventional banking into Islamic banking.

Dr Kilani is appointed as the Rapporteur of the UAE *Shari'a* Coordination Committee. He is also one of the Founding Members of the UAE Stock Screening Committee of Islamic Banks for *Shari'a* Screening of Equities. He has also served as a board member of the Fatwa and *Shari'a* Supervisory Board for Makaseb Financial Services. Dr Kilani is also a member of AAOIFI's *Shari'a* Standards Dubai Chapter.

Faysal Hadi, Head of Legal

Faysal Hadi is Head of Legal of Emirates Islamic and has held this position for the last 4 years having previously been Head of Legal for Dubai Bank from January 2009.

Faysal is a qualified UK Solicitor and a member of the High Court of England and Wales and has over 19 years legal experience, the last 10 of which have been within in the UAE.

He started his career in private practice with Eversheds before moving to Clyde and Co and held his last private practice position with Allen & Overy. Faysal practiced in banking, restructuring and insolvency as

well as mergers and acquisitions. He acted for the administrators of MG Rover Group in 2004 which set many precedents for the legal framework relating to restructuring and insolvency law in the UK and acted on numerous bank acquisitions and high value M&A and refinancing deals in the UAE prior to joining the Bank.

Faysal was Head of Legal for Dubai Islamic Investment Group, a subsidiary of Dubai Group/Dubai Holding before taking up his position with Dubai Bank. He also held the position of Board Secretary and Head of Compliance whilst with Dubai Bank.

The business address of the Obligor's senior management is P.O. Box 6564, Dubai, United Arab Emirates.

No member of the Obligor's senior management set out above has any actual or potential conflict of interest between his duties to the Obligor and his private interests or other duties.

Committees

The Obligor has established 4 committees, which include the following:

Board Credit and Investment Committee

The Obligor's BCIC meets regularly to review the quality and performance of the credit and investment portfolio of the Obligor. The Obligor's BCIC reviews and oversees the effectiveness of the Obligor's credit and investment risk strategy whilst taking into consideration the risk appetite of the Obligor. Among other things, the Obligor's BCIC approves lending strategy and policies, establishes delegated lending authorities and evaluates credit and investment proposals. The members of the Obligor's BCIC comprises of five directors of the Obligor (including the Chairman of the Obligor). See further "*Description of Emirates Islamic Bank PJSC – Credit Approval Procedures*".

Executive Committee

The role of the Obligor's Executive Committee is to collectively monitor the performance of the Obligor and make decisions within the authority limits delegated to it by the Board. The Obligor's Executive Committee makes specific recommendations to the Board on decisions that fall outside its delegated authority limits. The Obligor's Executive Committee is chaired by the Chief Executive Officer and comprises of 8 executive members. The Obligor's Executive Committee meets once every four weeks.

Assets and Liabilities Committee

The Obligor's ALCO is responsible for dealing with market risk exposures such as liquidity, interest rates, investment and economic capital management. The Obligor's ALCO manages the structure and composition of the Obligor's investment portfolio, structural interest rates, exchange rate positions and maturity gaps, as well as its capital adequacy position. The Obligor's ALCO is chaired by the Chief Executive Officer and comprises of 8 executive members including 2 executive members from Emirates NBD. The Obligor's ALCO meets once a month in the normal course of business and more often if needed.

Management Credit and Investment Committee

The MCIC is responsible for approving the Obligor's investments and ensuring that an appropriate balance is achieved between risks and rewards. The MCIC manages the Obligor's reputation risk by setting and enforcing investment guidelines. The MCIC is chaired by the Obligor's Chief Executive Officer comprises 6 members including 5 of the Obligor's senior management members and the CRO of the Holding Company Group. The MCIC meets weekly. See also "*Description of Emirates Islamic Bank PJSC – Credit Approval Procedures*".

Employees

As at 31 March 2016, the Obligor had a total of 1,861 employees (compared with 1,847 employees as at 31 December 2015, 1,458 employees as at 31 December 2014 and 1,294 employees as at 31 December 2013).

Training

The Obligor treats training as an integral part of staff development. The dedicated Training function provides training to various categories of staff within the Obligor. The training covers the range of retail, corporate and *Shari'a* based training. In addition various management, sales and service-based training sessions are provided to the appropriate staff members. Many external training courses and relevant conferences, seminars and workshops are facilitated which benefit the Obligor's staff. Certain courses result in certifications, which are recognised in the region.

The Obligor has an affiliation (in its own capacity and as part of the Holding Company Group) with Bradford University (United Kingdom), Harvard Publishing, Stanford University (USA), University of Dubai and Heriot Watt University in UAE and offers certain senior staff the opportunity to undertake an MBA in relevant fields. The Obligor also facilitates staff in completing the Institute for Leadership and Management Certification programme, diplomas in business leadership and banking and financial courses offered at the Emirates Institute for Banking and Financial Studies

Reward and Recognition

The success of the Obligor is dependent upon the competence of employees at all levels of its business. The Obligor provides a range of reward and recognition schemes designed to attract, motivate and retain high calibre individuals to drive the performance of the business and drive new growth streams.

Salaries and benefits are benchmarked against equivalent market salaries of banks of similar size both in terms of assets and in terms of employee strength and are set around median levels. Salaries are reviewed annually after consideration of the Obligor's performance, market positioning and the need to reward individual performance, based on the outcomes of periodical performance reviews. Annual bonuses and incentives are also paid depending on performance. Bonuses are paid to branches directly based on the performance of the relevant branch. This motivates branch managers to ensure that the branch and branch employees operate efficiently.

The Obligor offers a broad range of benefits to staff. Some of the main benefits include leave and sick pay provision, health and safety insurance, medical insurance and termination benefits.

Focus on UAE nationals

The Obligor acknowledges the key role UAE nationals will play in the future of the Obligor and has one of the highest Emiratisation percentages among banks in the UAE. The Obligor's reward, recognition and career development schemes are especially tailored to ensure it attracts and develops the highest calibre of UAE nationals.

UAE national pension fund

All UAE nationals employed by the Obligor participate in the UAE Government sponsored General Pension and Social Security Pension Scheme. The scheme enables members to achieve the maximum pension of 100 per cent. of their salary after 30 years of service.

Recognition policy

Emirates Islamic GEM Performance Excellence Awards was instituted to recognise top performers across the bank. The recognition award program aims to attract, motivate and retain high calibre individuals.

- GEM Monthly Award : Best Employee of the Month
- GEM Quarterly Award: Best Employee of the Quarter
- GEM Quarterly Award: Best Team Leader of the Quarter

In addition, 4 annual recognition awards were institutionalised:

- Sapphire Award: Top 1% of population is recognised for Individual Excellence.
- Emerald Award: Best Team Excellence are recognised under 5 different categories.
- Ruby Award: Best Unit Excellence are recognised under 2 different categories.
- Diamond Award: Best Division Excellence are recognised under 4 different categories at Holding Company Group level.

OVERVIEW OF THE UAE AND THE EMIRATE OF DUBAI

The information set forth in this section is based on publically available information. The Trustee and the Obligor accept responsibility for accurately reproducing such information and, as far as the Trustee and the Obligor are aware, no facts have been omitted which would render such information inaccurate or misleading. The Trustee and the Obligor accept no responsibility for the accuracy of such information, which may also be approximate or use rounded numbers.

History of the UAE and of Dubai

The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, the seven Emirates were British protectorates until they achieved independence on 2 December 1971 and merged to form the UAE. Each Emirate has a local government headed by the ruler of the Emirate. The UAE also has a federal government which is headed by the President of the UAE. The federal budget is principally funded by the Abu Dhabi, which is considered to be the richest and largest of the seven Emirates with approximately 94 per cent. of the UAE's total oil reserves (according to the Abu Dhabi Statistics Centre).

The UAE is situated along the south-eastern tip of the Arabian Peninsula. The State of Qatar lies to the north-west, the Kingdom of Saudi Arabia to the west, south and south-east and Oman lies to the south-east and north-east of the UAE. The UAE occupies a total area of approximately 83,600 square kilometres, with 600 kilometres of its coastline along the Arabian Gulf and 100 kilometres bordering the Gulf of Oman.

Dubai

Dubai is the second largest Emirate in the UAE after Abu Dhabi, and is situated to the north-east of the UAE in the south-eastern coast of the Arabian Gulf. It covers an area of approximately 4,357 square kilometres and, except for an enclave in the Hajar Mountains at Hatta, Dubai comprises one contiguous block of territory.

In the early part of the nineteenth century the members of the Bani Yas tribe, led by H.H. Sheikh Maktoum Bin Butti, left Abu Dhabi and migrated north to establish an independent sheikhdom in the area now known as Dubai. The ruler of the Emirate is now Sheikh Mohammed bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

Before the discovery of oil, Dubai started as a pearl diving and fishing village in the first half of the eighteenth century. However, one of the most important pillars of Dubai's economic activity occurred in the nineteenth century when the Emirate, split by a 14 kilometre creek that leads into a natural harbour, established itself as a centre for the import and re-export of merchandise, along with its pearling industry.

In the early part of the twentieth century, to counter the loss of economic activity from the decline in the pearling industry following the First World War, Dubai sought to attract traders through its liberal business policies and low taxes, enabling the Emirate to establish itself as a centre for trade in gold bullion, textiles and consumer durables.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi and, in 1966, oil was first discovered by the Dubai Petroleum Company at Fateh, which lies 92 kilometres off the coast of Dubai. Over the years, oil revenues have been used to create and develop the economic and social infrastructure of the Emirate. In addition, as a regional trading hub, Dubai was well-placed to capitalise on the increase in Middle East business activity that came with oil exports.

Population

Population of the UAE

The population of the UAE, based on a census carried out in 2010 and according to the UAE National Bureau of Statistics (the "NBS") was approximately 8.3 million in 2010.

The populations of both the UAE has grown significantly since 1985, reflecting an influx of foreign

labour, principally from Asia, as each of the Emirates have developed. The table below illustrates this growth using official census data since 1985 for the UAE:

	<u>1985</u>	<u>1995</u>	<u>2005</u>	<u>2010</u>
Total population.....	1,379,303	2,411,041	4,106,427	8,264,070 ⁽¹⁾
Dubai population	370,788	689,420	1,321,453	1,905,476

Source: Official UAE Census Data

Notes:

⁽¹⁾ NBS estimate.

