BASE PROSPECTUS

EIB SUKUK COMPANY LTD.

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

US$1,000,000,000

Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the **Programme**), EIB Sukuk Company Ltd. (in its capacity as issuer, the **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 **Trust Certificates**) in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Trust Certificates may only be issued in registered form. The maximum aggregate face amount of all Trust Certificates from time to time outstanding under the Programme will not exceed US$1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Trust 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 Issuer, 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 Trust Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Trust Certificates.

The Trust Certificates will be limited recourse obligations of the Issuer. An investment in Trust Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

Each Series (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) a master trust deed (such master trust deed as modified and/or supplemented and/or restated from time to time, the **Master Trust Deed**) dated 7 June 2007 entered into between the Issuer, the Trustee, Emirates Islamic Bank PJSC as obligor (the **Bank**), Emirates Bank International PJSC as guarantor in respect of certain obligations of the Bank (the **Guarantor**) 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. Trust Certificates of each Series confer on the holders of the Trust 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 (the **Trust**) over a co-ownership interest in (i) *Ijara* (leased) assets, (ii) asset-based *Sukuk* (trust certificates) and/or (iii) units in asset-based funds, which in each case are *Shari'a* compliant assets originated, held or owned by the Bank and including the income generated therefrom and any agreements or documents in relation to such assets (together with any other assets in the relevant Trust, the **Trust Assets** for the relevant Series).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Trust 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 the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market.

References in this Base Prospectus to Trust Certificates being **listed** (and all related references) shall mean that such Trust Certificates have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

Notice of the aggregate face amount of Trust Certificates and any other terms and conditions not contained herein which are applicable to each Series of Trust Certificates will be set out in a final terms supplement (the **Final Terms**) which, with respect to Trust Certificates to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

The Programme provides that Trust 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 Issuer and the relevant Dealer. The Issuer may also issue unlisted Trust Certificates and/or Trust Certificates not admitted to trading on any market.

The Issuer may agree with any Dealer that Trust Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Trust 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 Trust Certificates.

Arrangers

Emirates Islamic Bank PJSC **Standard Chartered Bank**

Dealers

Barclays Capital **BNP PARIBAS**
Citi **Deutsche Bank**
Emirates Islamic Bank PJSC **Standard Chartered Bank**

The date of this Base Prospectus is 6 August 2008.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer, the Bank and the Guarantor accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Issuer, the Bank and the Guarantor (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 Trust 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 Issuer and the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Trust 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 Trust Certificates and such Certificateholder must produce evidence satisfactory to the Issuer or, as the case may be, the Principal Paying Agent as to its holding of such Trust Certificates and identity.

Information contained in "*The UAE Banking System and Prudential Regulations*" has been extracted from independent, third party sources. Each of the Issuer, the Bank and the Guarantor 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 Dealers 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 and 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 Issuer, the Bank or the Guarantor in connection with the Programme. No Dealer nor the Delegate accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer, the Bank and the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Bank and the Guarantor 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 Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Bank, the Guarantor, the Trustee, the Delegate or any of the Dealers.

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

No comment is made or advice given by the Issuer, the Bank, the Guarantor, the Trustee, the Delegate or the Dealers in respect of taxation matters relating to any Trust Certificates or the legality of the purchase of Trust 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 Trust Certificates shall in any circumstances imply that the information contained herein concerning the Issuer, the Bank or the Guarantor 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 and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer, the Bank or the Guarantor during the life of the Programme or to advise any investor in the Trust Certificates of any information coming to their attention.

The Trust 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, Trust 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 Trust 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 Trust Certificates may be restricted by law in certain jurisdictions. The Issuer, the Bank, the Guarantor, the Trustee, the Delegate and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Trust 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 Issuer, the Bank, the Guarantor, the Trustee, the Delegate or the Dealers which is intended to permit a public offering of any Trust Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Trust 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 Trust 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 Trust Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the United Arab Emirates, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Dubai International Financial Centre, Malaysia, Hong Kong 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 Bank and the Guarantor believe 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.

Certain Publicly Available Information

Certain statistical data and other information appearing in this Base Prospectus have been extracted from public sources. Neither the Bank nor the Guarantor accepts responsibility for the factual correctness of any such statistical data or information but each of the Issuer, the Bank and

the Guarantor confirms that such statistical data or information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant public sources, no facts have been omitted which would render the reproduced statistical data or information inaccurate or misleading.

All references in this document to ***US dollars***, ***US$*** and ***$*** are to the lawful currency of the United States of America, references to ***£*** and ***Sterling*** are to the lawful currency of the United Kingdom and references to ***AED*** and ***UAE Dirham*** are to the lawful currency of the United Arab Emirates. The UAE Dirham has been pegged to the US dollar since 22 November 1980. The mid point between the official buying and selling rates for the UAE Dirham is at a fixed rate of AED3.6725 = US$1.00. All references to ***euro*** and ***€*** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. In addition, all references in this document to ***UAE*** are to the United Arab Emirates.

NOTICE TO UK RESIDENTS

The Trust Certificates represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the FSMA)) which has not been authorised, recognised or otherwise approved by the Financial Services 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 the Trust Certificates (A) 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) and (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 (B) 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 the Trust Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Trust 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.

CAYMAN ISLANDS NOTICE

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Trust Certificates.

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RISK FACTORS

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

Although the Issuer, the Bank and the Guarantor 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 the Dissolution Amount in respect of the Trust 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 Trust Certificates" and "Terms and Conditions of the Trust Certificates" shall have the same meanings in this section.

Risk factors relating to the Issuer

At the date of this Base Prospectus, the Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 16 April 2007. The Issuer will not engage in any business activity other than the issuance of Trust Certificates under the Programme, the acquisition of the Trust 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 Issuer is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process outside of the Cayman Islands.

The Issuer's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Trust Certificates, including the obligation of the Bank (failing which the Guarantor, in accordance with its guarantee set out in the Master Trust Deed (the **Guarantee**)) to make payments under the Management Agreement and the Purchase Undertaking Deed to the Issuer.

The ability of the Issuer to pay amounts due on the Trust Certificates will primarily be dependent upon receipt by the Issuer from the Bank (failing which the Guarantor, in accordance with the Guarantee) of all amounts due under the Management Agreement and the Purchase Undertaking Deed (which in aggregate may not be sufficient to meet all claims under the Trust Certificates and the Transaction Documents).

Risk factors relating to the Bank

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risks, operational risks and liquidity risks. Whilst the Bank believes it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks could be greater than anticipated and which could result in adverse effects on the Bank's financial condition and reputation.

Credit risks

Credit risks arising from adverse changes in the credit quality and recoverability of loans, advances and amounts due from counterparties are inherent in a wide range of the Bank's businesses. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Bank, from a general deterioration in local or global economic conditions or from systemic risks

with the financial systems, all of which could affect the recoverability and value of the Bank's assets and require an increase in the Bank's provisions for the impairment of its assets and other credit exposures. See "*Description of Emirates Islamic Bank PJSC – Risk Management*" for a description of the Bank's exposure to credit risks.

Operational risks

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems (*e.g.,* those of the Bank's counterparties or vendors) and occurrence of natural disasters. Although the Bank has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate any of the operational risks entirely. See "*Description of Emirates Islamic Bank PJSC – Risk Management*" for a description of the Bank's exposure to operational risks.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Liquidity risks

Liquidity risks could arise from the inability of the Bank to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the Bank's ability to meet its obligations when they fall due. See "*Description of Emirates Islamic Bank PJSC – Risk Management*" for a description of the Bank's exposure to liquidity risks.

Foreign exchange movements may adversely affect the Bank's profitability

The Bank 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 Bank is exposed to the potential impact of any alteration to or abolition of this foreign exchange peg.

Majority of business in the UAE

The Bank has all its operations and the majority of its 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.

Political, economic and related considerations

The UAE has enjoyed significant economic growth and relative political stability. There can be no assurance that such growth or stability will continue. Moreover, while the UAE Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. The Bank may also be adversely affected generally by political and economic developments in or affecting the UAE.

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 a material adverse effect on the Bank's business, financial condition,

results of operations or prospects or which could adversely affect the market price and liquidity of the Trust Certificates.

The Bank's business may be affected if there are geo-political events that prevent the Bank from delivering its services. It is not possible to predict the occurrence of events or circumstances such as or similar to a war or the impact of such occurrences and no assurance can be given that the Bank would be able to sustain its current profit levels if such events or circumstances were to occur. Therefore a downturn or instability in certain sectors of the UAE or regional economy could have an adverse effect on the Bank's business, financial condition, results of operations or prospects.

These markets are subject to risks similar to other developed markets, including in some cases significant legal, economic and political risks. Traditionally the oil and gas industry has been the basis of the development in the economy, which means that economic development has been impacted by the general level of oil and gas prices.

The Bank's financial performance is affected by general economic conditions

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

Competition

There are an increasing number of Islamic banks and other institutions offering Islamic financial products and services within the UAE. To date there are eight Islamic banks and a number of financial institutions offering Islamic products and solutions. Other financial institutions may consider offering *Shari'a* compliant products.

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

Risk factors relating to the Guarantor

Principal Shareholder

The Government of Dubai indirectly holds 55.64 per cent. of the Guarantor's share capital. By virtue of such shareholding of the Government of Dubai has the ability to influence the Guarantor's business through its ability to control 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, the latter could be disadvantaged.

Impact of regulatory changes

The Guarantor is subject to the laws, regulations, administrative actions and policies of the UAE, the United Kingdom and each other jurisdiction in which it operates. These regulations may limit the Guarantor's activities and changes in supervision and regulation, in particular in the UAE, could materially affect the Guarantor's business (such as pursuant to Basel II), the products or services offered, the value of its assets, and its financial condition. Although the Guarantor works closely

with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Guarantor.

No third-party guarantees

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

Political, economic and related considerations

The UAE has enjoyed significant economic growth and relative political stability. There can be no assurance that such growth or stability will continue. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. The Guarantor may also be adversely affecting the generally by political and economic developments in or affecting the UAE.

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 a material adverse effect on the Guarantor's business, financial condition, results of operations or prospects or which could adversely affect the market price and liquidity of the Notes. The Guarantor's business may be affected if there are geo-political events that prevent the Guarantor from delivering its services. It is not possible to predict the occurrences of events or circumstances such as or similar to a war or the impact of such occurrences and no assurance can be given that the Guarantor would be able to sustain its current profit levels if such events or circumstances were to occur.

The Guarantor's results of operations are affected by economic and political conditions in the countries in which it operates and any sustained deterioration in the economies of these countries or major political upheaval could have a material adverse affect on the Guarantor's business and results of operations. Investors should also note that the Guarantor's business and financial performance could be adversely affected by political, economic and related developments both within and outside the countries in which the Guarantor operates, because of the inter-relationships within global financial markets.

Foreign exchange policy may adversely affect the Guarantor's profitability

The Guarantor maintains its accounts, and reports its results, in UAE Dirhams. The UAE Dirham has been 'pegged' at a fixed exchange rate to the US dollar since 22 November 1980. The Guarantor is exposed to the potential impact of any alternation to, or abolition to, or abolition of, this foreign exchange 'peg'.

Substitution of Guarantor

In relation to any Series of Trust Certificates issued prior to 6 August 2008 (the **Pre 6 August 2008 Trust Certificates**), the Conditions of those Trust Certificates and the Master Trust Deed do not contain any specific provisions relating to the substitution of the Issuer or the Guarantor. Accordingly, should either the Issuer or the Guarantor wish to effect a substitution for itself of another company as the issuer or guarantor, as the case may be, under any Series of the Pre 6 August 2008 Trust Certificates, it would need to request the consent of the Delegate which in turn might wish to convene a meeting of the relevant Certificateholders to consider and approve the proposal. In giving any consent to such a request, the Delegate would be required under the Conditions of the relevant Series to consider the interests of the Certificateholders and to determine that the substitution would not be materially prejudicial to those interests. In addition, in order to protect the interests of the relevant Certificateholders, the Delegate would be entitled to require the satisfaction by the Guarantor of such additional conditions as it might consider appropriate before it gives the requested approval.

In relation to any Series of Trust Certificates issued after 6 August 2008 (the **Post 6 August 2008 Trust Certificates**), Condition 18.5 provides that the Guarantor may, without the consent of the Certificateholders or the Delegate, substitute in place of itself, as the guarantor pursuant to the Master Trust Deed, any member of the Group (as defined in the Master Trust Deed) subject only to the Guarantor obtaining appropriate confirmation that the substitution will not (or would not) result in a downgrade of the then current credit ratings afforded to the Trust Certificates (the ratings test).