Population of Dubai

The table below sets out the estimated population of Dubai at the end of each of the years indicated:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total population, Dubai	1,905,476	2,003,170	2,105,875	2,213,845	2,327,350

Source: Dubai Statistics Centre

The Dubai Statistics Centre has estimated the population of Dubai to be approximately 2.3 million at the end of 2014. The number of 'active individuals' present during the day in Dubai are estimated at considerably more (approximately 3.4 million at year-end 2014), many of whom work within Dubai yet reside outside of it.

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. As at 31 December 2014, approximately 69.3 per cent. of the population was estimated to be male and 30.7 per cent. female, reflecting the large male expatriate workforce unaccompanied by family members.

According to the Dubai Statistics Centre, as at 31 December 2014, it was estimated that approximately 19.0 per cent. of the population of Dubai was 19 years of age or under, 24.2 per cent. of the population was between 20 and 29 years of age, 30.8 per cent. of the population was between 30 and 39 years of age, 17.3 per cent. of the population was between 40 and 49 years of age and 8.7 per cent. of the population was 50 years of age or older.

Education and training are an important strategic focus for Dubai and the literacy rate in Dubai for persons at or above the age of 10 was estimated at 96.8 per cent. in 2014.

Governance, Legislation and Judiciary

The UAE

UAE Constitution

The original constitution of the UAE (the "**Constitution**") established the legal framework for the UAE. The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of each of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government. The Constitution was initially provisional but was made permanent pursuant to a constitutional amendment in May 1996.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft; banking; the delimitation of territorial waters; the extradition of criminals and a number of other matters. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Defence, Economy, Finance, Foreign Affairs and Justice. Although most of the federal government ministries are based in Abu Dhabi, many also maintain offices in Dubai. The UAE's monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The local governments of each of the seven Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Dubai has elected to assume responsibility for its own education, judicial and public health systems. The natural resources and wealth in each Emirate are considered to be the public property of that Emirate.

Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

The following are the key entities in the structure of the federal government of the UAE.

Federal Supreme Council

The UAE is governed by the Supreme Council of the Rulers which consists of the rulers of each of the seven Emirates (the "**Supreme Council**") and is the highest federal governing body. The Supreme Council elects from its own membership the President and the Vice President (for renewable five year terms).

In 1971, the Ruler of Abu Dhabi, H.H. Sheikh Zayed bin Sultan Al Nahyan, was elected as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. H.H. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son H.H. Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council.

The Ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, was also elected as the first Vice-President of the UAE in 1971 and continued as Vice-President until his death in 1990. H.H. Sheikh Mohammed bin Rashid Al Maktoum became the Ruler of Dubai in January 2006 upon the death of his elder brother H.H. Sheikh Maktoum bin Rashid Al Maktoum who had ruled Dubai since 1990. He was also nominated by the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, to be the next Prime Minister and Vice-President of the UAE in January 2006. The members of the Supreme Council accepted the President's nomination shortly thereafter.

Decisions relating to substantive matters are decided by a majority vote of five Emirates, **provided that** the votes of both Abu Dhabi and Dubai are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

Federal Council of Ministers

The Federal Council of Ministers (the "**Cabinet**") is the principal executive body of the federation and is described in the Constitution as the executive authority for the federation. The Constitution defines the responsibilities of the Cabinet, which include implementing policy decisions of the Supreme Council, issuing regulations, preparing draft laws and drawing up the annual federal budget.

The Cabinet is based in Abu Dhabi, is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Federal National Council (the "**FNC**") is a parliamentary body which comprises 40 members who are UAE nationals. Half of the members are appointed by their respective rulers and the other half is elected under an electoral process. Each Emirate appoints members for a particular number of seats based on such Emirate's population and size. The Emirates of Abu Dhabi and Dubai have eight members each, the Emirates of Ras Al Khaimah and Sharjah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members' legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal FNC is to discuss the annual budget of the UAE. Although the FNC can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

During 2006, reforms were made with a view to enhancing public participation in the electoral process. Under these reforms, the Ruler of each Emirate selects an electoral college whose members are at least 100 times the number of FNC members for the relevant Emirate. The members of each electoral college then elects half of the FNC members for their emirate, with the remainder being appointed by the ruler of Dubai.

In May 2011, the National Election Commission issued new electoral guidelines addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process.

The most recent FNC elections were held on 24 September 2015, where 329 candidates stood for election to the 20 elected positions on the Federal National Council, with a voter turnout across the UAE of 69,157, an increase of 35.29 per cent. on the last elect held in September 2011.

Legal and Court System

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven Emirates); (ii) local laws and decrees (i.e. laws and regulations enacted by an individual Emirate); and (iii) the *Shari'a* (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of Dubai or local government of each Emirate can apply his or its own rules, regulations and practices.

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

In accordance with the Constitution, three of the seven Emirates (the Emirates of Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective Emirates. The judicial system in Dubai is comprised of: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation.

Dubai

The laws of Dubai are passed by Decree of the Ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice-President and Prime Minister of UAE. The Crown Prince of Dubai is Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum.

The key entities in the structure of the Government are: (i) the Ruler's Court; (ii) the Supreme Fiscal Committee (the "**SFC**"); and (iii) the Executive Council (the "**Executive Council**"). The Dubai Department of Economic Development (the "**DED**") and the Dubai Department of Finance (the "**DOF**") are administrative bodies. All five of these entities have distinct roles:

The Ruler's Court: Except in relation to applicable federal laws, H.H. the Ruler of Dubai is the sole legislator for the Emirate and all Dubai laws are passed by H.H. after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of H.H. the Ruler of Dubai are channelled through the Ruler's Court.

Supreme Fiscal Committee: The SFC was established in November 2007 to formulate the fiscal policies of the Government and to regulate Government borrowings. The SFC is authorised to approve borrowings by the Government and Government-owned entities on behalf of the Government. The SFC also aims to improve coordination between various Government entities, and to enable government entities to meet their respective development targets in a cost efficient manner.

Executive Council: The Executive Council seeks to ensure coordination amongst Government departments such as the courts, the police, the Health Authority, the Land Department, the Department of Civil Aviation, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Government, while considering the requirements and strategies of each particular department. In addition, the Executive Council works with the DOF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the Emirate and federal levels.

Department of Economic Development: The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate Government policy in relation to economic planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority.

Department of Finance: The DOF is the local ministry of finance and treasury for the Government. All revenues of the Government are collected within the DOF and all Government authorities are funded through the DOF. In addition, the DOF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

Strategy of Dubai

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals.

Dubai Strategic Plan 2015

In 2007, the UAE Government adopted a set of guiding principles for the various sectors that comprise the Dubai Strategic Plan 2015 (the "**DSP 2015**"). The aim of the DSP 2015 was to ensure an understanding of the Government's vision among all government entities and a common framework for the operations of these entities. The DSP 2015 focused on: (i) achieving comprehensive development and building human resources, (ii) promoting economic development and government modernisation, (iii) sustaining growth and prosperity, (iv) protecting the UAE nationals' interests, the public interest and well-being, and (v) providing an environment conducive for growth and prosperity in all sectors

Dubai Plan 2021

Following the end of the DSP 2015, the Government launched the Dubai Plan 2021 (the "**DP 2021**"). The key principles for the development of the DP 2021 were to develop a plan that would drive Dubai to be among the best cities in the world; identify and adopt best practices in national strategic planning; develop a plan that can be measured and assessed by all constituents; and adopt a development approach that engaged the various constituents and stakeholders involved in or affected by the DP 2021. The DP 2021 focuses on the economy, the society, the people, the experience, the government and the place.

International Relations

Pursuant to Articles 120 and 121 of the UAE Constitution, foreign policy and international relations are a federal matter and, accordingly, Dubai does not enter into bilateral agreements with foreign governments.

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the "**UN**").

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus, one of the central features of the UAE's foreign policy has been the development of closer ties with its neighbors in the Arabian Gulf region. The GCC, which comprises the UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, was founded at a summit conference held in Abu Dhabi in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to rebuilding a sense of common purpose among both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the League of Arab States. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States of America and the European Union as well as with developing nations in Africa and many of the countries of the former Soviet Union. In 2010, the UAE entered into a nuclear cooperation agreement with the United States of America that provides the foundation for the UAE's civilian nuclear energy programme and provides a legal framework for commerce in civilian nuclear energy between the two countries.

Since its establishment, the UAE has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. The philosophy behind the aid policy is two-fold: first, the provision of help for the needy is a duty incumbent on all Muslims and, second, the country's policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries which have fewer natural resources.

The UAE is an active participant in a number of multi-lateral developmental institutions, including the International Bank for Reconstruction and Development (the "**World Bank**"), the IMF, the International Development Agency and regional bodies like the OPEC Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi-based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various international organisations including, among others, the GCC, the UN, the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, OPEC, the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Co-operation.

The UAE has an ongoing dispute with Iran and is in continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that these islands should be returned to Sharjah, which claims sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of Saudi Arabia and Qatar over a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar's own maritime waters, but which crosses part of the route of the gas pipeline between Qatar and the UAE.

Economy

Economy of the UAE

According to data published by the IMF in April 2015, the UAE is the second largest economy in the GCC after the Kingdom of Saudi Arabia based on nominal GDP. It has a more diversified economy than most of the other countries in the GCC. According to OPEC data, as at 31 December 2015, the UAE had approximately 8.1 per cent. of the world's proven global crude oil reserves (giving it the sixth largest oil reserves in the world), generating, according to data produced by the NBS, 31.4 per cent. and 31.6 per cent. of the UAE's GDP in real terms in 2014 and 2013 respectively.

However, 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, particularly trading, finance, real estate, transport and tourism.

The NBS has estimated on a preliminary basis that real GDP in the UAE for 2014 was AED 1,154.9 billion and in 2013 was AED 1,104.4 billion, representing a real GDP growth rate of 4.6 per cent. and 4.3 per cent. respectively, reflecting the general economic recovery in the wake of the global economic crisis.

The table below shows the UAE's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	2011	2012	2013	2014
UAE Nominal GDP (AED millions)	1280.0	1371.4	1422.0	1467.0
UAE Nominal GDP growth rates (%).....	21.8	7.1	3.7	3.2
UAE Real GDP (AED millions).....	990.4	1058.6	1104.4	1154.9
UAE Real GDP growth rates (%)	5.2	6.9	4.3	4.6

Sources: UAE National Bureau of Statistics and Ministry of Finance, preliminary estimates.

On 4 March 2016, Moody's Singapore placed the United Arab Emirates' Aa2 government bond and issuer ratings on review for downgrade. Although Moody's Singapore is not established in the European Union and has not applied for registration under the CRA Regulation, its rating has been endorsed by Moody's Investor Service Ltd, which is established in the European Union. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by Abu Dhabi. The UAE is not rated by the other rating agencies.

The MSCI Emerging Markets Index has also recently upgraded the UAE to an "emerging market" economy (compared to the previous classification of "frontier market") with nine UAE companies being added to the benchmark index.

Economy of Dubai

The table below shows Dubai's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	2008	2010	2012	2014
Dubai Nominal GDP (AED millions)	342,900	303,595 ⁽¹⁾	330,300	393,200
Dubai Nominal GDP growth rates (%)	10.6	3.2	—	—
Dubai Real GDP (AED millions).....	293,752	295,256 ⁽¹⁾	311,453	337,907
Dubai Real GDP growth rates (%).....	3.2	3.5	4.1	3.8

Sources: Dubai Statistics Centre, NBS

Notes:

⁽¹⁾ Does not include non-profit organisations sector.

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 3.5 per cent. in 2014 and 4.6 per cent. in 2013 after the effects of the global economic recession led to a decline in real GDP in 2009. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil related, Dubai's reliance on oil has decreased, with the mining, quarrying and oil and gas sector accounting for 2.2 per cent. of GDP in 2014.

In 2014, the real GDP of Dubai equalled approximately 30 per cent. of the real GDP of the UAE.

Reflecting Dubai's strategic geographic location, rising levels of international trade and the Government of Dubai's long-standing strategy of positioning Dubai as a trading centre, the wholesale and retail trade and repairing services sector (which includes automotive repair, as well as personal and household goods repair) is the principal contributor to GDP, accounting for 29.1 per cent. of Dubai's GDP in 2014 at constant prices reflecting growth of 2.7 per cent. in 2014 in real terms. Other significant growth sectors for Dubai in 2014 were manufacturing, transport, storage and communications and electricity and water. The manufacturing sector grew by 4.0 per cent. in 2014 in real terms. The transport, storage and communications sector grew by 8.6 per cent. in real terms in 2014 in real terms as a result of improved foreign trade and port related activities, in addition to increased demand for shipping and related services. The electricity and water sector grew by 4.9 per cent. in real terms in 2014 as a result of increased generation and consumption of electricity and water. The restaurants and hotels sector grew by 5.2 per cent. in real terms in 2014 as a result of increased tourism and higher revenues in the hotel sector. The construction sector grew 1.9 per cent. in real terms in 2014 as the residential real estate market continued to recover and new projects broke ground.

In addition, each of these sectors has benefitted from the Government of Dubai's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government of Dubai and the establishment of a range

of specialised free zones designed to attract new companies and investment. Other supply side factors supporting Dubai's longer-term economic growth have included the availability of labour and land for real estate development, significant levels of liquidity prior to late 2008 and increasing consumer wealth in the GCC and elsewhere, in part reflecting generally high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

The Government of Dubai continues to focus on economic diversification and in this respect is targeting the travel and tourism, financial services, professional services, transport and logistics, trade and storage and construction sectors in particular as areas for future growth.

Foreign Direct Investment and Free Zones

There are many incentives for foreign corporate entities to establish a business presence in one of the free zones in Dubai. Foreign corporate entities can freely operate in the free zones and free zone entities can be 100 per cent. foreign owned, unlike entities registered elsewhere in the UAE which require various degrees of local participation. Free zone entities are exempt from paying corporate tax for 15 years, renewable for an additional 15 years, and individuals are exempt from paying income tax. There are no currency restrictions levied on the capital or the profits of free zone entities and 100 per cent. of their capital and/or profit can be repatriated. The ability to import into the free zones and to export abroad without any import duties, taxes or currency restrictions being levied on the free zone entity is a strong incentive for foreign corporate entities wishing to carry on such activities from and into the Middle East region to set up in one of the free zones.

The incentives to set up in a free zone include an easily available and relatively inexpensive workforce, no restrictions on the issuance of work permits and residence visas, availability of plots of land, prebuilt warehouses and offices on an annual lease basis, affordable workers' accommodation and minimal legal and administrative procedures to commence operations.

Each free zone in Dubai is governed both by federal law as well as the laws of Dubai. In addition, each free zone is authorised to adopt and administer regulations which pertain to entities operating and licensed in that individual free zone. The Dubai Free Zones Council was established in 2011 in order to increase coordination amongst the various Dubai free zones and to assist them in unifying the rules and regulations governing free zone companies, in particular the rules related to registration and licensing. In addition, Law No. 13 of 2011, introduced by the Government of Dubai in September 2011, provides an additional incentive to establish free zone companies in Dubai by clarifying the ability of free zone companies to conduct business onshore in the Emirate. The law includes provisions which formalise a licensing regime which will enable such free zone companies to operate onshore after registering with the DED.

Dubai has a number of free zones, of which the most important are the Jebel Ali Free Zone, the Dubai Technology and Media Free Zone, the Dubai International Financial Centre and the Dubai Airport Free Zone. In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Healthcare City, Dubai Textile City, Dubai Outsource Zone, Dubai Multi Commodities Centre Authority (DMCC), Dubai Gold and Diamond Park and Dubai Silicon Oasis.

According to the DED, between 2011 and 2015 the net number of business licenses issued increased by 8.5 per cent. year on year, indicating an improvement in the business environment. According to the Department of Economic Development, between 2011 and 2015 the net number of business licenses issued increased by an average 8.5% year on year, indicating an improvement in the business environment. By the end of 2015, 149,755 licenses had been issued in Dubai. Out of this figure, wholesale and retail trade licenses accounted for 75.2% , followed by services (21%), manufacturing (2.1%) and tourism licenses (1.7%).

The Government's Support of Strategic Government Related Entities

The Government owns, or has significant investments in, strategic Government-related entities ("**GREs**") which have played a significant role in supporting and facilitating the Government's strategic development plan. Certain GREs have incurred indebtedness, including indebtedness from international financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and have also experienced liquidity issues.

Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence and protect stakeholders.

On 25 March 2010, in light of the severe financial difficulties faced by Dubai World and its subsidiaries and Nakheel PJSC ("**Nakheel**"), the Government, Dubai World and Nakheel publicly announced proposals for the restructuring of the liabilities of Dubai World and its subsidiaries and Nakheel. It confirmed that the proposals followed a comprehensive analysis of the circumstances facing each company, and were developed in the interests of all stakeholders, including customers, contractors, employees and creditors.

Expo 2020

Winning the right to host the World Expo in 2020 crowned a strong 2013 for Dubai. GDP growth in 2013 exceeded initial projections, the real estate sector continued to recover and equity markets (specifically, the DFM) rebounded 75 per cent. during the period. Hosting Expo 2020 is anticipated to provide a boost to medium term growth and help to promote one of the Government's broader economic strategies of growing its tourism and hospitality sector over the next few years.

The official impact assessment report indicates that nearly U.S.\$24 billion (AED 88 billion) could be added to Dubai's economy over 2014-2021, or almost 30 per cent. of Dubai's 2011 nominal GDP. Using official Government spending estimates, Expo 2020 is expected to add 0.5 per cent. per year to real GDP growth during the period from 2015-2017, rising to 1.0 per cent. per year over 2018-2020. Among other things, Expo 2020 is intended to help maintain Dubai's growth momentum beyond 2015 by providing a firm timetable for infrastructure delivery and a platform to market Dubai as a regional tourism, trade and business hub in the mid- to long-term.

Dubai World Restructuring

In 2015 Dubai World announced that it has reached a formal agreement with all of its creditor banks on its proposal to amend and extend the terms of its outstanding debt totalling U.S.\$14.6 billion.

The plan included early repayment of the 2015 tranche (which was repaid on 31 March 2015), the extension of 2018 maturities to 2022, enhanced economics through increased pricing, the introduction of amortisation targets, and the provision of additional collateral.

Nakheel Restructuring

On 24 August 2011, Nakheel completed a restructuring of its business and financial obligations. Pursuant to Nakheel's restructuring, the Government, acting through the Dubai Financial Support Fund, provided over U.S.\$10 billion of additional funds to Nakheel to fund operations and settle outstanding liabilities. Following the successful completion of Nakheel's restructuring, the company is now owned by the Government of Dubai.

Refinancing of U.S.\$20 Billion Debt

In 2009, the Government was granted certain facilities amounting to U.S.\$20 billion by the Abu Dhabi Department of Finance and the UAE Central Bank. In March 2014, the Abu Dhabi Department of Finance and the UAE Central Bank announced the signing of an agreement between the Government of Abu Dhabi and the Government of Dubai for the refinancing of a U.S.\$10 billion loan, and the UAE Central Bank also signed an agreement for the re-discounting of bonds with a value of U.S.\$10 billion, issued by the Government. In both cases, the renewable tenure was set for five years, with a fixed interest rate of 1 per cent. for the entire tenure.

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

According to data published by the UAE Central Bank, as at 31 December 2015 there were a total of 49 banks (23 locally incorporated banks and 26 foreign banks) licensed to operate in the UAE, to serve a national population of approximately 9.1 million people at the end of 2014 (source: the World Bank). As a result, the UAE could be viewed as an over-banked market, even by regional standards and there has traditionally been little impetus for consolidation. The UAE's membership of the 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.