Accordingly, any person intending to purchase any Trust Certificates issued after 6 August 2008 should be aware that, in contrast to any Pre 6 August 2008 Trust Certificates, a substitution of the Guarantor of any Series of Post 6 August 2008 Trust Certificates may be effected without the consent of Certificateholders or the consent of the Delegate and will only be subject to the ratings test being satisfied. Such investors should also be aware that (i) any rating agency which has rated (or may be asked to rate) any Series of Post 6 August 2008 Trust Certificates as part of the ratings test will not take the interests of such investors into account when so doing, (ii) any such rating will be focussed solely on a credit analysis of the relevant Series of Trust Certificates and may not address any other particular areas of concern for such investors and (iii) any such rating may subsequently be downgraded or withdrawn within a very short time without the investor having any rights as a result.

Risk factors relating to the Trust Certificates

Absence of secondary market/limited liquidity

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

The Trust Certificates are limited recourse obligations

Recourse to the Issuer in respect of each Series of Trust Certificates is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Trust Certificates. Upon occurrence of a Dissolution Event, or early dissolution pursuant to Conditions 11.2 (*Early Dissolution for Tax Reasons*) or 11.3 (*Dissolution at the Option of the Issuer*), the sole rights of each of the Issuer, the Trustee, the Delegate and the Certificateholders of the relevant Series of Trust Certificates will be against the Bank (failing which the Guarantor, in accordance with the Guarantee) to pay the Exercise Price in respect of such Series and otherwise perform its obligations under the Transaction Documents. Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, the Bank, the Guarantor, the relevant Dealer, the Issuer 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 relevant Trust Assets. The Bank (failing which the Guarantor, in accordance with the Guarantee) is obliged to make certain payments under the Transaction Documents directly to the Issuer, and the Trustee and the Delegate will have direct recourse against the Bank (failing which the Guarantor, in accordance with the Guarantee) to recover payments due to the Issuer from the Bank pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Trust 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 Trust Assets except pursuant to the Purchase Undertaking Deed and the sole right of the Trustee, the Delegate and the Certificateholders against the Bank and the

Guarantor shall be to enforce the obligation of the Bank to pay the relevant Exercise Price under the Purchase Undertaking Deed (failing which the Guarantor, in accordance with the Guarantee) and otherwise perform its obligations under the Transaction Documents.

Risk factors relating to the Co-ownership Assets

Liability attaching to owners of assets

In order to comply with the requirements of *Shari'a*, a co-ownership interest in the Co-ownership Assets of each Series will pass to the Issuer in its capacity as trustee under the Master Purchase Agreement and the relevant Supplemental Purchase Contract. The Trustee will declare a trust in respect of its co-ownership interest in such Co-ownership Assets and the other Trust Assets of the relevant Series in favour of the Certificateholders of such Series pursuant to a Supplemental Trust Deed constituting the Series. Accordingly, Certificateholders will have beneficial co-ownership interests in the relevant Co-ownership Assets unless transfer of the Co-ownership Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Co-ownership Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Co-ownership Assets. Only limited representations will be obtained from the Bank in respect of the Co-ownership Assets of any Series. In particular, the precise terms of the Co-ownership Assets or the nature of the assets leased, sold or held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Bank to give effect to the transfer of the co-ownership interest in the relevant Co-ownership Assets). No steps will be taken to perfect any transfer of the co-ownership interest in the relevant Co-ownership Assets or otherwise give notice to any lessee or obligor in respect thereof. Obligors and lessees may have rights of set off or counterclaim against the Bank in respect of such Co-ownership Assets.

In addition, if and to the extent that a third party is able to establish a direct claim against the Issuer, the Trustee or any Certificateholders on the basis of a legal or beneficial ownership in the Co-ownership Assets, the Bank (failing which the Guarantor, in accordance with the Guarantee) has agreed in the Master Trust Deed to indemnify the Issuer, the Trustee and the Certificateholders against any such liabilities. In the event that the Bank and the Guarantor are unable to meet any such claims then the Certificateholders may suffer losses in excess of the original face amount invested.

Transfer of the Co-ownership Assets

No investigation has been or will be made as to whether any interest in any Co-ownership Assets may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the Master Purchase Agreement, together with the relevant Supplemental Purchase Contract, will have the effect of transferring a co-ownership interest in the Co-ownership Assets of the relevant Series of Trust Certificates. There are doubts whether, under UAE law, a co-ownership interest in certain assets (in particular those assets which are real estate based) can be effectively transferred. Accordingly, no assurance is given that any co-ownership interest in the relevant Co-ownership Assets has been or will be transferred to the Issuer.

Nevertheless, as indicated earlier, the Certificateholders will not have any rights of enforcement as against the Trust Assets and their rights are limited to enforcement against the Bank (failing which the Guarantor, in accordance with the Guarantee) of its obligation to purchase the Issuer's co-ownership interest in the Co-ownership Assets pursuant to the terms of the Purchase Undertaking Deed. Accordingly, any such restriction on the ability of the Bank to make a "true sale" of the co-ownership interest in the Co-ownership Assets to the Issuer is likely to be of limited consequence to the rights of the Certificateholders.

By way of further assurance, the Bank has covenanted in the Purchase Undertaking Deed that to the extent that any transfer of a co-ownership interest in any of the Co-ownership Assets is not effective in any jurisdiction for any reason, it will make restitution in respect of those Co-ownership Assets. This obligation is also guaranteed by the Guarantor pursuant to the Guarantee.

Risk factors relating to payments

Periodic Distribution Amount

It is expected that the rate of return on the Co-ownership Assets of each Series will exceed the relevant Periodic Distribution Amount due in respect of such Series. It is expected that pending each Periodic Distribution Date, the Trustee will receive profit collections in respect of the Co-ownership Assets of each Series and that such amounts will be invested in *Shari'a* compliant investments.

There is no assurance that such profit collections will be so invested nor any assurance that the rate of return of any such *Shari'a* compliant investments will be sufficient to ensure that the Trustee will have sufficient profit collections to pay Periodic Distribution Amounts in respect of any Series of Trust Certificates. Any failure to pay the Periodic Distribution Amount due on a Periodic Distribution Date could constitute a Dissolution Event in respect of the relevant Series of Trust Certificates and, if such Series is not redeemed in accordance with its terms, each other Series of Trust Certificates.

Credit risk

The Issuer will fund the redemption amount payable by it in respect of each Series of Trust Certificates with the Exercise Price paid to it by the Bank (failing which the Guarantor, in accordance with the Guarantee) under the Purchase Undertaking Deed, see "*Summary of the Principal Transaction Documents – Purchase Undertaking Deed*".

Risk factors relating to taxation

Taxation risks on payments

Payments made by the Bank or the Guarantor to the Issuer under the Transaction Documents or by the Issuer in respect of the Trust Certificates could become subject to taxation. The Management Agreement and the Purchase Undertaking Deed each require the Bank 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 Issuer under those documents and this obligation is guaranteed by the Guarantor pursuant to the Guarantee. Condition 12 (*Taxation*) provides that the Issuer is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands in certain circumstances. In the event that the Issuer fails to gross-up for any such withholding or deduction on payments due in respect of the Trust Certificates to Certificateholders, the Bank (failing which the Guarantor, in accordance with the Guarantee) 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 Issuer (for the benefit of the Certificateholders) an amount equal to the liabilities of the Issuer in respect of any and all additional amounts required to be paid in respect of the Trust Certificates pursuant to Condition 12 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of certain payments paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that

period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

Risk factors relating to enforcement

UAE bankruptcy law

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

Change of law

The structure of the issue of the Trust 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 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 Issuer to make payments under the Trust Certificates to be issued under the Programme or of the Bank or the Guarantor, as the case may be, to comply with its obligations under the Transaction Documents to which it is a party.

Enforcement risk

Ultimately the payments under the Trust Certificates are dependent upon the Bank (failing which the Guarantor, in accordance with the Guarantee) making payments in the manner contemplated under the Transaction Documents. If the Bank or the Guarantor fails to do so, it may be necessary to bring an action against the Bank and/or the Guarantor, as appropriate, to enforce its obligations which could be both time consuming and costly.

The Bank and the Guarantor have irrevocably agreed to certain documentation being governed by English law and to the courts of England having exclusive jurisdiction to settle disputes. Notwithstanding that a judgment may be obtained in an English court there is no assurance that either the Bank or the Guarantor has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. The Bank and the Guarantor are both UAE companies and are incorporated in and have their operations and the majority of their assets located in the UAE. Under current Dubai law, the courts are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Trust Certificates. In addition, judicial precedents in Dubai have no binding effect on subsequent decisions. Court decisions in Dubai are also generally not recorded. These factors create greater judicial uncertainty in Dubai.

Claims for specific enforcement

In the event that either the Bank or the Guarantor 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. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

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 either the Bank or the Guarantor to perform its obligations as set out in the Transaction Documents to which it is a party.

Additional risks

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Trust 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 Trust Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Suitability of investments

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including where the currency of payment is different from the potential investor's currency;

(d) understand thoroughly the terms of the Trust Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) 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.

Trust Certificates subject to early dissolution by the Issuer

An early dissolution feature of any Trust Certificate is likely to limit its market value. During any period when the Issuer may elect to dissolve Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any dissolution period.

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.

DOCUMENTS INCORPORATED BY REFERENCE

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

(1) the unaudited condensed consolidated interim financial statements of the Bank for the 6 months ended 30 June 2008, including:

  (i) income statement (page 2);

  (ii) balance sheet (page 3);

  (iii) statement of cashflows (page 4);

  (iv) accounting policies and explanatory notes (pages 6 - 18); and

  (v) auditors' review report (page 1); and

(2) the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2007, including:

  (i) income statement (page 2);

  (ii) balance sheet (page 3);

  (iii) statement of cashflows (page 4);

  (iv) accounting policies and explanatory notes (pages 6 - 42); and

  (v) auditors' report (page 1); and

(3) the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2006, including:

  (i) income statement (page 3);

  (ii) balance sheet (page 4);

  (iii) statement of cashflows (page 5);

  (iv) accounting policies and explanatory notes (pages 7 - 33); and

  (v) auditors' report (pages 1 - 2); and

(4) the unaudited consolidated interim financial statements of the Guarantor for the 6 months ended 30 June 2008, including:

  (i) income statement (page 3);

  (ii) balance sheet (page 2);

  (iii) statement of cashflows (page 4);

  (iv) accounting policies and explanatory notes (pages 6 - 22); and

  (v) auditors' report (page 1); and

(5) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2007, including:

  (i) income statement (page 3);

  (ii) balance sheet (page 2);

  (iii) statement of cashflows (page 4);

(iv) accounting policies and explanatory notes (pages 6 – 93); and

(v) auditors' report (page 1); and

(6) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2006, including:

(i) income statement (page 3);

(ii) balance sheet (page 2);

(iii) statement of cashflows (page 4);

(iv) accounting policies and explanatory notes (pages 6 – 63); and

(v) auditors' report (page 1).

Any information not listed in the cross-reference list above but included in the documents incorporated by reference is given for the purposes of information only.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), 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.