According to preliminary estimates published by the Statistics Centre (Statistical Yearbook of Abu Dhabi 2015), the financial and insurance sectors in Abu Dhabi contributed approximately AED 68.6 billion to (or 7.2 per cent. of) Abu Dhabi's nominal GDP in 2014. Within the UAE as a whole, the financial sector was estimated to have contributed approximately 6.9 per cent. of real GDP in 2014 (according to preliminary estimates published by the UAE National Bureau of Statistics).

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

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate. However, the introduction by the UAE Central Bank in 2014 of the IMLF is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. See "*Recent trends in banking – Liquidity*".

Characteristics of the Banking System

Lack of Consolidation

The UAE may be seen as being over-banked with 49 different banks (comprising 23 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE as at 31 December 2015 (excluding the Dubai International Financial Centre (the "**DIFC**")) (source: UAE Central Bank), serving a population estimated to be in the region of approximately 9.1 million people at the end of 2014 (source: the World Bank). 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 2008 global financial crisis 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 then second and fourth largest banks at the time, EBI and National Bank of Dubai P.J.S.C. merged to become Emirates NBD P.J.S.C.. In October 2010, Dubai Islamic Bank P.J.S.C. took a controlling stake of 58.25 per cent in Tamweel. In 2012, the vast majority of the assets and liabilities of Dubai Bank were integrated within Emirates Islamic.

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 allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

Domestic Focus

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

With a large number of banks, competing for a limited number of wholesale lending opportunities, most banks have turned to retail banking, 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 compete in 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 (see "*Risk Factors – The UAE's economy is highly dependent upon its oil revenue*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. For example, according to preliminary estimates published by the Statistics Centre (Statistical Yearbook of Abu Dhabi 2015), the oil and gas industry contributed approximately 51.0 per cent. to nominal GDP in Abu Dhabi in 2014 as compared with a contribution of 55.0 per cent. in 2013.

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: Emirates Islamic Bank P.J.S.C., Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Noor Bank, Al Hilal Bank P.J.S.C., Ajman Bank, Sharjah Islamic Bank P.J.S.C. 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.

Legal Environment

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) *Shari'a* (Islamic) law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

Supervision of Banks

The main piece of legislation applicable to the banking system is 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 would ultimately stand as de facto defender of the currency and the "lender of last resort".

The Union Law grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the federal government on financial and monetary issues;
- maintain the federal government's reserves of gold and foreign currencies;
- act as a bank for the federal government and other banks operating in the UAE; and
- act as the federal government's financial agent with the IMF, the World Bank and other international financial organisations.

Islamic financial institutions are subject to Federal Law No. 6 of 1985 regarding Islamic Banks (the "**Islamic Banking law**"). To the extent that the Islamic Banking Law does not provide for any given circumstance, the Union law shall apply.

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 UAE 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 over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index in 2014, they continue to experience bouts of volatility.

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. The Dubai Financial Market and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which could lead to an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 80 per cent. of the workforce according to estimates published by the Statistics Centre in mid-2015. 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 the percentage of 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 International Financial Reporting Standards ("**IFRS**") (formerly International Accounting Standards (IAS)). Although this has led to a substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as "National" banks, of which there are 23 as at 31 December 2015 (source: UAE Central Bank), are required to be public shareholding companies with a minimum share capital of AED 40.0 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there are 26 as at 31 December 2015 (source: UAE Central Bank), need to demonstrate that at least AED 40.0 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 allowed UAE banks to expand significantly.

However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE from 2008 to 2011 in response to the global 2008 financial crisis but rebounded between 2012 and 2015, with the ADX's General Index declining from 2,719.9 at 31 December 2010 to 2,402.3 at 31 December 2011 before increasing to 2,630.9 at 31 December 2012, 4,290.3 at 31 December 2013 and 4,528.9 at 31 December 2014, before declining again to 4,307.4 at 31 December 2015, and the Dubai Financial Market index declining from 1,630.5 at 31 December 2010 to 1,353.4 at 31 December 2011 before increasing to 1,662.5 at 31 December 2012, 3,371.4 at 31 December 2013 and 3,774.0 at 31 December 2014, before declining again to 3,160.9 at 31 December 2015 (source: Bloomberg).

During 2008 to 2010, a number of banks were also affected by the impact of mark to market accounting rules on their international investment portfolios. Additionally, during the same period, the UAE economy was negatively impacted by the global economic downturn and, in particular, by the sharp correction in the price of oil, which 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, constrained lending and resulted in the majority of UAE banks being less profitable in this period than in previous years.

However, according to the IMF country report for the UAE in 2014, profitability of UAE banks, in terms of return on assets, has grown from around 1.3 per cent. in 2010 to around 1.7 per cent. in 2014.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 88.5 per cent. of total deposits of the UAE banking sector as at 31 December 2015. The UAE federal government and the public sector constituted approximately 23.8 per cent. of total deposits within the UAE banking sector as at 31 December 2015. Non-resident and other sources contributed approximately 11.7 per cent. as at the same date (source: UAE Central Bank Statistical Bulletin December 2015).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a 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 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

During 2008, Government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance) subscribed for, in aggregate, a sum of AED 16.0 billion in subordinated Tier I capital notes issued by the five largest Abu Dhabi banks: National Bank of Abu Dhabi P.J.S.C., Abu Dhabi Commercial Bank P.J.S.C., First Gulf Bank P.J.S.C., Union National Bank P.J.S.C. and Abu Dhabi Islamic Bank P.J.S.C.

In 2009, the Department of Finance of the Government of Dubai established a U.S.\$20.0 billion funding programme and the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of four per cent. per annum, was issued in its entirety to the UAE Central Bank. In November 2009, a second U.S.\$5.0 billion tranche was fully subscribed equally by National Bank of Abu Dhabi P.J.S.C. and Al Hilal Bank P.J.S.C.

In line with Basel III requirements, the UAE Central Bank has issued the Liquidity Notice which entered into force in the UAE on 1 July 2015 and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of Senior Management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and

complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III Liquidity Coverage Ratio and Net Stable Funding Ratio come into effect. These include the following:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – December 2017
	Uses to Stable Resources Ratio (USRR < 100%)	1 June 2013 – December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The LAR was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the ELAR. Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR (and away from assessment against the interim ELAR), with effect from 1 January 2016. Any UAE banks taking up this option were required to comply with the ELAR until 1 January 2016, after which date they are required to move to compliance with the LCR (subject to receipt of UAE Central Bank approval).

The LCR represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose.

The Uses (of funds) to Stable Resources Ratio (the "USRR") is an interim ratio designed to prepare UAE banks for the implementation of NSFR (as described below). The USRR identifies key uses of funds as well as different types of funding sources used by banks. It assigns stability factors to sources of funds and required stable funding (usage) factors to asset classes.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("ASF") factors to the sources of funds and required stable funding ("RSF") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Interim Marginal Lending Facility

On 15 April 2014, the UAE Central Bank introduced the IMLF which is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF will let lenders use certain assets as collateral to obtain one-day overnight loans from the UAE Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit

rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

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 and a draft law guaranteeing federal deposits was approved by the UAE's National Federal Council in May 2009. However, until such time as the law is passed, there is no guaranteed government support.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

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

"The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally

active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

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

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013. As at the date of this Base Prospectus, the UAE Central Bank has (as set out in its Financial Stability Report for 2014) commenced the process of updating its regulatory framework in line with Basel III principles and international best practice. However, as at the date of this Base Prospectus, there has been no official proposal for the implementation of the Non-Viability Requirement in the UAE. In the absence of new UAE legislation or such a confirmation, the terms and conditions of regulatory capital instruments may still need to provide for the Non-Viability Requirement in order to qualify as regulatory capital under Basel III.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit Controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank's Retail Circular 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 the Mortgage Regulations (which were published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013, superseding UAE Central Bank notice no. 3871/2012 dated 30 December 2012), which specifies that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 65 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published the Large Exposure Notice amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	Individual	New Limit Aggregate	Old Limit Individual	Aggregate
UAE federal government and their non-commercial entities	Exempt	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government.....	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals.....	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates	10%	25%	20%	60%
Board members.....	5%	25%	5%	25%

Provisions for Finance Facility and/or 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. on the relevant amount (net of any eligible credit protection), respectively. Any retail or consumer finance facilities and/or loans with interest or profit amounts, or principal amounts, 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 finance facilities and/or loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE are required to make general provisions for unclassified finance facilities and/or loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place finance facilities and/or 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 finance facilities and/or loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired finance facilities and/or loans carried on the balance sheets of UAE banks when compared to banks operating in other economies.

Establishing a Credit Bureau in the UAE

AECB is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations.

The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Capitalised terms not defined in this section have the meaning given to such term in the Conditions. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

The Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed is entered into on or around the date of this Base Prospectus between the Obligor, the Trustee and the Delegate, is governed by English Law and amends and restates the master trust deed entered into on 24 October 2012. A Supplemental Trust Deed between the parties to the Master Trust Deed shall be entered into on the Issue Date of each Series of Certificates and shall also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed (together, the "**Trust Deed**") shall constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, the cash proceeds of the issue of the Certificates, the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Assets from time to time (other than in relation to any representations given by Emirates Islamic to the Trustee and/or the Delegate under any documents constituting the Wakala Assets from time to time) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5.1 (*Trust Assets*).

The Master Trust Deed specifies that, in relation to a particular Series of Certificates, the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series, subject to the priority of payments set out in the Master Trust Deed, the relevant Supplemental Trust Deed, the relevant Certificates and the Conditions. The Certificateholders have no claim or recourse against the Trustee in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Master Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) enter into the Transaction Documents in the sequence as set out in the pronouncement of the EI *Shari'a* Board;
- (b) hold the Trust Assets on trust for the Certificateholders *pro rata* according to the face amount of Certificates of that Series held by each Certificateholder;
- (c) enforce the Trust Assets including, insofar as it is able, taking all reasonably necessary steps to enforce each of the Purchase Undertaking and any other relevant Transaction Document if the Obligor shall have at any time failed to perform its obligations under it;
- (d) collect and apply the proceeds of the Trust Assets in accordance with the terms of the Master Trust Deed and, if applicable, the terms of the relevant Supplemental Trust Deed;
- (e) distribute the proceeds of any enforcement of the Trust Assets, as described in the Master Trust Deed and in the Service Agency Agreement (see the section entitled "*Service Agency Agreement*" below);
- (f) maintain proper books of account in respect of the relevant Trust; and
- (g) take such other steps as are reasonably necessary to ensure that the Certificateholders of each Series receive the distributions to be made to them in accordance with the Transaction Documents.

In the Master Trust Deed, the Trustee also undertakes that, *inter alia*:

- (a) it may or shall upon being directed to do so by the Certificateholders enforce the obligations of the Obligor under the Master Trust Deed, the Purchase Undertaking and any other Transaction Document to which the Obligor is a party;
- (b) following the occurrence of a Dissolution Event in respect of any Series of Certificates and subject to Condition 15 (*Dissolution Events*), it shall (i) promptly notify the Certificateholders of the occurrence of such Dissolution Event, and (ii) take all such steps as are necessary to enforce the obligations of the Obligor under the Master Trust Deed, the Purchase Undertaking and any other Transaction Document to which the Obligor is a party;
- (c) it will, upon receipt from the Principal Paying Agent of a copy of any valid Put Notice in respect of any Series of Certificates where Condition 12.4 (*Redemption at the Option of the Certificateholders*) and/or Condition 12.5 (*Change of Control Put Option*) is specified to be applicable, exercise its rights under clause 3.1.3 or 3.1.4 (as applicable) of the Purchase Undertaking;
- (d) if, in respect of any Series of Certificates where Condition 12.4 (*Redemption at the Option of the Certificateholders*) and/or Condition 12.5 (*Change of Control Put Option*) is specified to be applicable, any Certificates are to be redeemed pursuant to that Condition it shall take all such steps as are necessary to enforce the obligations of the Obligor under the Master Trust Deed and the Purchase Undertaking; and
- (e) if and to the extent the Trustee has exercised its rights under Condition 21 (*Further Issues*) to issue an Additional Certificates in respect of a Series, on the date of issue of such Additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such Additional Certificates so issued, declaring that the relevant Additional Assets transferred to the Trustee in accordance with the terms of the Sale Agreement pursuant to the exercise of the Sale Undertaking (in respect of the issuance of the Additional Certificates) and the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Assets (in respect of the relevant Series as in existence immediately prior to the issue of such Additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such Additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

A Transaction Account will be established in respect of each Series of Certificates. Monies received into the Transaction Account in respect of each Series will, *inter alia*, comprise (i) payments from the relevant Income Collection Account immediately prior to each Periodic Distribution Date (see "*Service Agency Agreement*" below) and (ii) the relevant amount received from the Obligor under the purchase Undertaking and/or the relevant Sale Agreement (as applicable) (see "*Purchase Undertaking*" and "*Sale Undertaking*" below). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in accordance with Condition 6.2 (*The Trust - Application of Proceeds from the Trust Assets*).

Master Purchase Agreement

The Master Purchase Agreement will be entered into on or around the date of this Base Prospectus between the Trustee (in its capacity as purchaser, the "**Purchaser**") and the Obligor (in its capacity as seller, the "**Seller**") and will be governed by Dubai law. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by Dubai law.

Pursuant to the Master Purchase Agreement, the Seller may, from time to time, agree to sell, transfer and convey to the Purchaser, and the Purchaser may, from time to time, agree to purchase and accept the transfer and assignment from the Seller of all of the Seller's rights, title, interests, benefits and entitlements, in, to and under the Eligible Wakala Assets comprised in the Initial Wakala Portfolio (each an "**Initial Wakala Asset**") (such Initial Wakala Portfolio having been constituted by EI immediately prior to such transfer and assignment) in consideration for Purchase Price (which shall be the issuance proceeds of such Series as specified in the applicable Final Terms), which will be payable on the Issue Date of the relevant Series. The Initial Wakala Assets comprising the Initial Wakala Portfolio will be set

out in the schedule to the relevant Supplemental Purchase Agreement. The Value of the Initial Wakala Assets that are Tangible Assets comprised in the Wakala Portfolio shall be equal to no less than 51 per cent. of the face amount of the Certificates for the relevant Series.

The proportion of the Purchase Price payable in respect of each Initial Wakala Asset comprised in the Initial Wakala Portfolio shall be an amount equal to the Value of that Initial Wakala Asset, and the Value of the Initial Wakala Assets that are Tangible Assets comprised in the Wakala Portfolio shall be equal to no less than 51 per cent. of the face amount of the Certificates for the relevant Series.

Service Agency Agreement

The Service Agency Agreement will be entered into on or around the date of this Base Prospectus between the Trustee and the Obligor (in its capacity as Service Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, in respect of each Series the Trustee will appoint the Service Agent as its agent, and the Service Agent undertakes that it shall provide certain services, including that it shall, following execution of the relevant Supplemental Purchase Agreement in respect of that Series:

- (a) complete the Service Agency Scope on the Issue Date for the Series;
- (b) provide certain services to the Trustee in respect of the Wakala Portfolio in accordance with the Service Agency Scope and the terms of the Service Agency Agreement;
- (c) ensure:
 - (i) that on the Issue Date of the Series, the Value of the Wakala Assets that are Tangible Assets comprised in the Wakala Portfolio shall be equal to no less than 51 per cent. of the face amount of the Certificates for that Series;
 - (ii) that on the Issue Date of the Series the Value of the Wakala Assets that are Intangible Assets comprised in the Wakala Portfolio shall be equal to no more 49 per cent. of the face amount of the Certificates for that Series; and
 - (iii) that at all times after the Issue Date of the Series, the Value of the Wakala Assets that are Tangible Assets comprised in the Wakala Portfolio shall be equal to no less than 51 per cent. of the Wakala Portfolio Value for that Series (the "**Tangible Ratio Requirement**"). For the avoidance of doubt, non-compliance with this paragraph (iii) shall not constitute a Dissolution Event.
- (d) discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of any of the Wakala Assets, it being acknowledged that the Service Agent may appoint one or more agents to discharge these obligations on its behalf;
- (e) pay on behalf of the Trustee any actual costs, expenses, losses and Taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Assets;
- (f) use its reasonable endeavours to ensure the timely receipt of all Wakala Asset Revenues (free and clear of, and without withholding or deduction for, Taxes);
- (g) shall maintain the Income Collection Account, the Principal Collection Account and the Reserve Account, in each case in accordance with clause 5 (*Accounts*) of the Service Agency Agreement;
- (h) if, following payment of amounts standing to the credit of the Reserve Account as described in clause 5.7.1 of the Service Agency Agreement, a Shortfall Amount remains on any Wakala Distribution Determination Date, may provide *Shari'a*-compliant funding to the Trustee to the extent necessary to ensure that the Trustee receives on each Wakala Distribution Determination Date the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same into the Transaction Account (such funding in relation to a Series, a "**Liquidity Facility**");
- (i) shall notify the Trustee promptly if any Wakala Asset comprised in the Wakala Portfolio ceases

to be an Eligible Wakala Asset (the occurrence of such event or circumstance being an "**Impaired Wakala Asset Event**"); and

- (j) shall, together with any notice delivered in accordance with paragraph (i) above, notify the Trustee of the availability (if any), together with all necessary details, of any Eligible Wakala Assets for the purposes of substituting the Wakala Asset in respect of which an Impaired Wakala Asset Event has occurred in accordance with the terms of the Purchase Undertaking.

The Service Agent shall perform its duties under the Service Agency Agreement in accordance with all applicable laws and regulations and in accordance with guidelines as set out by the EI *Shari'a* Board.

The Obligor shall be entitled to receive a fee for acting as Service Agent which will comprise a fixed fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Service Agent under the Service Agency Agreement) and may also receive incentive payments as described below.

In relation to each of the Tangible Assets comprised in a Wakala Portfolio of a particular Series, the Service Agent shall ensure that:

- (a) such Tangible Assets are insured at all times against total loss and expropriation in an amount at least equal to the Value of that Tangible Asset (the "**Insurance Coverage Amount**") and that such insurance policies are maintained on a "*Shari'a*"-compliant takaful basis and with reputable insurers in good financial standing; and
- (b) in the event of a total loss or expropriation of any such Tangible Assets, the insurance policies relating to such Tangible Assets provide for an amount at least equal to the Insurance Coverage Amount of the relevant Tangible Asset to be paid to the Service Agent, for credit by the Service Agent to the Principal Collection Account in U.S. Dollars by no later than close of business on the date falling ninety (90) calendar days after the occurrence of such total loss or expropriation.

Without prejudice to the requirements of the following paragraph, for the avoidance of doubt, the Service Agent and the Trustee acknowledge that a failure by the Service Agent to comply with the obligations set out in paragraph (a) and (b) above shall not constitute a Dissolution Event and the sole remedy of the Trustee for any failure by the Service Agent to comply with such provisions shall be to claim against the Service Agent for any Insurance Shortfall Amount pursuant to the following paragraph.

In the event that the relevant insurance company fails to pay the Insurance Coverage Amount relating to a Tangible Asset to the Service Agent, by crediting such amount to the Principal Collection Account, within ninety (90) calendar days of a total loss or expropriation of that Tangible Asset and the Service Agent is unable to prove that it complied with all of its obligations set out in paragraph (a) and (b) above or where the Service Agent has failed to maintain or ensure the maintenance of any insurances over the Tangible Assets in breach of such obligations:

- (a) the Service Agent acknowledges that it shall have failed to comply with its obligations set out in paragraph (a) and (b) above; and
- (b) the Service Agent irrevocably and unconditionally undertakes to pay in U.S. Dollars on the ninety first (91st) day after the occurrence of the total loss or expropriation, in same day funds (free and clear of any withholding or deduction or any set off or any counterclaim), an amount equal to the difference between the insurance proceeds credited to the Principal Collection Account (if any) and the Insurance Coverage Amount, in each case, in respect of the relevant Tangible Asset, directly into the Principal Collection Account (the "**Insurance Shortfall Amount**").