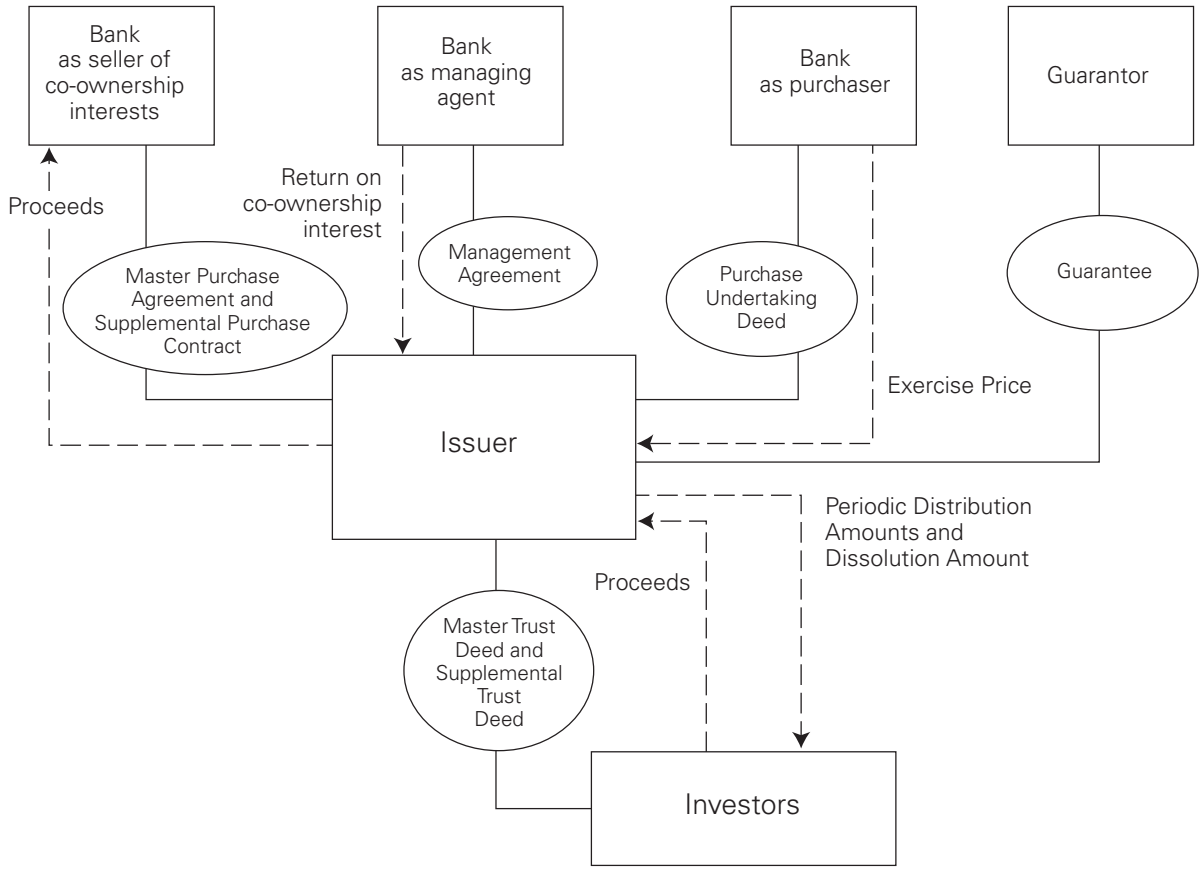
Copies of documents incorporated by reference in this Base Prospectus can be obtained, upon request, free of charge, from the registered offices of the Issuer and from the specified offices of the Principal Paying Agent in London.

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

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series of Trust Certificates issued. Potential investors are referred to the terms and conditions of the Trust Certificates and the detailed descriptions 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



Cashflows

Payments by the Certificateholders and the Issuer

On the Issue Date of each Series of Trust Certificates, the relevant Certificateholders will pay the issue price in respect thereof to the Issuer and the Issuer will pay an equivalent amount to the Bank in respect of the sale and delivery by the Bank of a co-ownership interest in the relevant Co-ownership Assets.

Periodic Payments by the Bank

On each Periodic Distribution Date, the Bank (as Managing Agent) will pay the Issuer an amount representing the Issuer's share of the return on account of profit in respect of the Co-ownership Assets in an amount which is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Issuer under the Trust Certificates.

Dissolution Payments

On the Maturity Date, the Issuer will sell its co-ownership interest in the Co-ownership Assets to the Bank and the Exercise Price paid by the Bank is intended to fund the Dissolution Amount payable by the Issuer under the Trust Certificates.

The Trust may be dissolved prior to the Maturity Date for a range of reasons including (i) default or the imposition of Taxes or (ii) in certain cases where so specified in the applicable Final Terms, at the option of the Issuer. In any such case the Dissolution Amount will be funded through the sale of the Issuer's co-ownership interest in the Co-ownership Assets to the Bank or action taken to enforce such sale.

Guarantee

The Guarantor has, in the Guarantee, guaranteed the obligations of the Bank under the Transaction Documents including, in particular, its payment obligations under the Management Agreement and the Purchase Undertaking 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 Trust 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 Trust Certificates issued under the Programme discussed under "Risk Factors".

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

The Programme provides a facility for the issuance of Trust Certificates in series (each, a **Series**). The terms and conditions governing each Series of Trust Certificates will be the "*Terms and Conditions of the Trust Certificates*" as described herein, as modified or supplemented by the applicable Final Terms. The following is an overview of the principal features of the Trust Certificates.

On the occasion of each issuance of Trust Certificates, the Issuer will receive contributions from the Certificateholders representing the proceeds of the Trust Certificates in the amount specified in the relevant Supplemental Trust Deed.

The Issuer (acting in its capacity as Trustee) has agreed to apply, on each occasion on which Trust Certificates of a Series are issued, the net proceeds of the issue of such Trust Certificates to purchase a co-ownership interest in (i) *Ijara* (leased) assets, (ii) asset-based *Sukuk* (trust certificates) and/or (iii) units in asset-based funds, which in each case are *Shari'a* compliant assets originated, held or owned by the Bank and including the income generated therefrom and any agreements or documents in relation to such assets (**Income Generating Assets** and, together with any additional Income Generating Assets as described below, the **Co-ownership Assets**) from the Bank pursuant to a master purchase agreement dated 7 June 2007 between the Issuer, the Trustee and the Bank (the **Master Purchase Agreement**). The co-ownership interests of the Issuer and the Bank in the Co-ownership Assets of each Series will be set out in the applicable Final Terms.

The initial Co-ownership Assets relating to each Series of Trust Certificates will be the subject of, and specified in, a Supplemental Purchase Contract between the Issuer, the Trustee and the Bank (each a **Supplemental Purchase Contract**).

The Bank in its capacity as managing agent (the **Managing Agent**) has agreed to manage the Co-ownership Assets relating to each Series of Trust Certificates pursuant to a management agreement dated 7 June 2007 between, *inter alios,* the Issuer, the Trustee and the Bank (the **Management Agreement**).

The Managing Agent will maintain two Collection Accounts in respect of each Series of Trust Assets. All monies received by the Managing Agent in respect of Co-ownership Assets of each Series will be credited to the appropriate Collection Account and applied by the Managing Agent in a defined order of priority. In particular, profit received in respect of the Issuer's co-ownership interest in the Co-ownership Assets of each Series of Trust Certificates will, after paying the expenses of the relevant Trust (as defined below), be paid into the relevant Transaction Account and applied to make periodic distributions in respect of the relevant Series on the relevant Periodic Distribution Date, as more particularly described in the Conditions. Principal collections received in respect of the Issuer's co-ownership interest in the Co-ownership Assets of each Series of Trust Certificates will be reinvested by the Managing Agent on behalf of the Issuer in acquiring from the Bank co-ownership interests in additional Income Generating Assets for the relevant Trust in respect of that Series of Trust Certificates. Any such additional co-ownership interests will form part of the Trust Assets of the relevant Series of Trust Certificates.

Any insurance proceeds received by the Managing Agent in respect of the Co-ownership Assets will be treated as Co-ownership Revenues and applied in accordance with the Management Agreement.

If the Managing Agent breaches its obligations under the Management Agreement, the Managing Agent shall be liable to indemnify the Issuer in accordance with the Management Agreement.

The Managing Agent shall also provide *Shari'a* compliant funding (without recourse to the Co-ownership Assets) to ensure that, among other matters, the Issuer's entitlement to the Co-ownership Revenues is paid to the Issuer on a timely basis and in accordance with the Management Agreement.

The Bank has agreed to purchase the Issuer's co-ownership interest in the outstanding Co-ownership Assets of each Series of Trust Certificates on the relevant Maturity Date or, as the case may be, on the relevant Dissolution Date (as defined in the Conditions) pursuant to a purchase undertaking deed dated 7 June 2007 executed by the Bank (the **Purchase Undertaking Deed**), to be supplemented, at the time of each such purchase, by a Sale Agreement (each a **Sale Agreement**) substantially in the form annexed to the Purchase Undertaking Deed and containing the specific terms applicable to the relevant purchase. The price payable by the Bank pursuant to each such Sale Agreement will be an amount equal to (a) the Aggregate Face Amount (as specified in the applicable Final Terms) of the relevant Series of Trust Certificates, and (b) the amount of payable but unpaid Periodic Distribution Amounts on such date (including any additional amounts payable pursuant to Condition 12 (*Taxation*). The Trustee will distribute the proceeds of sale of the Issuer's co-ownership interests in the Co-ownership Assets of the relevant Series of Trust Certificates to Certificateholders of the relevant Series in the amounts required to be paid in respect of the relevant Trust Certificates under the Conditions or as otherwise specified in the Final Terms applicable to such Series.

Pursuant to a master trust deed (the **Master Trust Deed**) dated 7 June 2007 between the Issuer, the Trustee, the Bank, the Guarantor and Deutsche Trustee Company Limited (in its capacity as the Trustee's delegate, the **Delegate**), as the same will be supplemented (on the occasion of the issue of each Series of Trust Certificates) by a supplemental trust deed (each, a **Supplemental Trust Deed**) in respect of the relevant Series of Trust Certificates, the Issuer (acting in its capacity as Trustee) will declare a trust (each, a **Trust**) over, *inter alia,* the Issuer's co-ownership interests in the Co-ownership Assets, its rights under the Purchase Undertaking Deed and certain other documents which it has entered into and any amounts it may have deposited in the Transaction Account in relation to the relevant Series of Trust Certificates, subject to the terms of the relevant Supplemental Trust Deed.

The Issuer will act as trustee in respect of the Trust Assets for the benefit of Certificateholders of each Series in accordance with the Master Trust Deed, the relevant Supplemental Trust Deed and the Conditions. Under the Master Trust Deed, the Issuer will unconditionally and irrevocably delegate authority to the Delegate to take all necessary action on its behalf should a Dissolution Event (as set forth in Condition 14) occur.

Following the distribution of the Trust Assets to the Certificateholders in accordance with the Conditions and the Master Trust Deed, the Trustee shall not be liable for any further sums, and accordingly the Certificateholders may not take any action against the Trustee or any other person to recover any such sum, in respect of the Trust Certificates or the Trust Assets.

The Trustee shall not be bound in any circumstances to take any action to enforce or to realise such Trust Assets or take any action against the Bank or the Guarantor under any Transaction Documents to which the Bank or the Guarantor is a party unless directed or requested to do so by the Certificateholders in accordance with the Conditions, and then only to the extent indemnified to its satisfaction.

No Certificateholder shall be entitled to proceed directly against the Bank or the Guarantor unless (i) the Trustee, 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 (together with the other Certificateholders who propose to proceed directly against the Bank or the Guarantor) holds at least one-fifth of the aggregate face amount of the Trust Certificates then outstanding.

The foregoing is subject to the following: after enforcing or realising such Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2, the obligations of the Trustee in respect of such Trust Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Under no circumstances shall the Trustee 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 Deed, and the sole right of the Trustee and the Certificateholders against the Bank and the Guarantor shall be to enforce the obligation of the Bank to pay the Dissolution Amount and amounts due under the Transaction Documents and the Guarantor to pay amounts due under the Guarantee.

In the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all amounts payable by the Bank under the Transaction Documents and the due and punctual performance and observance by the Bank of each of the other provisions of the Transaction Documents to be performed or observed by the Bank.

Certificateholders, by subscribing for or acquiring Trust Certificates, acknowledge that no recourse may be had for the payment of any amount owing in respect of any Trust Certificates against the Trustee, the Issuer or the Delegate, in any circumstances whatsoever, or the relevant Trust to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee, the Issuer, the Delegate and the relevant Trust shall be extinguished.

Certificateholders should note that the Trustee and the Delegate will have recourse to the Bank and the Guarantor (pursuant to the terms of the relevant Transaction Documents) and the ability of the Issuer to pay the amounts due in respect of the Trust Certificates will ultimately be dependent on the Bank and the Guarantor.

Descriptions of the Bank and the Guarantor are included within this Base Prospectus under "*Description of Emirates Islamic Bank PJSC*" and "*Description of Emirates Bank International PJSC*" below.