The Service Agent will maintain, in relation to each Series, three book-entry ledger accounts (referred to as the "**Income Collection Account**", the "**Principal Collection Account**" and the "**Reserve Account**"), each of which shall be denominated in the Specified Currency.

All Wakala Asset Revenues relating to a Series will be recorded as follows:

- (a) if any such amounts comprise Income Revenues, in the Income Collection Account; and
- (b) if any such amounts comprise Principal Revenues, in the Principal Collection Account.

The Service Agent will be entitled to deduct amounts standing to the credit of the Income Collection Account of each Series at any time during the relevant Wakala Ownership Period and to use such amounts for its own account, **provided that** any Income Revenues so deducted are re-credited to the Income Collection Account on or prior to each relevant Wakala Distribution Determination Date for the purposes of application by the Service Agent pursuant to the paragraph below.

In relation to each Series, amounts standing to the credit of the Income Collection Account will be applied by the Service Agent on each Wakala Distribution Determination Date in the following order of priority:

- (a) *first*, in payment to the Service Agent on behalf of the Trustee of any Service Agent Liabilities Amounts for the Wakala Distribution Period ending on the immediately following Wakala Distribution Date and (if applicable) any Service Agent Liabilities Amounts for any previous Wakala Distribution Period that remain unpaid;
- (b) *second*, in repayment to the Service Agent of any amounts advanced by it to the Trustee by way of a Liquidity Facility; and
- (c) *third*, in payment into the Transaction Account an amount equal to the Required Amount payable on the Periodic Distribution Date falling one (1) Business Day after such Wakala Distribution Determination Date;
- (d) *fourth*, to the Reserve Account.

Amounts standing to the credit of the Reserve Account of each Series shall be applied by the Service Agent as follows:

- (a) if there will be a shortfall on a Wakala Distribution Determination Date (after payment into the Transaction Account of amounts standing to the credit of the Income Collection Account) between (A) the amount standing to the credit of the Transaction Account and (B) the Required Amount payable on the Periodic Distribution Date falling one (1) Business Day after such Wakala Distribution Determination Date (the difference between such amounts being a "**Shortfall Amount**"), by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Reserve Account (if any) an amount equal to the Shortfall Amount (or such lesser amount as is then standing to the credit of the Reserve Account);
- (b) the Service Agent will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the Wakala Ownership Period and use such amounts for its own account, provided that such amounts shall be immediately repaid by it if so required to fund a Shortfall Amount in accordance with paragraph (b) above; and
- (c) following payment of all amounts due and payable under the Certificates of a Series, the Service Agent shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account of that Series for its own account as an incentive payment for acting as Service Agent (in relation to each Series, an "**Incentive Payment**").

The Service Agent shall keep detailed records of all movements in the Collection Accounts and Reserve Account for each Series and, if so requested, and except to the extent it is under any duty or obligation imposed by applicable law or regulation to keep such information confidential, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts and Reserve Account as the Trustee may request.

The Service Agent will agree in the Service Agency Agreement (and except as provided herein) that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind and, if there is any deduction or withholding, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 13 (*Taxation*), the Service Agent will agree in the Service Agency Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for

same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee.

The payment obligations of the Service Agent under the Service Agency Agreement will be direct, unsubordinated and unsecured obligations of the Service Agent and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Service Agent, present and future.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on or around the date of this Base Prospectus by the Obligor as obligor in favour of the Trustee and the Delegate and will be governed by English law.

The Obligor will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate to purchase and accept the transfer and conveyance of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Wakala Portfolio on the Maturity Date, or any earlier due date for dissolution specified in the relevant Exercise Notice delivered by the Delegate to the Obligor under the Purchase Undertaking following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price by entering into a sale agreement.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Optional Redemption Date or the Change of Control Put Option Date in accordance with Condition 12.4 (*Redemption at the Option of the Certificateholders*) and/or Condition 12.5 (*Change of Control Put Option*) (as applicable), in which case the Obligor will be required to purchase and accept the transfer and conveyance on the Optional Redemption Date or Change of Control Put Option Date (as applicable) of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Optional Put Wakala Assets or Change of Control Wakala Assets at the Optional Put Exercise Price or Change of Control Exercise Price (as applicable).

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking if the Trustee has received notice, or otherwise become aware, of the occurrence of an Impaired Wakala Asset Event, in which case the Obligor shall purchase and accept the transfer and conveyance on the relevant Impaired Wakala Asset Exercise Date of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Impaired Wakala Assets against the transfer and conveyance to the Trustee of all of the Obligor's interests, rights, title, benefits and entitlements, present and future, in, to and under certain New Assets.

The Obligor will undertake in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 13 (*Taxation*), the Obligor will undertake in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee.

The payment obligations of the Obligor under the Purchase Undertaking will be direct, unsubordinated and unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future.

Sale Undertaking

The Sale Undertaking will be executed as a deed on or around the date of this Base Prospectus by the Trustee in favour of the Obligor and will be governed by English law.

Pursuant to the Sale Undertaking, in respect of each series, the Trustee will irrevocably grant to the Obligor the right:

- (a) on the conditions described in Condition 12.2 (*Early Dissolution for Taxation Reasons*), to require the Trustee to sell, transfer and convey to the Obligor on the Early Tax Dissolution Date all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Wakala Portfolio at the Exercise Price, by executing a sale agreement;
- (b) if and to the extent that any Certificates have been purchased and are to be cancelled pursuant to Condition 12.7 (*Purchase and Cancellation*), to require the Trustee to purchase the Cancelled Certificates from the Obligor in consideration for: (i) the sale and transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Cancellation Wakala Assets to the Obligor; and (ii) the deduction by the Service Agent from the Principal Collection Account of an amount equal to the Cancellation Amount;
- (c) **provided that** Optional Dissolution (Call) Option is specified as applicable in the applicable Final Terms, the Obligor may require the Trustee at any time prior to the relevant Optional Dissolution Date, to sell, transfer and convey to EI on the Optional Dissolution Date specified in the Exercise Notice all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Optional Call Wakala Assets at the Optional Call Exercise Price;
- (d) if and to the extent the Trustee has exercised its rights under Condition 21 (*Further Issues*) to issue an Additional Certificates in respect of a Series, to require the Trustee to accept the transfer of all of the Obligor's interests, rights, benefits and entitlements in to, and under certain additional Eligible Wakala Assets (the "**Additional Assets**") at the Additional Assets Exercise Price, by executing a sale agreement, **provided that**:
 - (i) the Value of the Additional Assets is no less than the face amount of the relevant Additional Certificates; and
 - (ii) no less than 51 per cent. of the Additional Assets comprise of Tangible Assets.

The aggregate of: (i) the Additional Assets so transferred to the Trustee in accordance with the terms of the Sale Agreement pursuant to the exercise of the Sale Undertaking; and (ii) the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Assets, will constitute the Wakala Portfolio for the relevant Series for the purposes of the Service Agency Agreement.

- (e) to require to sell, transfer and convey on any Substitution Date all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Substituted Assets in exchange for the transfer and conveyance by EI to the Trustee of all of its interests, rights, title, benefits and entitlements, present and future, in, to and under the New Assets, **provided that, inter alia**, (i) the Value of the New Assets is equal to or greater than the Value of the Substituted Assets (as certified by the Obligor in the relevant Substitution Notice); (ii) the New Assets are Eligible Wakala Assets; (iii) the Tangibility Ratio shall be satisfied immediately following such sale, transfer and conveyance; and (iv) the Substituted Assets shall be either: (x) applied by the Obligor to form part of a wakala portfolio for another issuance under the Programme; or (y) sold by the Obligor to a separate legal entity. The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the substitution notice to be delivered by the Obligor, by the Trustee and the Obligor entering into a sale agreement (the "**Substitution Date**").

The New Assets and any Wakala Assets not replaced on the Substitution Date will constitute the Wakala Portfolio for the relevant Series for the purposes of the Service Agency Agreement.

Upon exercise of the rights granted to the Obligor under the Sale Undertaking and outlined in paragraphs (a) and (c) above, the Obligor will agree in the relevant Exercise Notice that it will make payment of the Exercise Price or Optional Call Exercise Price (as applicable) in full made without any deduction or withholding for or on account of present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off (except for an amount which represents Service Agent Liabilities Amounts and the Outstanding Liquidity Amount component of the Exercise Price or Optional Call

Exercise Price (as applicable) which shall be set off against the Service Agent Liabilities Amounts and Outstanding Liquidity Amounts payable to the Service Agent under the Service Agency Agreement) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made.

Defined Terms

"Cancellation Amount" means an amount equal to the product of (i) the amount standing to the credit of the Principal Collection Account, and (ii) the Cancellation Proportion, as determined on the relevant Cancellation Date immediately prior to the redemption and cancellation of the relevant Cancelled Certificates and specified in the relevant Cancellation Notice.

"Cancellation Date" means, in respect of an exercise of the right granted under clause 2.1.2 of the Sale Undertaking the date specified as such in the relevant Cancellation Notice.

"Cancellation Notice" means a notice substantially in the form set out in Schedule 2 (*Form of Cancellation Notice*) of the Sale Undertaking.

"Cancellation Proportion" means such proportion as is determined by dividing (i) the aggregate face amount of the Cancelled Certificates by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series.

"Cancellation Wakala Assets" means, in respect of an exercise of the right granted under clause 2.1.2 of the Sale Undertaking, the Wakala Assets specified as such in the relevant Cancellation Notice, where the Value of such Wakala Assets represents a proportion of the aggregate Value of the Wakala Portfolio not exceeding the Cancellation Proportion, each as determined on the relevant exercise date.

"Cancelled Certificates" means, in respect of an exercise of the right granted under clause 2.1.2 of the Sale Undertaking, the Certificates which are the subject of the relevant Cancellation Notice.

"Commodities Substitution Arrangement" means the application of Principal Revenues pursuant to clause 4.1.5 of the Service Agency Agreement to acquire *Shari'a* compliant commodities on a spot basis and in accordance with the *Shari'a* guidelines of the EI *Shari'a* Board, provided that the Service Agent shall be obliged to ensure that: (x) on the same date of purchase of such commodities, Eligible Wakala Assets which are Intangible Assets shall be transferred to the Trustee (acting through the Service Agent) in consideration for such commodities; and (y) the Value of such Intangible Assets is at least equal to the amount paid to acquire such commodities.

"Change of Control Exercise Price" means, in relation to each Series, **the aggregate of:**

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Change of Control (Put) Option for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series as at the Change of Control Dissolution Date; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount equal to any unpaid Service Agent Liabilities Amounts which remain outstanding as at the Change of Control Dissolution Date;
- (e) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Certificates in connection with a Change of Control (Put) Option (if any);

less:

- (f) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the

Service Agency Agreement and which shall be available on the applicable Change of Control Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Change of Control (Put) Option.

"Change of Control Proportion" means such proportion as is determined by dividing (i) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Change of Control (Put) Option by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series.

"Change of Control Wakala Assets" means, in respect of an exercise of the right granted under clause 2.1.4 of the Purchase Undertaking, the Wakala Assets specified as such in the relevant Exercise Notice, where the Value of such Wakala Assets represents a proportion of the aggregate Value of all of the Wakala Assets comprised in the Wakala Portfolio not exceeding the Change of Control Proportion, each as determined on the relevant exercise date.

"Eligibility Criteria" means, in respect of any Wakala Asset, the relevant Wakala Asset is an asset:

- (a) which is in compliance with the principles of *Shari'a* as determined by the EI *Shari'a* Board;
- (b) in respect of which the lessee under the related Ijara Contract, or other obligor in the case of any other Wakala Asset, is not in breach of its payment obligations in respect of that Ijara Contract or other Wakala Asset, respectively;
- (c) at the time of transfer of the Wakala Asset to form part of the Wakala Portfolio, has been originated or is held or owned by EI in a manner consistent with its usual credit and origination and/or investment policies;
- (d) which constitutes legal, valid, binding and enforceable obligations of the obligor thereof in the jurisdiction in which such obligor is located and, in the case of an Ijara Asset, in the jurisdiction in which the related asset in respect of such Ijara Asset is located;
- (e) at the time of transfer of the Wakala Asset to the Trustee to form part of the Wakala Portfolio, in respect of which EI is entitled to receive all payments due;
- (f) in respect of which there has not occurred an event of default, any acceleration or analogous event; and
- (g) at the time of transfer of the Wakala Asset to form part of the Wakala Portfolio, in respect of which EI's rights, title, ownership interests, benefits and entitlements therein are capable of being sold, transferred and assigned by EI to the Trustee in accordance with all applicable laws, its own terms and the terms set out in the relevant purchase agreement.

"Eligible Wakala Asset" means Tangible Assets and Intangible Assets which comply with the Eligibility Criteria.

"Exercise Price" means, in relation to each Series, **the aggregate of:**

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) without duplication or double counting, an amount equal to any unpaid Service Agent Liabilities Amounts which remain outstanding as at the Dissolution Event Redemption Date or the Maturity Date (as the case may be));
- (e) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Series (if any);

less:

- (f) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the

Service Agency Agreement and which shall be available on the applicable Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates.

"Impaired Wakala Asset" means the Wakala Assets in respect of which an Impaired Wakala Asset Event has occurred and specified as such in an Impaired Wakala Asset Exercise Notice.

"Impaired Wakala Asset Exercise Date" means the date specified as such in an Impaired Wakala Asset Exercise Notice.

"Impaired Wakala Asset Exercise Notice" means a notice substantially in the form set out in Schedule 2 (*Form of Impaired Wakala Asset Exercise Notice*) of the Purchase Undertaking.

"Ijara Asset" means an asset in relation to which EI or any person on its behalf has entered into an Ijara Contract (and includes that Ijara Contract and all rights of the lessor under such Ijara Contract); provided, however, that in the case of a forward lease contract, such asset has been delivered on the date on which it forms part of the relevant Wakala Portfolio.

"Ijara Contract" means:

- (a) an *ijara* contract entered into by EI or any person on its behalf (as lessor) and another person (as lessee) pursuant to which the lessor leases an asset (which may be a real estate asset or a non-real estate asset) to the lessee, and in respect of which payments are due from the lessee to the lessor, including any other agreements or documents associated with that *ijara* contract; and
- (b) any arrangement similar in economic effect to that described in paragraph (a) above including, for the avoidance of doubt, a forward lease contract based on *ijara mawsufa bithimma* where the relevant asset (which may be a real estate asset or a non-real estate asset) has been delivered to, or to the order of, the relevant lessee under that contract.

"Income Revenues" means, in relation to a Series, all revenues in respect of the relevant Wakala Assets other than Principal Revenues.

"Intangible Asset" means: (i) *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, and/or short-term goods and services *ijara or istisna'a* financing, each provided by EI to its customers; (ii) *ijara mousoofah fizzaimah* (forward *ijara*) real estate and non-real estate assets where the asset has not yet been delivered; and (iii) Other Intangible Assets.

"New Assets" means Eligible Wakala Assets specified as such in a New Asset Sale Agreement, the identity of which shall be determined by the Obligor in its sole and absolute discretion subject to the terms of this Deed.

"Optional Dissolution Date" means, in respect of an exercise of the right granted under clause 2.1.3 of the Sale Undertaking, the date specified as such in the relevant Exercise Notice.

"Optional Call Exercise Price" means, in relation to each Series, **the aggregate of:**

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Dissolution (Call) Option for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series as at the Optional Dissolution Date; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount equal to any unpaid Service Agent Liabilities Amounts which remain outstanding as at the Optional Dissolution Date;
- (e) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Certificates in connection with a Optional Dissolution (Call) Option (if any);

less:

- (f) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Service Agency Agreement and which shall be available on the applicable Optional Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Optional Dissolution (Call) Option.

"Optional Call Proportion" means such proportion as is determined by dividing (i) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Dissolution (Call) Option by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series.

"Optional Call Certificates" means, in respect of an exercise of the right granted under clause 2.1.3 of the Sale Undertaking, the Certificates which are the subject of the relevant Exercise Notice.

"Optional Call Wakala Assets" means, in respect of an exercise of the right granted under clause 2.1.3 of the Sale Undertaking, the Wakala Assets specified as such in the relevant Exercise Notice, where the Value of such Wakala Assets represents a proportion of the aggregate Value of all of the Wakala Assets comprised in the Wakala Portfolio not exceeding the Optional Call Proportion, each as determined on the relevant exercise date.

"Optional Put Exercise Price" means, in relation to each Series, **the aggregate of:**

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Redemption (Investor Put) Option for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series as at the Optional Redemption Date; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount equal to any unpaid Service Agent Liabilities Amounts which remain outstanding as at the Optional Redemption Date;
- (e) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Certificates in connection with a Optional Redemption (Investor Put) Option (if any);

less:

- (f) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Service Agency Agreement and which shall be available on the applicable Optional Redemption Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Optional Redemption (Investor Put) Option.

"Optional Put Proportion" means such proportion as is determined by dividing (i) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Redemption (Investor Put) Option by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series.

"Optional Put Wakala Assets" means, in respect of an exercise of the right granted under clause 2.1.3 of the Purchase Undertaking, the Wakala Assets specified as such in the relevant Exercise Notice, where the Value of such Wakala Assets represents a proportion of the aggregate Value of all of the Wakala Assets comprised in the Wakala Portfolio not exceeding the Optional Put Proportion, each as determined on the relevant exercise date.

"Other Intangible Asset" means an asset, other than a Tangible Asset, which is an income generating asset (including, without limitation, any funds, *sukuk* or trust certificates) that is an intangible asset for *Shari'a* purposes as determined by the EI *Shari'a* Board.

"Other Tangible Asset" means any asset, other than an Ijara Asset, which is an income generating asset (including, without limitation, any asset-based funds, *sukuk* or trust certificates) that that is a tangible

asset for *Shari'a* purposes as determined by the EI *Shari'a* Board.

"Outstanding Liquidity Amount" means, in relation to each Series, the amount (if any) of funding provided under any Liquidity Facility pursuant to the terms of the Service Agency Agreement for the relevant Series and which has not been repaid in accordance with the provisions of the Service Agency Agreement.

"Principal Revenues" means, in relation to a Series, all revenues in respect of the relevant Wakala Assets which comprise amounts in the nature of sale, capital or principal payments (including, without limitation, any total loss and expropriation related insurance proceeds and any indemnity payments) and including any amounts payable by the Service Agent under clauses 4.2 and 4.3 of the Service Agency Agreement, and any amounts in respect of an Impaired Wakala Asset Exercise Price.

"Required Amount" means, in relation to each Series and each relevant Periodic Distribution Date, an amount equal to the Periodic Distribution Amount payable on the relevant Periodic Distribution Date.

"Service Agent Liabilities Amount" means, in relation to each Series and each corresponding Wakala Distribution Determination Date, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Service Agent or other payments made by the Service Agent on behalf of the Trustee, in each case in providing the Services during the Wakala Distribution Period ending on such Wakala Distribution Determination Date, but, for the avoidance of doubt, does not include any amount due to the Service Agent under this Agreement in respect of any Liquidity Facility.

"Service Agency Scope" means, in relation to a Series, the scope of services substantially in the form set out in Schedule 1 (*Service Agency Scope*).

"Shari'a Compliant Deposit" means any deposit with a *Shari'a* compliant financial institution other than EI.

"Tangible Assets" means an Ijara Asset and/or any Other Tangible Asset.

"Value" means, on any date, the amount in the U.S.\$ determined by the Service Agent on the relevant date as being equal to:

- (a) in respect of an Ijara Asset which is leased on an *ijara muntahiah bittamleek* basis, the aggregate of all outstanding fixed rentals;
- (b) in respect of an Ijara Asset which is not leased on an *ijara muntahiah bittamleek* basis, the initial agreed value or the outstanding base amounts;
- (c) in respect of Other Tangible Assets, the outstanding face amount (in respect of trust certificates or sukuk) or the outstanding principal amounts (as applicable);
- (d) in respect of Intangible Assets, the outstanding principal amount and profit amount due in connection with such Intangible Asset, save that any Intangible Assets forming part of the Initial Wakala Portfolio shall have a Value equal to its outstanding principal amount; and
- (e) in respect of any Shari'a-Compliant Deposit, the aggregate amount of cash held on deposit on the relevant date.