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

Issuer and Trustee:	EIB Sukuk Company Ltd., an exempted company incorporated in accordance with the laws of the Cayman Islands.
Bank:	Emirates Islamic Bank PJSC.
Guarantor:	Emirates Bank International PJSC.
Ownership of the Issuer:	The authorised share capital of the Issuer is US$50,000 consisting of 50,000 shares of a nominal or par value of US$1 each, of which 250 shares are fully paid up and issued. The Issuer'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 Issuer:	The affairs of the Issuer are managed by Deutsche Bank (Cayman) Limited (the **Issuer Administrator**), who will provide, amongst other things, certain administrative services for and on behalf of the Issuer pursuant to the Corporate Services Agreement dated 7 June 2007 between, *inter alios*, the Issuer and the Issuer Administrator (the **Corporate Services Agreement**).
Arrangers:	Standard Chartered Bank Emirates Islamic Bank PJSC
Dealers:	Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Deutsche Bank AG, London Branch Emirates Islamic Bank PJSC Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Trust 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 Trust Certificates will not be accepted in the United Kingdom.
Delegate:	Deutsche Trustee Company Limited
Principal Paying Agent, Calculation Agent and Replacement 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 Issuer to make payments in respect of the Trust Certificates, subject to and in accordance with the Agency Agreement.
Programme Size:	Up to US$1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Trust 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 Issuer and the relevant Dealer.
Maturities:	The Trust Certificates will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Trust Certificates may only be issued on a fully-paid basis and at an issue price which is at par.
Form of Trust Certificates:	The Trust Certificates will be issued in registered form as described in "*Form of the Trust Certificates*".
Status:	Each Trust Certificate will evidence an undivided beneficial ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Issuer and will rank *pari passu,* without any preference or priority, with all other Trust 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 Trust Certificates:	Trust Certificates shall be redeemed at the Dissolution Amount as may be specified in the applicable Final Terms.
Denomination of Trust Certificates:	The Trust Certificates will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Trust 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 Trust Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Trust 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 Trust Certificates may be redeemed on the Dissolution Date at 100 per cent. of their face amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 14 (*Dissolution Events*).

Optional Dissolution:	If so specified in the applicable Final Terms, a Series of Trust Certificates may be dissolved prior to its Maturity Date in the circumstances set out in Condition 11.2 (*Early Dissolution for Tax Reasons*) and Condition 11.3 (*Dissolution at the Option of the Issuer*).
Withholding Tax:	All payments in respect of Trust Certificates by the Issuer 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 Issuer will, save in the limited circumstances provided in Condition 12 (*Taxation*), be required to pay additional amounts so that the holders of the Trust Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.
Guarantee:	The Master Trust Deed contains a guarantee given by the Guarantor. See "*Summary of the Principal Transaction Documents*".
Negative Pledge:	The Purchase Undertaking Deed contains a negative pledge given by the Bank and the Master Trust Deed contains a negative pledge given by the Guarantor. See "*Summary of the Principal Transaction Documents*".
Cross Default:	The Purchase Undertaking Deed contains a cross default provision in relation to the Bank and the Master Trust Deed contains a cross default provision in relation to the Guarantor. See "*Summary of the Principal Transaction Documents*".
Covenants:	The Issuer has agreed to certain restrictive covenants as set out in Condition 6 (*Covenants*).
Ratings:	The ratings assigned to each Series of Trust Certificates to be issued under the Programme will be specified in the applicable Final Terms.
Listing and admission to trading:	Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market. Trust Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Trust 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 Trust Certificates are to be listed and/or

	admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law and Jurisdiction:	The Trust Certificates will be governed by, and construed in accordance with, English law. The Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, the Agency Agreement, the Purchase Undertaking Deed and the Costs Undertaking Deed will be governed by English law and subject to the exclusive jurisdiction of the English courts. In addition, in respect of any dispute under any such Transaction Document to which it is a party, the Bank and the Guarantor have each consented to arbitration in accordance with the Rules of The London Court of International Arbitration if the Issuer (as Trustee) so requires. The remaining Transaction Documents (other than the Corporate Services Agreement) will be governed by the federal laws of the UAE. The courts of Dubai have non-exclusive jurisdiction to hear all disputes relating to them. The Corporate Services Agreement will be 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 Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the United Arab Emirates, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Dubai International Financial Centre, Malaysia, Hong Kong and the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular Series of Trust Certificates, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2.

FORM OF THE TRUST CERTIFICATES

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

Payments of any amount in respect of the Global Trust 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 Trust Certificates. None of the Issuer, 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 Trust Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Certificateholders in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. For these purposes, **Exchange Event** means that (i) a Dissolution Event (as defined in Condition 14 (*Dissolution Events*)) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. 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 Trust 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 Trust Certificates is represented by a Global Trust 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 Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust 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 Issuer and its agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to any payment on such face amount of such Trust Certificates, for which purpose the registered holder of the relevant Global Trust Certificate shall be treated by the Issuer, the Trustee and their respective agents as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions **Certificateholder** and **holder of Trust 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 specified in the applicable Final Terms.

APPLICABLE FINAL TERMS

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

[*Date*]

EIB Sukuk Company Ltd.

Issue of [*Aggregate Face Amount of Series*] [*Title of Trust Certificates*]
under the
US$1,000,000,000
Trust 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 6 August 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Trust Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, Emirates Islamic Bank PJSC, Emirates Bank International PJSC and the offer of the Trust Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the registered office of the Issuer at c/o Deutsche Bank (Cayman) Limited, P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KY1-1104, Cayman Islands and the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from those offices.

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

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute ''significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

[*The proceeds of any issue of Trust Certificates should not be accepted in the United Kingdom.*]

1.	Issuer and Trustee:	EIB Sukuk Company Ltd.
2.	(i) Bank:	Emirates Islamic Bank PJSC
	(ii) Guarantor:	Emirates Bank International PJSC
3.	Series Number:	[ ]
4.	Specified Currency:	[ ]
5.	Aggregate Face Amount of Series:	[ ]
6.	Issue Price:	100 per cent. of the Aggregate Face Amount
7.	Specified Denominations:	[ ]
	(*this means the minimum integral amount in which transfers can be made*)	[ ] (*N.B. If an issue of Trust Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to*

			be published under the Prospectus Directive the €50,000 minimum denomination is not required.)
8.	(a)	Issue Date:	[ ]
	(b)	Return Accrual Commencement Date:	[Issue Date][*specify other*]
9.		Maturity Date:	[*Specify date or (for Floating Periodic Distribution Trust Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.*]
10.		Periodic Distribution Amount Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[*specify reference rate*] *+/-*[ ] per cent. Floating Periodic Distribution Amount] *(further particulars specified below)*
11.		Dissolution Basis:	Dissolution at par
12.		Change of Periodic Distribution Basis:	[*Specify details of any provision for convertibility of Trust Certificates into another Periodic Distribution basis.*] [Not Applicable]
13.		Call Options:	[Not Applicable] [Optional Dissolution (Call)] [*further particulars specified below*]
14.		Status:	Unsubordinated
15.		Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

16.		Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate[(s)]:	[ ] per cent. per annum [payable [annually/ semiannually/quarterly/monthly] in arrear]
	(b)	Periodic Distribution Date(s):	[[ ] in each year up to and including the Maturity Date] [*specify other*]
	(c)	Fixed Amount(s):	[ ] per Trust Certificate of [ ] Specified Denomination [and [ ] per Trust Certificate of [ ] Specified Denomination]
	(d)	Broken Amount(s):	[ ] (*Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 16(c)*)
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [*specify other*]]
	(f)	Determination Date(s):	[ ] in each year [*Insert regular periodic distribution dates, ignoring issue date or maturity date in the case of a long or short first or last return accumulation period*

		N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*]
	(g) Other terms relating to the method of calculating Fixed Periodic Distributions:	[Not Applicable/*give details*]
17.	Floating Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Specified Periodic Distribution Dates:	[ ] [Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable"*)
	(b) Specified Period:	[ ] [Not Applicable] *(Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*
	(c) Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [*specify other*]]
	(d) Additional Business Centre(s):	[Not Applicable/*give details*]
	(e) Manner in which the Rate(s) is/are to be determined:	[Screen Rate Determination (Condition 8.3 (*Screen Rate Determination*) applies/*specify other*]
	(f) Screen Rate Determination:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
	(i) Reference Rate:	[*For example, LIBOR or EURIBOR*]
	(ii) Periodic Distribution Determination Date:	[ ] (*Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR*)
	(iii) Relevant Screen Page:	[*For example, Reuters [LIBOR01/EURIBOR01]*]
	(iv) Relevant Time:	[*For example, 11.00 a.m. London time/Dubai time*]
	(g) Margin:	[ ]

	(h)	Day Count Fraction:	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 *Other*] (*See Condition 8 for alternatives*)
	(i)	Calculation Agent:	[Principal Paying Agent] [*specify other*]
	(j)	Other terms relating to the method of calculating Floating Periodic Distributions:	[Not Applicable] [*give details*]

PROVISIONS RELATING TO DISSOLUTION

18.		Optional Dissolution (Call):	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
	(a)	Optional Dissolution Amount:	[Final Dissolution Amount] [[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]
	(b)	Optional Dissolution Date:	[Any Periodic Distribution Date] [*specify other*]
	(c)	Notice period (if other than as set out in the Conditions):	[ ]
19.		Final Dissolution Amount:	[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]
20.		Early Dissolution Amount (Tax):	[Final Dissolution Amount] [[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]
21.		Dissolution Amount pursuant to Condition 14:	[[ ] per Trust Certificate of [ ] Specified Denomination][*specify other*]

GENERAL PROVISIONS APPLICABLE TO THE TRUST CERTIFICATES

22.		Form of Trust Certificates:	Global Trust Certificate exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Global Trust Certificate
23.		Additional Financial Centre(s):	[ ] (*Note that this item relates to the place of payment and not Return Accumulation Period end dates, to which item 17(d) relates*)

PROVISIONS IN RESPECT OF THE CO-OWNERSHIP ASSETS

24.		Co-ownership Assets on the Issue Date:	As scheduled to the Supplemental Purchase Contract dated [ ], a copy of which schedule is set out in the Annex hereto

25.	Co-ownership interests in the Co ownership Assets:		Issuer: [ ] per cent. Bank: [ ] per cent.
26.	Trust Assets:		[Condition 5.1 (*Trust Assets*) applies] [*specify other*]
27.	Details of Transaction Account:		EIB Sukuk Company Ltd. Transaction Account No: [Series No.: 1/2/3 etc] with [ ]
28.	Other Transaction Document Information:		
	(a)	Supplemental Trust Deed:	Supplemental Trust Deed dated [ ] between the Issuer, the Trustee, the Bank, the Guarantor and the Delegate
	(b)	Supplemental Purchase Contract:	Supplemental Purchase Contract dated [ ] between the Issuer, the Trustee and the Bank
	(c)	Late Payment Percentage: (*For the purpose of Clause 3.4 of the Purchase Undertaking Deed*)	[ ] per cent. per annum
29.	Other final terms:		[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms constitute ''significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

DISTRIBUTION

30.	(a)	If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b)	Date of Subscription Agreement:	[ ]
31.	If non-syndicated, name of relevant Dealer:		[ ]
32.	Additional selling restrictions:		[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority of the Trust Certificates described herein pursuant to the US$1,000,000,000 Trust Certificate Issuance Programme of EIB Sukuk Company Ltd.

RESPONSIBILITY

Each of the Issuer, the Bank and the Guarantor accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of each of the Issuer, the Bank and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[ ] has been extracted from [ ]. Each of the Issuer, the Bank and the Guarantor 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 [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of EIB Sukuk Company Ltd. (the Issuer)

By: _____

Duly authorised

Signed on behalf of Emirates Islamic Bank PJSC (the Bank)

By: _____

Duly authorised

Signed on behalf of Emirates Bank International PJSC (the Guarantor)

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing:	[London] [*specify other*] [None]
(ii)	Admission to trading:	[Application has been made for the Trust Certificates to be admitted to trading on [ ] with effect from [ ]] [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings: The Trust Certificates to be issued have been rated:

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[*Other*]: [ ]]

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

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

[Save for any fees payable to the [Managers/Dealer], so far as each of the Issuer, the Bank and the Guarantor is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer. – *Amend as appropriate if there are other interests*.]

4. YIELD *(Fixed Periodic Distribution Trust Certificates only)*

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

5. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	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/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment

(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

Annex to the Final Terms

Co-ownership Assets*

* Insert Schedule of initial Co-ownership Assets contained in relevant Supplemental Purchase Contract once in final form.

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which will be endorsed on each Trust Certificate in definitive registered form issued under the Programme and will apply to each Global Trust Certificate. The applicable Final Terms in relation to any series of Trust Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Trust Certificates.

EIB Sukuk Company Ltd. (in its capacity as issuer, the **Issuer** and, in its capacity as trustee, the **Trustee,** which latter expression shall include the Delegate (as defined below)) has established a programme (the **Programme**) for the issuance of up to US$1,000,000,000 in aggregate face amount of Trust Certificates.

Trust Certificates issued under the Programme are issued in series (each a **Series**). The final terms for this Trust Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Trust Certificate which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Trust Certificate. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate.