"Wakala Assets" means, in relation to each Series:

- (a) the Initial Wakala Assets related to that Series;
- (b) any Eligible Wakala Assets acquired by the Trustee or on the Trustee's behalf in accordance with the terms of the Sale Undertaking, the Purchase Undertaking, or the Service Agency Agreement (including through Commodities Substitution Arrangements) from time to time; and
- (c) the Shari'a-Compliant Deposits from time to time,

but excluding any Wakala Asset that has been substituted, sold or transferred and conveyed to EI in accordance with the terms of the Purchase Undertaking, the Sale Undertaking or the Service Agency Agreement.

"Wakala Asset Revenues" means, in relation to a Series, all Income Revenues and all Principal Revenues relevant to that Series.

"Wakala Distribution Date" means, in relation to a Series, each Periodic Distribution Date.

"Wakala Distribution Determination Date" means, in relation to a Series, the Business Day immediately preceding each Wakala Distribution Date.

"Wakala Distribution Period" means, in relation to a Series, the period beginning on (and including) the Issue Date and ending on (but excluding) the First Wakala Distribution Date and each successive period beginning on (and including) a Wakala Distribution Date and ending on (but excluding) the next succeeding Wakala Distribution Date.

"Wakala Ownership Period" means, in relation to each Series, the period commencing on the relevant Issue Date and ending on the date on which all of the Certificates of that Series are redeemed in full.

"Wakala Portfolio" means, in relation to each Series, the Wakala Assets held at the relevant time by the Trustee.

"Wakala Portfolio Value" means, in relation to each Series, the value of the Wakala Portfolio of that Series being the sum of (A) the aggregate of the Value of each Wakala Asset comprised in the relevant Wakala Portfolio at the relevant time; and (B) any Principal Revenues held by the Service Agent at the relevant time in respect of that Series.

TAXATION

The following is a general description of certain Cayman Islands, United Arab Emirates and EU tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective purchasers of Certificates should consult their tax advisers as to the consequences under the tax laws of the countries of their respective citizenship, residence or domicile of acquiring, holding and disposing of Certificates and receiving payments under the Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Dubai and the United Arab Emirates

*The following is a general summary of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("**Dubai Law**") and does not constitute legal or tax advice. Prospective investors in the Certificates are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase ownership or disposition of the Certificates or any interest therein.*

Under existing Dubai Law, although an income tax decree has been enacted in Dubai, which provides for tax to be imposed on the taxable income of all bodies corporate which carry on a trade or business, the regime is not currently enforced. In practice, only companies engaged in the production of oil or gas, some service industries and branches of foreign banks have been required to pay tax. There are currently no withholding taxes required to be levied under Dubai Law in respect of payments on debt securities (including Periodic Distribution Amounts or any Dissolution Amounts in relation to the Certificates). In the event of the imposition of any withholding, the Trustee has undertaken to gross-up any payments subject as described in Condition 13 (*Taxation*).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to revise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

Cayman Islands

The following discussion of certain Cayman Islands income tax consequences of an investment in the Certificates is of a general nature. The discussion is based in the laws presently in force in the Cayman Islands and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Cayman Islands has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom (the "**US IGA**" and the "**UK IGA**", respectively). The Cayman Islands has also signed, along with over 60 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**" and together with the US IGA and the UK IGA, "**AEOI**").

Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and the UK IGA, and on 16 October 2015 to give effect to the CRS (collectively, the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the US and UK IGAs and has the power to issue guidance in relation to the CRS.

All Cayman Islands "**Financial Institutions**" will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, except to the extent that they can rely on an exemption that allows them to become a "**Non-Reporting Financial Institution**" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes. The Trustee does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of the AEOI Regulations.

The AEOI Regulations require the Trustee to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "**Reporting Financial Institution**"; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered "**Reportable Accounts**", and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Trustee, see also "Compliance with U.S. Withholding Requirements" above.

By investing in the Trustee and/or continuing to invest in the Trustee, investors shall be deemed to acknowledge that further information may need to be provided to the Trustee, the Trustee's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Trustee reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary' market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as "**FATCA**", a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Obligor is a foreign financial institution for these purposes. A number of jurisdictions (including the U.A.E. and the Cayman Islands) have entered into, or have agreed in substance to, IGAs with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply

prior to 1 January 2019 and Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 16 May 2016 (the "**Programme Agreement**"), agreed with the Trustee and the Obligor a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Certificates*". In the Programme Agreement, each of the Trustee and the Obligor has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme.

1. **United States**

The Certificates 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.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Series, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Series of Certificates to or through more than one Dealer, by each of such Dealers as to the Certificates of such Series purchased by or through it, in which case the Principal Paying Agent, the Trustee or the Obligor shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Certificates comprising any Series, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

2. **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Obligor 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 Certificates referred to above shall require the Trustee, the Obligor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Certificates to the public**" in relation to any Certificates 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 Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" for the purposes of this paragraph means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

3. **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

4. **UAE (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates 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.

5. **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 Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 10 or Article 11 of the "Offers 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**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates 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 represents and agrees, and each further Dealer appointed under the Programme will be required to represent and

agree, that any offer of Certificates to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Certificates, including as follows:

- (a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement may not offer or sell Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:
 - (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
 - (ii) the Certificates are offered or sold to a sophisticated investor; or
 - (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes.
- (b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals one million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his entire holding of the Certificates to one transferee; and

the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of Certificates.

6. **Kingdom of Bahrain**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

7. **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

8. **Malaysia**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "CMSA"); and
- (b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

9. **Hong Kong**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"), other than: (i) to "**professional investors**" within the meaning of the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the Certificates, 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 Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined within the meaning of the SFO and any rules made under the SFO.

10. **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or

purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

11. **State of Qatar**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Base Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

12. **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer or invitation, whether directly or indirectly, to subscribe for the Certificates has been or will be made to the public in the Cayman Islands.

13. **People's Republic of China**

Each Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Certificates in, the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (PRC) as part

of the initial distribution of the Certificates.

14. **General**

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Obligor, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Trustee, the Obligor, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series, the relevant Dealer will be required to comply with any additional restrictions agreed between the Trustee and the relevant Dealer and set out in the Subscription Agreement or Dealer Accession Letter, as relevant.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by a resolution of the board of directors of the Trustee dated 6 June 2007. The update of the Programme and issue of Certificates thereunder was authorised by a resolution of the board of directors of the Trustee passed on 13 May 2016. The Trustee has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates.

The Obligor's entry into the Transaction Documents to which it is a party was authorised by a resolution of Board on 18 April 2016.

Listing of Certificates

It is expected that each Series of Certificates which is to be admitted to the Official List and to trading on the Irish Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Series. Application has been made to the Irish Stock Exchange for Certificates issued under the Programme to be admitted to the Official List and to the Irish Stock Exchange for such Certificates to be admitted to trading on the Irish Stock Exchange's regulated market. The approval of the Programme in respect of Certificates is expected to be granted on the date hereof.

An application has also been made to the DFSA for Certificates issued under the Programme to be admitted to the DFSA Official List of securities. An application has been made for any Series to be admitted to trading on NASDAQ Dubai.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection during normal business hours from the registered office of the Trustee and from the specified office of the Paying Agent for the time being in London:

- (a) the Amended and Restated Memorandum and Articles of Association of the Trustee;
- (b) the Amended and Restated Memorandum and Articles of Association of the Obligor;
- (c) the consolidated audited financial statements of the Obligor in respect of the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013. The Obligor currently prepares audited consolidated accounts on an annual basis;
- (d) most recently published consolidated unaudited interim financial statements (if any) of the Obligor. The Obligor currently prepares unaudited consolidated interim accounts on a quarterly basis;
- (e) pronouncement of the EI *Shari'a* Board;
- (f) the Master Trust Deed, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking (which contains the form of Sale Agreement), and the forms of the Global Certificate and the Certificates in definitive form;
- (g) any Supplemental Trust Deed in relation to Certificates which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;
- (h) a copy of this Base Prospectus; and
- (i) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder

must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Supplemental Trust Deed.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial or trading position of the Obligor and its subsidiaries since 31 March 2016 nor has there has been any material adverse change in the financial position or prospects of the Obligor and its subsidiaries, in each case, since 31 December 2015.

Litigation

None of the Trustee or the Obligor (or its subsidiaries) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or the Obligor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Trustee or the Obligor (or its subsidiaries).

Independent Auditors

The Trustee has not prepared any audited financial statements to date, is not required by Cayman Islands law to do so and does not intend to publish audited financial statements.

The independent auditors of the Obligor are Ernst & Young Middle East (Dubai Br.), Chartered Accountants, of P.O. Box 9267 Al Saqr Business Tower, 28th floor, Sheikh Zayed Road, Dubai, United Arab Emirates, which has audited the Obligor's consolidated financial statements, in accordance with International Standards on Auditing for each of the financial years ended on 31 December 2015, 31 December 2014 and 31 December 2013.

Ernst & Young Middle East (Dubai Br.) is regulated in the UAE by the UAE Ministry of Economy which has issued Ernst & Young Middle East (Dubai Br.) with a licence to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, Ernst and Young is not a member of a professional body in the UAE.

Dealers transacting with the Obligor

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 Obligor (and its affiliates) in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Obligor or its respective affiliates. Certain of the Dealers or their affiliates that have a lending

relationship with the Obligor routinely hedge their credit exposure to the Obligor consistent with its 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 Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates 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.

Irish Listing Agent

Walkers Listing & Support Services Ltd. is acting solely in its capacity as Listing Agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on the Main Securities Market.

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OBLIGOR

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Dubai
United Arab Emirates

DELEGATE

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PRINCIPAL PAYING AGENT, PAYMENT ADMINISTRATOR, AND CALCULATION AGENT

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United Kingdom

REGISTRAR AND TRANSFER AGENT

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Luxembourg

INDEPENDENT AUDITORS

To the Obligor

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Cayman Islands

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