Each of the Trust Certificates will represent an undivided beneficial ownership (real ownership) interest in the Trust Assets which are held by the Trustee on trust (the **Trust**) for, *inter alia,* the benefit of the registered holders of the Trust Certificates pursuant to (i) a Master Trust Deed (such Master Trust Deed as modified and/or supplemented and/or restated from time to time, the **Master Trust Deed**) dated 7 June 2007 and made between the Issuer, the Trustee, Emirates Islamic Bank PJSC as obligor (the **Bank**), Emirates Bank International PJSC as guarantor (the **Guarantor**) 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**) having the details set out in the applicable Final Terms.

In these Conditions, references to **Trust Certificates** shall be references to the Trust Certificates which are the subject of the applicable Final Terms.

Payments relating to the Trust Certificates will be made pursuant to an agency agreement dated 7 June 2007 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, the Bank, the Guarantor, 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), calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor) and replacement agent (in such capacity, the **Replacement Agent**, which expression shall include any successor). The Principal Paying Agent, the Payment Administrator, the Calculation Agent, the Transfer Agent, the Registrar and the Replacement Agent 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) a master purchase agreement between the Issuer, the Trustee and the Bank dated 7 June 2007 (the **Master Purchase Agreement**);

(b) the Supplemental Purchase Contract (the **Supplemental Purchase Contract** and, together with the Master Purchase Agreement, the **Purchase Agreement**) having the details set out in the applicable Final Terms;

(c) a management agreement between, *inter alia*, the Issuer, the Trustee and the Bank as managing agent (the **Managing Agent**) dated 7 June 2007 (the **Management Agreement**);

(d) a purchase undertaking deed entered into by the Bank dated 7 June 2007 (the **Purchase Undertaking Deed**), containing the form of Sale Agreement (the **Sale Agreement**) to be executed by the Bank, the Issuer and the Trustee on the Maturity Date or, as the case may be, the Dissolution Date;

(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 Issuer) and the Issuer dated 7 June 2007 (the **Corporate Services Agreement**);

(h) a programme agreement between the Issuer, the Trustee, the Bank, the Guarantor and the Dealers dated 7 June 2007 (such Programme Agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**);

(i) a costs undertaking deed entered into by the Bank and the Guarantor dated 7 June 2007 (the **Costs Undertaking Deed**); and

(j) the applicable Final Terms.

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 Trust Certificate, shall be deemed to authorise and direct the Issuer (acting as trustee on behalf of the Certificateholders) to apply the sums paid by it in respect of its Trust Certificates to purchase from the Bank a co-ownership interest in the Bank's undivided rights, title and interest in the Co-ownership Assets 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:

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*);

Co-owners means the Issuer and the Bank and **Co-owner** shall be construed accordingly;

Co-ownership Assets means (i) the initial portfolio of assets in relation to the Trust Certificates as more particularly described in the Supplemental Purchase Agreement and the applicable Final Terms and (ii) any further assets in which the Issuer acquires a co-ownership

interest in accordance with the terms of the Management Agreement provided that any assets in which the Issuer ceases to have a co-ownership interest shall not thereafter be deemed to be Co-ownership Assets;

Co-ownership Liabilities Amount means, in relation to each Series of Trust Certificates, any amount due to the Managing Agent under the Management Agreement in respect of any *qard* advances made by the Managing Agent thereunder and the amount of any claims, losses, costs and expenses properly incurred or suffered by the Managing Agent in providing the services;

Co-ownership Revenues means all rental, sale proceeds or consideration, damages, insurance proceeds, compensation or other sums received by the Managing Agent in whatever currency in connection with the Co-ownership Assets;

Dissolution Amount means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call) or such other amount in the nature of a redemption amount 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) following the occurrence of a Dissolution Event (as defined in Condition 14 (*Dissolution Events*)), the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 14 (*Dissolution Events*), (b) the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 11.2 (*Early Dissolution for Tax Reasons*), or (c) the Optional Dissolution Date (Call) in accordance with the provisions of Condition 11.3 (*Dissolution at the Option of the Issuer*);

Encumbrance means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

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

Indebtedness means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any borrowed money or liability arising under or in respect of any acceptance or acceptance credit or evidenced by any notes, bonds, debentures, debenture stock, loan stock or other securities or any moneys raised under any transaction having the commercial effect of borrowing or raising money;

Liability means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

Payment Business Day means:

(a) a day on which banks in the relevant place of surrender of the Certificate of Registration 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, 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;

Periodic Distribution Amount means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Trust 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 7 (*Fixed Periodic Distribution Provisions*) or Condition 8 (*Floating Periodic Distribution Provisions*);

Permitted Encumbrance means any Encumbrance:

(a) arising solely by operation of law;

(b) that is granted to any third party and which has been disclosed to the Trustee as at the date of the Supplemental Purchase Contract or to which the Trustee subsequently agrees;

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 Trust 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 Trust Certificates, and their successors, and each a **Rating Agency**;

Record Date means, in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Maturity Date or Dissolution Date, as the case may be;

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

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 17 (*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 (including, without limitation, the Reuter Money 3000 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;

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;

Stock Exchange means, in relation to the Trust Certificates, the stock exchange or exchanges (if any) on which the Trust Certificates are for the time being quoted or listed;

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

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

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

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

Transaction Account means the account in the Issuer's name, details of which are specified in the applicable Final Terms;

Transaction Documents means the Purchase Agreement, the Management Agreement, the Purchase Undertaking Deed, the Trust Deed, the Costs Undertaking Deed, the Agency Agreement, the Corporate Services Agreement, the Programme Agreement, any Subscription Agreement (as defined in the Programme Agreement) and any Sale Agreement;

Treaty means the Treaty establishing the European Communities, as amended; and

Trust Assets means the assets, rights, cash or investments described in Condition 5.1 (*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 12 (*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 12 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

(c) references to Trust Certificates being "outstanding" shall be construed in accordance with the Master Trust Deed; and

(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.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Trust Certificates are issued in registered form in the Specified Denominations.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société 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 Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust 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 Issuer, the Trustee, the Bank, the Guarantor and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Issuer, the Trustee, the Bank, the Guarantor and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions **Certificateholder** and **holder** in relation to any Trust Certificates and related expressions shall be construed accordingly.

Trust Certificates which are represented by a Global Trust 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 specified in the applicable Final Terms.

2.2 Register

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

2.3 Title

The Issuer, the Trustee, the Bank, the Guarantor and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust 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 Issuer, the Trustee, the Bank, the Guarantor 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 Trust 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 Trust Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the Certificate of Registration issued in respect of that Trust 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 Certificate of Registration to be issued upon transfer of Trust Certificates will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant Certificate of Registration, be mailed by uninsured mail at the risk of the holder entitled to the Trust 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 Trust Certificates in respect of which a Certificate of Registration is issued are to be transferred, a new Certificate of Registration in respect of the Trust Certificates not so transferred will, within five business days of receipt by the Registrar of the original Certificate of Registration, be mailed by uninsured mail at the risk of the holder of the Trust 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

Registration of transfer of Trust Certificates will be effected without charge by or on behalf of the Issuer and the Registrar but upon payment (or the giving of such indemnity as the Issuer and the Registrar may reasonably require) in respect of 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 Trust Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date, the Maturity Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

3.5 Regulations

All transfers of Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust 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: The Issuer shall ensure that the Registrar maintains the Register showing the amount of the outstanding Trust Certificates (with each Trust Certificate bearing an identifying serial number), the issue dates and the names and addresses of the holders of the Trust Certificates. The Trustee and the holders of Trust Certificates may inspect the Register. The Trust Certificates are transferable (in whole or in part) and the Certificate of Registration in respect of the Trust 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 Issuer may require to prove the title of the transferor or his right to transfer the Trust Certificates. The holder of Trust Certificates shall be entitled to receive in accordance with Condition 3.2 (*Delivery of new Certificates of Registration*) only one Certificate of Registration in respect of his entire holding of Trust Certificates. In the case of a transfer of a portion of the face amount of a Certificate of Registration, a new Certificate of Registration in respect of the balance of the Trust Certificates not transferred will be issued to the transferor in accordance with Condition 3.2 (*Delivery of new Certificates of Registration*).

4. STATUS, GUARANTEE AND LIMITED RECOURSE

4.1 Status

Each Trust Certificate evidences an undivided beneficial ownership (real ownership) interest in the Trust Assets subject to the terms of the Trust Deed, the Purchase Undertaking Deed, the Sale Agreement and these Conditions and is a limited recourse obligation of the Issuer. Each Trust Certificate ranks *pari passu,* without any preference or priority, with all other Trust Certificates.

4.2 Guarantee

The payment obligations of the Bank under the Transaction Documents to which it is a party are unconditionally and irrevocably guaranteed by the Guarantor pursuant to the guarantee (the **Guarantee**) contained in the Master Trust Deed.

4.3 Limited Recourse

Proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. The Trust Certificates do not represent an interest in any of the Issuer, the Trustee, the Bank, the Guarantor, any of the Agents or any of their respective affiliates. Accordingly, Certificateholders will have no recourse to any assets of the Issuer (other than the Trust Assets), the Trustee (including, in particular other assets comprised in other trusts, if any), the Bank (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Guarantor (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets. However, the Bank is obliged to make the payments under the relevant Transaction Documents to which it is a party directly to EIB Sukuk Company Ltd. and EIB Sukuk Company Ltd., as trustee for and on behalf of Certificateholders, will have direct recourse against the Bank (failing which the Guarantor, in accordance with the Guarantee) to recover payments due to the Issuer from the Bank pursuant to such Transaction Documents.

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 Trust Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Trust Certificates, subject to Condition 15 (*Enforcement and Exercise of Rights*), no Certificateholder will have any claim against the Issuer, the Trustee, the Agents, the Bank (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Guarantor (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 Issuer, the Trustee, the Bank (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Guarantor (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 Trust 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 any of the Issuer, the Trustee or the Trust or any of their respective agents on their 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 any of the Issuer, the Trustee or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Issuer, the Trustee and the Trust 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 Issuer 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 Issuer, the Trustee or the Trust, any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law.

5. THE TRUST

5.1 Trust Assets

Unless otherwise specified in the Supplemental Purchase Contract and the applicable Final Terms, the Trust Assets will comprise:

(a) the Issuer's co-ownership interest in the Co-ownership Assets;

(b) the rights, titles, interests and benefits, present and future, of the Issuer and the Trustee in, to and under the Transaction Documents;

(c) all monies standing to the credit of the Transaction Account; and

(d) any other assets, rights, cash or investments as may be specified in the applicable Final Terms,

and all proceeds of the foregoing.

5.2 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, 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 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 the Maturity Date or any Dissolution Date, to the Principal Paying Agent in or towards payment *pari passu* and rateably of the Dissolution Amount; and

(d) fourth, only if such payment is made on the Maturity Date or any Dissolution Date, to the Issuer.

The Management Agreement provides that the Managing Agent will maintain a Return Collection Account in respect of the Trust Assets and will pay certain monies credited to this account to the Transaction Account on or prior to each Periodic Distribution Date. See "Summary of the Principal Transaction Documents - Management Agreement - Operation of Collection Accounts" below.

6. COVENANTS

The Issuer has covenanted in the Master Trust Deed that, *inter alia,* for so long as any Trust 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 Trust 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 Co-ownership Assets 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 Trust 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 Trust 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 Trust 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.

7. FIXED PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

This Condition 7 is applicable to the Trust Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

7.2 Periodic Distribution Amount

A Periodic Distribution Amount representing a defined share of the profit in respect of the Co-ownership Assets for the Trust Certificates will be payable in respect of the Trust Certificates and be distributable by the Issuer to the Certificateholders in accordance with these Conditions.

7.3 Determination of Periodic Distribution Amount

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate for any Return Accumulation Period shall be the Fixed Amount and, if the Trust 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.

Except in the case of Trust 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 by applying the Rate to each Specified Denomination, 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.

Day Count Fraction means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition 7.3:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Trust Certificates where the number of days in the relevant 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 (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 Trust 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.

7.4 Payment in Arrear

Subject to Condition 7.5 (*Cessation of Profit Entitlement*), Condition 11.2 (*Early Dissolution for Tax Reasons*), Condition 11.3 (*Dissolution at the Option of the Issuer*) and Condition 14 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Trust Certificates in arrear on each Periodic Distribution Date.

7.5 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date.

8. FLOATING PERIODIC DISTRIBUTION PROVISIONS

8.1 Application

This Condition 8 is applicable to the Trust Certificates only if the Floating 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 Co ownership Assets for the Trust Certificates will be payable in respect of the Trust Certificates and be distributable by the Issuer 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 8.2(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, **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, 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) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

8.3 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 Trust 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 or Eurozone 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 Trust 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 Trust Certificates in respect of a preceding Return Accumulation Period.

8.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date.

8.5 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 Trust 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 the face amount (in the case of a Trust Certificate in global form) or Specified Denomination (in the case of a Trust Certificate in individual registered form) of such Trust Certificate during such Return Accumulation Period, 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 sub-unit being rounded upwards).

Day Count Fraction means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8:

(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).

8.6 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.

8.7 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 Trust 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.

8.8 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 Issuer, the Trustee, the Principal Paying Agent and all Certificateholders (in the absence as referred to above). No liability to the Issuer, the Trustee,

the Bank, the Guarantor, 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.

9. PAYMENT

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 Certificate of Registration 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.

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.

All such payments will be made subject to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions described in Condition 12 (*Taxation*).

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 Certificate of Registration is surrendered at the specified office of the Registrar or the Principal Paying Agent.

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 Certificate of Registration (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

If the amount of any Dissolution 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 or Periodic Distribution Amount in fact paid.

10. AGENTS

10.1 Agents of Issuer

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

10.2 Specified Offices

The names of the initial Agents and their initial specified offices are set out below. The Issuer 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 Trust 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 Replacement Agent;

(e) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive; and

(f) there will at all times be a Calculation Agent.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Issuer in accordance with Condition 17 (*Notices*).

11. CAPITAL DISTRIBUTIONS OF TRUST

11.1 Scheduled Dissolution

Unless the Trust Certificates are redeemed earlier, each Trust 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 Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.2 Early Dissolution for Tax Reasons

The Trust may be dissolved at the option of the Trustee (with the prior written consent of the Bank) and in such case the Trust Certificates will be redeemed by the Issuer 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 17 (*Notices*) (which notice shall be irrevocable), at their Early Dissolution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Dissolution Date, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*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 tax), which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

(A) where the Trust Certificates may be dissolved at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due; or

(B) where the Trust Certificates 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 Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due.

Prior to the publication of any notice of dissolution pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (a) a certificate signed by a director acting on behalf of the Issuer, 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 Issuer 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 11.2, the Trustee shall be bound to dissolve the Trust in accordance with this Condition 11.2 and the Issuer shall be bound to redeem the Trust Certificates. Upon such dissolution as aforesaid redemption, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.3 Dissolution at the Option of the Issuer

If the Optional Dissolution (Call) option is specified in the applicable Final Terms as being applicable, the Trust shall be dissolved in whole but not in part on any Optional Dissolution Date at the relevant Optional Dissolution Amount together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date on the Issuer (with the prior written consent of the Bank) giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to dissolve the Trust Certificates on the relevant Optional Dissolution Date). Upon payment in full of such amounts and the termination of the relevant Trust, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.4 No Other Optional Early Dissolution

The Issuer shall not be entitled to redeem the Trust Certificates, and the Trustee shall not be entitled to dissolve the Trust, at its option otherwise than as provided in Conditions 11.1 (*Scheduled Dissolution*), 11.2 (*Early Dissolution for Tax Reasons*) and 11.3 (*Dissolution at the Option of the Issuer*) above.

11.5 Cancellation

All Trust Certificates which are redeemed will forthwith be cancelled and destroyed and accordingly may not be held, reissued or resold.

12. TAXATION

All payments in respect of the Trust 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 Issuer will pay to the Certificateholders additional amounts so that the full amount which otherwise would have been due and payable under

the Trust 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 Trust Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Trust Certificate; or

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

(c) where the Certificate of Registration is required to be presented for payment and is presented for payment by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate of Registration to another Paying Agent in a Member State of the European Union; or

(d) where (in the case of the payment of face amounts or Periodic Distribution Amounts on dissolution) the relevant Certificate of Registration 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 Certificate of Registration on the last day of such period of 30 days.

13. PRESCRIPTION

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

14. 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 on the date fixed for payment thereof, or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of any Periodic Distribution Amount only, such default continues for a period of seven days; or

(b) the Issuer fails duly to perform or comply with any of the obligations expressed to be assumed by it in the Transaction Documents; or

(c) a Bank Event (as defined in the Purchase Undertaking Deed) or a Guarantor Event (as defined in the Master Trust Deed) occurs; or

(d) the Issuer 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 Issuer (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 Issuer under the Transaction Documents are not or cease to be legal, valid, binding and enforceable,

then the Trustee at its discretion may, and if so requested in writing by Certificateholders representing not less than one-fifth in face amount of the Trust Certificates for the time being outstanding (subject to be being indemnified and/or secured to its satisfaction) shall, by written notice addressed to the Issuer, the Bank and the Guarantor, declare the Trust Certificates to be immediately due and payable, whereupon they shall become immediately due and payable at their Dissolution Amount together with accrued Periodic Distribution

Amounts (if any). Notice of any such declaration shall promptly be given to the Certificateholders in accordance with Condition 17 (*Notices*). Upon payment in full of such amounts, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer 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 Trust Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 7 (*Fixed Periodic Distribution Provisions*), Condition 8 (*Floating Periodic Distribution Provisions*) and Condition 11 (*Capital Distributions of Trust*)) notwithstanding that the Issuer or the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 Enforcement

Upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Trust Certificates have not been paid in full pursuant to Condition 14 (*Dissolution Events*), the Trustee shall, upon being requested in writing by Certificateholders representing not less than one-fifth in face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured to its satisfaction), take one or more of the following steps:

(a) enforce the provisions of the Purchase Undertaking Deed and the Sale Agreement against the Bank and/or the Guarantee against the Guarantor; 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 Issuer, the Bank and/or the Guarantor to enforce their respective obligations under the Transaction Documents, the Conditions and the Trust Certificates.

15.2 Limitation on liability of the Trustee

Following the distribution of the proceeds of the Trust Assets in respect of the Trust Certificates to the Certificateholders in accordance with these Conditions and the Trust Deed, the Trustee shall not be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee or any other person (other than the Bank and/or the Guarantor) to recover any such sum in respect of the Trust Certificates or Trust Assets.

15.3 Trustee not obliged to take action

The Trustee 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 Bank and/or the Guarantor under any Transaction Document to which either the Bank or the Guarantor is a party 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 each case, indemnified and/or secured to its satisfaction.

15.4 Direct enforcement by Certificateholders

No Certificateholder shall be entitled to proceed directly against the Issuer, the Bank or the Guarantor unless (i) the Trustee, 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 Bank and/or the Guarantor) holds at least one-fifth of the aggregate face amount of the Trust Certificates then outstanding. Under no circumstances shall the Trustee 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 Deed, and the sole right of the Trustee and the Certificateholders against the Bank and/or the Guarantor shall be (in the case of the Bank) to enforce its obligation to pay the Exercise Price under the Purchase Undertaking Deed and any other amounts due by it under the Transaction Documents to which it is a party and (in the case of the Guarantor) to enforce its obligation under the Guarantee.

15.5 Limited recourse

Conditions 15.2 (*Limitation on liability of the Trustee*), 15.3 (*Trustee not obliged to take action*) and 15.4 (*Direct enforcement by Certificateholders*) are subject to this Condition 15.5. After distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from the Trust Assets*), the obligations of the Trustee in respect of the Trust Certificates shall be satisfied and no holder of the Trust Certificates may take any further steps against the Trustee to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Trust 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.

16. REPLACEMENT OF CERTIFICATES OF REGISTRATION

Should any Certificate of Registration be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Replacement Agent 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 Issuer may reasonably require. Mutilated or defaced Certificates of Registration must be surrendered before replacements will be issued.

17. NOTICES

All notices regarding Trust 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 Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Trust 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 Trust Certificates are issued, there may, so long as any Global Trust Certificate representing the Trust 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 Trust Certificates and, in addition, for so long as any Trust 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 Trust 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 Trust Certificate or Trust Certificates, with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by a Global Trust Certificate, such notice may be given by any holder of a Trust 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.

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

18.1 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 Trust 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 Trust Certificates held or represented by him or them except that any meeting the business of which includes the modification of certain provisions of the Trust Certificates (including modifying the Maturity Date, reducing or cancelling any amount payable in respect of the Trust Certificates or altering the currency of payment of the Trust Certificates or amending certain covenants given by the Issuer 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 Trust 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 Trust 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 Trust Certificates, whether or not they are present at the meeting and whether or not voting.

18.2 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.

18.3 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 Trustee 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 Trustee shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the

Trustee 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 12 (*Taxation*).

18.4 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 17 (*Notices*).

18.5 The Guarantor, or any previously substituted company, may, without the consent of the Certificateholders or the Delegate, at any time substitute for itself as the guarantor pursuant to the Master Trust Deed any member of the Group (as defined in the Master Trust Deed), but only if:

(a) the substitution will not result in a downgrade in any then current credit rating of the Trust Certificates or, if the Trust Certificates are not rated at such time, would not result in a downgrade if they were rated and, in either case, this has been confirmed in writing either by each rating agency which has assigned such a credit rating or (if the Trust Certificates are unrated) by an internationally-recognised rating agency; and

(b) certain other conditions set out in the Master Trust Deed are complied with.

19. INDEMNIFICATION AND LIABILITY OF THE TRUSTEE

19.1 The Trust Deed contains provisions for the indemnification of the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

19.2 The Trustee makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Bank and/or the Guarantor under any Transaction Document to which the Bank and/or the Guarantor 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 Bank and/or the Guarantor, 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.

19.3 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 default or misconduct of the Trustee.

19.4 Subject to Condition 14 (*Dissolution Events*) and Condition 15 (*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.

20. 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.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Trust Deed is governed by, and will be construed in accordance with, English law.

The Issuer has in the Trust Deed irrevocably and unconditionally agreed that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Trust Deed (**Proceedings**) and has accordingly submitted to the exclusive jurisdiction of the English courts. This submission is made for the benefit of the Trustee and the Certificateholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The Issuer has also agreed to waive any objection to the Proceedings on the grounds that they are an inconvenient or inappropriate forum.

Without limiting the rights of the Certificateholders under this Condition, any dispute arising from or connected with the Trust Certificates (including any dispute regarding the existence, validity or termination of the Trust Certificates (each a **Dispute**)) may be referred by any Certificateholder to arbitration in Paris in accordance with the rules of the London Court of International Arbitration (the **Rules**), the Rules being incorporated into this Condition by reference. The number of arbitrators shall be three and the arbitration shall be conducted in English. Any arbitration award so made shall be binding.

The Issuer 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 appoint another person approved by the Trustee as its agent for service of process in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve process in any matter permitted by law.

USE OF PROCEEDS

The net proceeds of each Series of Trust Certificates issued under the Programme will be applied by the Issuer for the purchase of a co-ownership interest in the Co-ownership Assets of the relevant Series from the Bank.

DESCRIPTION OF THE ISSUER

General

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 Issuer has been established as a special purpose vehicle for the sole purpose of issuing Trust Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Issuer 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 Issuer is US$50,000 shares of a nominal or par value of US$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 **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 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 Declaration of Trust). It is not anticipated that any distribution will be made whilst any Trust 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 Issuer

The Issuer has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Trust Certificates to be issued under the Programme. The Trust Certificates are the obligations of the Issuer alone and not the Share Trustee.

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

Financial Statements

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

Directors of the Issuer

The Directors of the Issuer are as follows:

Name:	Principal Occupation:
Alan Corkish	Banker
David Dyer	Banker
Gwen Pineau	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 Issuer.

The Administrator

Deutsche Bank (Cayman) Limited will also act as the corporate administrator of the Issuer (in such capacity, the **Corporate Administrator**). The office of the Corporate Administrator will serve as the general business office of the Issuer. Through the office, and pursuant to the terms of a corporate services agreement to be entered into between the Issuer and the Corporate Administrator (the **Corporate Services Agreement**), the Corporate Administrator will perform in the Cayman Islands various administrative functions on behalf of the Issuer, 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 Issuer at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement provide that the Issuer may terminate the appointment of the Corporate Administrator by giving 14 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 Issuer's Board of Directors. The Corporate Services Agreement may be terminated (other than as stated above) by either the Issuer 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 Issuer are all employees or officers of the Corporate Administrator. The Issuer 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 Bank and the other information included elsewhere in this Base Prospectus.

The following table sets forth selected information of the Bank as at 31 December 2007, 31 December 2006 and 31 December 2005 as extracted from the Bank's audited annual consolidated financial statements for the respective period.

	2007	2006	(Restated)[4] 2005
	(USD m)	*(USD m)*	*(USD m)*
Income Statement Highlights			
Total Operating Income	261.8	150.8	54.3
Total Operating Expenses	196.8	118.8	40.5
Net Profit	64.9	32.0	13.8
Financial Statement Highlights			
Total Assets	4,615.8	2,851.6	1,306.5
Total Financing[1]	2,961.3	1,797.0	586.5
Investments[2]	922.1	513.8	214.9
Customer Deposits	3,786.8	2,462.9	980.0
Total Deposits[3]	3,829.9	2,478.1	984.9
Shareholders Equity	362.9	263.0	234.1
Profitability			
Return on average assets (%)	1.74%	1.54%	1.40%
Return on average shareholders equity (%)	20.75%	12.90%	6.10%
Earnings Per Share	0.087	0.049	0.021
Profit per Employee *(USD)*	69,906	39,924	27,093
Capital			
Shareholders' Equity (%) Total Assets	7.9%	9.2%	17.9%
Capital Adequacy Ratio[5]	11.86	11.59	23.7
Liquidity & Business Indicators			
Due from Banks/Due to Banks	112%	2,180%	8,084%
Financing/Total Deposits	78%	73%	60%
Customer Deposits/Total Deposits	99%	99%	100%
Number of Employees	929	801	510

1. Includes Loans & Receivables.
2. Includes investment in securities and properties.
3. Includes Customer accounts and deposits, due to banks and financial institutions borrowing.
4. In 2006, the Bank changed its accounting policy relating to amortisation of deferred income on financing receivables from the straight line method to the effective rate of return method in accordance with IAS39. The consolidated financial statements for the financial year ended 31 December 2005 were restated to conform with the change in accounting policy.
5. Capital Adequacy Ratio for the year 2006 has been recalculated to be in line with current regulatory guidelines.

DESCRIPTION OF EMIRATES ISLAMIC BANK PJSC

HISTORY AND OVERVIEW OF THE BANK

The Bank's mission statement 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 community.

The Bank, formerly known as Middle East Bank PJSC, was incorporated by a decree of His Highness the Ruler of Dubai as a conventional commercial bank with limited liability in the Emirate of Dubai on 3 October 1975. The Bank was registered as a Public Joint Stock Company in July 1995.

At an extraordinary general meeting of shareholders held on 10 March 2004, a resolution was passed to convert the Bank's activities to be fully *Shari'a* compliant. The process was completed on 9 October 2004 when the Bank obtained UAE Central Bank and other relevant UAE authorities' approvals.

Through its head office in Dubai and 24 branches (as at 31 December 2007) in the UAE, the Bank provides full 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 assets.

The Bank's authorised and paid-up capital as at 31 December 2007 consisted of 747,500,000 shares of AED 1 each. The Bank is 99.85% owned by the Guarantor.

Based on its December 2007 financial statements, the Bank's income from retail banking amounted to 23% of its total income, while income from corporate banking represented 63% of total income. The remaining 14% was generated from treasury activities. In the same year, the Bank's total assets were AED 17 billion, and its capital adequacy ratio was 11.86%.

Since its conversion to Islamic banking, the Bank has realised substantially increased growth rates in assets, deposits and profits as reflected in its financial statements for 2006 and 2007. Total assets grew by 118% in 2006 and 62% in 2007. Similarly, customer's accounts, total shareholders equity and net income grew by 151%,12% and 131%, respectively, in 2006 and 54%, 38% and 103%, respectively, in 2007. In 2007 and beyond, the Bank aims to continue to grow its market share by expanding its branches and ATM network, widening its client base and continuing to introduce innovative *Shari'a* compliant products of a high standard to satisfy the demands of its customers. In order to achieve its objectives, the Bank will focus on its mission of excellence in service, strict compliance with *Shari'a* and serving the society (the **three "S" mission**) (see *Strategy* below).

Whilst the Bank does have a strong degree of independence in the operation of its business, it enjoys a high level of support from the Emirates Bank Group in relation to many 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 Emirates Bank Group*).

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates. The Bank's Head Office is located on the 13th Floor, Office Tower, Dubai Festival City, Dubai, United Arab Emirates.

The Bank's general contact number is +971 4 228 7474.

DESCRIPTION OF THE BANK'S BUSINESS

In October 2004, the Bank 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 Bank's activities are under the supervision of a *Fatwa* and *Shari'a* Supervisory Board (*Shari'a Board*) comprising several prominent *Shari'a* scholars (see *Fatwa and Shari'a Supervisory Board*).

On the operational side, the Bank is segmented into three divisions as follows:

- Retail Banking (accounting for 23% of total income as at 31 December 2007)
- Corporate Banking (accounting for 63% of total income as at 31 December 2007) which is further segmented into the following sub divisions:
    - o Corporate Banking
    - o Investments and Syndication
    - o Real Estate
- Treasury (accounting for 14% of total income as at 31 December 2007)

Retail Banking:

The Bank's Retail Banking division offers a complete range of *Shari'a* compliant retail and personal banking products and services through its network of 24 branches located throughout U.A.E. (as at 31 December 2007) with 11 branches in Dubai, 4 in Abu Dhabi, 4 in Sharjah and 5 in the Northern Emirates.

The Bank plans to open 10 branches in 2008 and a further 6 branches in 2009. The Bank currently operates a total of 72 Automated Teller Machines (**ATMs**) and Smart Deposit Machines (**SDMs**) and aims to have a further 25 ATMs and SDMs by the end of 2008. The Bank's customers are also able to use the ATMs and SDMs of the Guarantor and The National Bank of Dubai PJSC (NBD) for no additional fees, which gives the Bank's customers access to a significant network of ATMs and SDMs. The Bank'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 Bank has a wide range of distribution channels as detailed below (see *Internet phone and mobile banking*).

The Bank offers a variety of investment deposit products and services that are designed to meet the varied needs of its retail customers (as detailed below). The Bank aims to support these products and services with dedicated and quality customer service. This is part of the Bank's strategy to increase its market share and achieve its mission statement through the 3 "S" mission being *Shari'a, service* and *society*. The Bank 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 Bank was also the first bank in the UAE to introduce a *Shari'a* compliant co-branded credit card in association with an airline, with its "Skywards EIB" credit card, which was introduced in April 2008.

87% of the Bank's source of funding is derived from customer's accounts (being 22.28% from current accounts and others, 8.5% from savings accounts and 69.22% from fixed deposit accounts). Substantially all of the Bank's customer deposits (current, savings and fixed) are domestic.

The Bank'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 Bank provides banking services to small and medium-sized enterprises providing facilities up to a limited amount (beyond which Corporate Banking provides the facilities). The Bank has been actively developing its resources and infrastructure to target this market and the Bank aims to grow this area significantly during and over the course of 2007 and beyond.

- **Current accounts:** these accounts are non-profit bearing accounts which are guaranteed by the Bank. The Bank provides a checking facility and an ATM card with this account.

- **Investment saving accounts:** these accounts are profit bearing and the depositor invests the money with the Bank on a profit sharing basis. A "mudarib" fee is charged by the Bank on a pre-agreed percentage. The Bank provides an ATM card with this account.

- **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. This portfolio has grown significantly over the last two years due to the high profits distributed by the Bank on this product.

- **Charge cards**: *Shari'a* compliant visa charge cards.

- Credit cards: *Shari'a* compliant credit cards in various categories including platinum, gold, classic and the recently launched "Skywards EIB" credit card.

- Manzili home finance: providing three main types of *Shari'a* compliant home financing:

    - Manzili Smart Home - based on the Islamic finance structure of Murabaha
    - Manzili Home Lease - based on the Islamic finance structure of Ijara
    - Manzili Home Invest - based on the Islamic finance structure of Musharaka-Ijara

  Recent trends have shown that home finance is a key growth area for the industry and the Bank considers that it is well positioned to grow its share of this market with its range of products and focus on service.

- **Intaleq car finance**: car financing (for new and used vehicles) based on murabaha financing. This was one of the first products introduced by the Bank and is one of its most popular products.

- **Goods murabaha**: financing for a variety of personal goods based on murabaha financing.

- **Rent finance**: financing by which the Bank rents the relevant property and sub-lets it to the customer for a more convenient rental installment schedule.

- **Al Reem Ladies banking**: the Bank currently offers exclusive ladies sections at certain branches for its female customers. By the end of 2008, the Bank intends to open a ladies only branch in Jumeira, Dubai.

- **Internet, phone and mobile banking**: in addition to the Bank's branch, ATM and SDM network, the Bank provides extensive electronic banking options to its customers including internet banking, phone banking and mobile (SMS) banking. The Bank's internet, phone and mobile (SMS) banking technology platform is provided by the Emirates Bank Group and therefore the Bank has the benefit of a well-developed system that is tried, tested and resourced at the Emirates Bank Group level. Customers who visit the Bank's branches are first served by tellers and are then shown by an officer of the Bank how to use internet

banking in the branch to save the customer's time and improve the efficiency of the branch. The internet banking platform allows customers to:

- access their accounts securely and reliably
- open new accounts
- view account statements and balances (including credit and charge cards)
- transfer funds between certain accounts
- pay utility (Etisalat / DEWA) and credit card bills
- order cheque book requests
- get product information
- request a demand draft, manager's cheque and telegraphic transfers

The Bank's phone banking service allows customers to access various services over the phone including account enquiries, funds transfers and bill payments through self service interactive voice responders or personal agents.

The Bank also provides SMS banking, known as "EIBmobile", which gives customers pre-defined alerts sent on their mobile phones and allows customers to make enquiries on their accounts/cards, for example, in relation to withdrawals, ATM card transactions, balance enquiries, salary transfers, accounts summaries foreign exchange rates and utility bill payment.

Corporate Banking:

The Corporate Banking division provides a comprehensive range of products and services to small, medium and large corporate customers. As of 31 December 2007, the Bank had six Corporate Banking units across the UAE (three branches in Dubai, one in Abu Dhabi, one in Sharjah and one in Al Ain) and one Business Banking unit (in Dubai). The aim of the Business Banking unit is to substantially increase the Bank's business with small and medium sized enterprises by specifically focusing on their requirements and tailoring products and services accordingly.

The Corporate Banking division is segmented into Real Estate, Corporate Banking and Investment and Syndication. Each of these is described below.

Real Estate

The Bank has exposure to the real estate sector both through its financing activities and direct investments in property.

On the financing side, the Bank imposes strong controls and detailed evaluations on its financing against real estate and real estate based projects. In Corporate Banking, the maximum finance-to-value ratio allowable for such financing is 75% and credit approval is subject to the taking of security and the ability to show that sufficient cash flow will be generated from the real estate. This ensures a stricter risk management regime for the Bank's exposure to real estate than the taking of security alone. The Bank is often involved as the manager of the relevant property, which gives it better control over the management of the security.

On the direct investment side, the Bank, as at 31 December 2007 owned a property portfolio with a book value of AED 453 million in land and AED 154 million in buildings. The Bank has also established a real estate fund, the Emirates Real Estate Fund, with 17 properties, the market value of which exceeds AED 1.34 billion (as at 31 December 2007).

The Bank's overall exposure to real estate, both in direct investment and through its financing activities, is not more than 20% of its total assets.

Corporate Banking

The Corporate Banking division provides services to its customers in the following areas:

- **Contract/Project finance** – providing financing solutions for various projects, for example, a waste recycling project in Jebel Ali and a steel factory project in the Dubai Investment Park. This can include providing financing to the contractors of such projects.
- **Business banking unit (mid market)** – addressing the general financing requirements of corporate clients. This unit is newly established and dedicated to focusing its resources on understanding the mid market segment and providing high quality products and services to this market.
- **Trade finance** – providing letters of credit and letters of guarantee.
- **Cash management** – the Bank offers corporate customers electronic banking so that day-to-day transactions can be conducted more efficiently from both the Bank and customer's perspective.

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

Investment and Syndication

The Bank's Investment and Syndication department is responsible for the Bank's investment strategy and undertakes proprietary investment activities for the Bank's own balance sheet.

It also provides fee based investment arranging/structuring services to the Bank's clients. In addition, it undertakes treasury and money market operations with other financial institutions and plays an important role in managing the Bank's liquidity requirements. At the end of 2007, the Bank's investment portfolio reached AED 2.8 billion (US$760 million).

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

- **Structured finance** - the Bank arranges and participates in financing large transactions through bilateral deals, club deals and syndicated deals. For example, the Bank has arranged or participated in sukuk issuances for Dubai Ports, Customs and Free Zone Corporation Sukuk, Nakheel (these two represent the Bank's largest investments), Amlak and Bukhatir Investment. By using the experience gained on these transactions the Bank aims to increase its business of arranging structured finance transactions.
- **Collective investment schemes** - the Bank invests its own funds, as well as clients' funds in third party and the Bank's own collective investment schemes such as mutual funds, real estate funds and investment portfolios. The Bank's own collective investment schemes are managed by EIS Asset Management, a subsidiary of the Guarantor.
- **Direct investments (equity holdings)** – the Bank holds strategic stakes in Gulf based companies such as Albaraka Banking Group, Khaleeji Commercial Bank-Bahrain, Dubai Financial Market, DP World, Mawarid Finance, Madain Real Estate and Madares.
- **Short term treasury investment** - the Bank 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.

- **Other investments** - the Bank also invests in other assets such as foreign property and project finance.]

Treasury:

The Treasury division of the Bank is responsible for managing the Bank's short-term liquidity by placing surplus liquidity with Islamic institutions on a short term basis. Liquidity, which is not placed with an Islamic institution on a short term basis, is invested with the Guarantor in Wakala investment products pursuant to a master framework agreement.

STRATEGY

Mission and Objective: The Bank's mission statement 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 community. The Bank's vision is that "Emirates Islamic Bank is the first banking choice for investors, customers and staff". The Bank aims to achieve its vision and mission statement by "providing innovative and high standard financial products and *services* governed by Islamic *Shari'a* provisions to enrich the *society* (the 3 "S" mission). In relation to *Service*, the Bank places high emphasis on the quality of service it provides (see *Competitive Strengths - Quality of service and response time*). In relation to *Shari'a*, the Bank adheres very strictly to *Shari'a* principles in accordance with its customer demands. In relation to *Society*, the Bank is involved in a number of charitable endeavours including, for example, the Bank's *zakat* accounts through which it supports over four hundred families in the UAE by paying for their monthly living allowance, rent, medical treatment and school fees.

The Bank's objective to be one of the top banks in the UAE will be achieved by providing cutting-edge Islamic financing solutions. The current strategic intention is to operate locally (Middle East and North Africa), but to be recognised internationally. The Bank believes that the continuing growth of the UAE economy and the expansion of its private sector will sustain strong demand for *Shari'a* compliant financing from both the private and public sectors. As such, a key objective of the Bank is to meaningfully contribute to this continued growth through its innovative range of products and services.

The Bank's broad strategic objectives are outlined below:

Growth Strategy: The Bank's Retail Banking objective is to achieve optimal profit growth by growing 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 small-and medium-sized enterprises. 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 Bank 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 and outsourcing support services.

In Corporate Banking the Bank 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 Bank'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. In particular, the Bank aims to substantially increase its business with small-and medium-sized enterprises and establish a competitive advantage in this area through the business banking unit that is newly established and dedicated to the mid-market segment by providing high quality products and services to this market.

Diversify Deposit Base: The Bank 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 bank has increased the number branches in the UAE to 24 (as at 31 December 2007) and plans to grow its distribution network by continuing to invest in new branches, ATMs and alternative channels (see *Retail Banking* above). A wider branch and ATM network is expected to provide the platform for the launch of new products and services that will allow the Bank to further grow its market share.

Capital: The Bank has obtained the necessary approvals of its shareholders and the regulatory authorities to increase the Bank's authorised and paid up capital to AED 1.5 billion in order to comply with the capital adequacy requirements in line with the growth of its total assets. As of 31 December 2007, the Bank's authorised and paid-up share capital is AED 747.5 million. Subsequently, the paid up capital was increased to AED 934.4 million by way of a bonus issue.

New Markets: The Bank aims to expand its operations and investments in various jurisdictions in the Middle East, Far East, and the North Africa region through strategic acquisitions and joint ventures to diversify its revenue and risk profile. The Bank has taken a strategic stake in Al Baraka Banking Group, which, through its subsidiaries, carries on Islamic Banking in over 10 countries, predominantly in the Middle East and Africa. This strategic co-operation gives the Bank a platform for regional and international expansion and in this joint venture, the Bank has begun the process of establishing an Islamic bank in Syria, which is expected to commence operations in 2009. The Bank has also established a strategic relationship with Al Salaam Bank and Gulf Finance House. In 2007, the Bank, with the Emirates Bank Group, entered into a memorandum of understanding with JSC Bank Turan Alem, one of Kazakhstan's leading banks, with the intention of promoting Islamic banking and financial products in Kazakhstan and the Commonwealth of Independent States and a possible joint venture specialising in Islamic banking in the region.

General: In November 2007 the Bank moved its head office from Deira to Dubai Festival City which has provided the Bank with the additional space that it requires to accommodate the growth it expects to experience in the coming years.

The Bank's strategy is to continue to rely on the Emirates Bank Group for the functions and support that it provides to the Bank however, at the same time, the Bank intends to hire further staff in certain of these areas such as human resources and IT to further supplement the support available to the Bank.

COMPETITIVE STRENGTHS

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

Support from Emirates Bank Group

The Bank enjoys a high level of support from the Emirates Bank Group in relation to many support functions including human resources, treasury, information technology, certain administrative services and back office operations such as clearing and remittances. The Bank utilises the services of its sister companies in the Emirates Bank Group such as Network International, a subsidiary of the Guarantor, which handles the Bank's credit card and debit card processing services and Buzz Contact Centre Solutions, another subsidiary of Guarantor, which handles the Bank's call centre requirements.

The Bank also has the benefit of being able to leverage off the retail and corporate customer base of the Emirates Bank Group that require *Shari'a* compliant banking.

Diversified distribution channels

The Bank 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, 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 Bank's accessibility to its customers. The Bank 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 rapid population growth in the UAE has resulted in a significant rise in the demand for banking services, especially those that are *Shari'a* compliant. The Bank considers service quality and quick response time to be the key differentiators in maintaining client and customer satisfaction and loyalty. To this end, the Bank's employees are trained in client service techniques and new product and market developments. The Bank's commitment to quality is demonstrated by the fact that it scored highly in the 2006 Benchmarking and Service Quality Study of banks conducted by Dubai-based Ethos Consultancy. The Bank scored 72.2% and was ranked as the best Islamic bank in the UAE while coming third in the overall standings of 29 banks surveyed. The survey used criteria based on quality of service and the speed of customer service staff response. The Bank believes that the "Tafawouk dashboard", a management reporting system on the performance of individual branches and employees has played a key part in achieving these results (*see Strong information technology base* below).

Ability to Innovate

The Bank was the first bank in the UAE to introduce a number of products and services. It 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 EIB" 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.

***Shari'a* compliance standards**

The Bank aims 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. Strict compliance with *Shari'a* is a key component of the Bank's 3 "S" mission being *service*, *Shari'a* and *society*. To this end, the Bank 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 Bank's reputation as a premier Islamic bank is maintained.

Experienced and committed management

The Bank aims for a high employee retention rate and a high proportion of the Bank's senior management team has been with the Bank since its inception. Prior to joining the Bank, most of the senior management had many years of experience with other international banks.

Comprehensive staff training and development

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

The Bank 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 Bank believes that the continuous efforts and developmental programmes provided over the past years by the Bank have contributed to the high level of skill in the industry

and has contributed to the Bank being seen as an industry leader (see *Management and Employees – Training*).

Stable funding base

The Bank has a diversified deposit base that includes retail and corporate customers, government bodies and public sector agencies which, taken together, are regarded by the Bank as a relatively stable and a low cost source of funding.

Relationships and strategic alliances

The Bank has strategic alliances with other reputable UAE-based entities such as Amlak Finance, Tamweel, Mawarid Finance and Madain Real Estate. Through these alliances, the Bank has, in some cases, priority over other financial institutions in providing these entities with banking and financial services.

Through its strategic investment in the Al Baraka Group and strategic relationship with Al Salaam Bank, the Bank also gains an exposure to growing markets in the Middle East and the North Africa region including Bahrain, Sudan, Algeria, Syria, Jordan and Saudi Arabia.

Strong information technology base

The Bank envisages the role of information technology (**IT**) to be significant in ensuring the Bank remains responsive and flexible to the competitive and dynamic forces of the environment within which it operates.

Accordingly, the Bank invests in IT continuously to ensure that it is resourced in line with modern banking IT requirements.

Capital expenditure on IT equipment was AED 6.2 million and AED 4.26 million for 2006 and 2007 respectively. The mainframe of the IT system is centralised at the Emirates Bank Group level.

The Bank also complements its IT investments with appropriate investments in its human resources through continuous training and certification.

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

The Bank's IT investment strategy is focused on continuously improving the cost efficiency and the quality of the services that the Bank provides to its customers. The Bank, in conjunction with the Guarantor, is in the process of upgrading to a new computer system for its core banking system. The Bank is also implementing an "Islamic financing system" for front-end Retail Banking. This system 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. These projects are expected to be completed by the end of 2009.

An example of the way in which the Bank uses IT as a competitive advantage is the Bank's use of a highly sophisticated management software developed and implemented at the Emirates Bank Group level known as the "Tafawouq dashboard" which provides management with detailed reports on the performance of individual branches and employees. For example, it feeds back information to the user about customer waiting times (measured by the time between a customer taking a ticket and being served), customer satisfaction, and staff performance measured against various targets.

Links with the Community

The Bank'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 Bank 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 Bank enjoys one of the highest Emiratisation levels in the UAE banking sector due to its innovative initiatives in attracting UAE nationals into the industry: 33% of the Bank's total employees as at 31 December 2007 were Emirati. The Bank's target Emiratisation level is 40%.

COMPETITION

The Bank faces competition in all of its principal business areas. In its Retail Banking and Corporate Banking businesses, the Bank'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 June 2008 there were 51 banks holding full commercial banking licenses in the UAE, of which 23 were locally incorporated. In the Islamic banking market, the Bank's direct competitors include Dubai Islamic Bank, Abu Dhabi Islamic Bank, Sharjah Islamic Bank and Dubai Bank, all of which are incorporated in the UAE. There are also international banks providing Islamic arms like ABN Amro, Citi Islamic, HSBC Amanah and Standard Chartered Bank. Potential future competitors include Noor Islamic Bank, Al Hilal Bank and Ajman Bank, which are locally incorporated and new entrants to the Islamic banking market.

Despite the relatively high level of competition in the banking sector in the UAE, the Bank expects the recent and continuing growth of the economy to lead to an overall growth in demand for banking services, particularly in the Islamic banking sector. The Bank's objective is to participate in this growth and to increase its market share based on its selling skills, service quality standards, personalised customer care and continuing product development.

In the course of its own conversion from a conventional bank to an Islamic bank, the Bank believes it has developed a considerable amount of expertise and know-how relating to the operational issues in relation to the conversion process. This ultimately puts the Bank in the position of being able to offer certain types of rarely available consultancy services (on a fee-paying basis) to other financial institutions, which may themselves be contemplating such a conversion.

RISK MANAGEMENT

The activities of the Bank 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 Bank's resources, operations and financial results. The main risk factors that concern the Bank are credit, operational, market, liquidity, legal and currency risks. The Bank aims to manage its exposure to these risks conservatively.

The responsibility for overall risk management for the Emirates Bank Group lies with the Chief Risk Officer. However, at the Bank level, risk management is overseen by the Assets and Liabilities Committee (**ALCO**) of the Bank. The Bank is also represented at some Emirates Bank Group risk committee levels as well.

Each department of the Bank is responsible for:

- identifying and measuring the risks that the Bank is exposed to and considering whether those risks are significant;
- developing and recommending for approval appropriate risk management policies and procedures regarding those activities and business units, which are susceptible to

significant risk, including business continuity plans. All risk management policies must be approved by the Board of Directors;

- providing direction regarding the Bank's overall risk philosophy and risk tolerance, including considering whether certain new business proposals referred to the ALCO are acceptable from a risk management perspective;
- monitoring compliance with risk management policies and procedures; and
- 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.

Distributions of profit to shareholders and depositors is subject to a comprehensive risk management system that is reviewed at the management level, the *Shari'a* Board level and the ALCO level to ensure the appropriate distribution levels taking into account the Bank's performance, competitor profit distributions and market conditions.

Anti money laundering (AML) and know your client (KYC) policies

The Bank has implemented AML and KYC rules and procedures as required by the UAE Central Bank regulations and other laws. All prospective customers must undergo identity checks based on the Bank's internal compliance requirements. The Bank arranges regular training for staff members on AML and KYC. The continuous development, control and enforcement of the Bank's KYC and AML regulations are the responsibility of the Bank's group compliance section.

Credit Risk

Credit risk is the risk that a counterparty in a financial relationship fails to meet its contractual obligations and causes the Bank to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Credit risk concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank 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. The Bank also obtains security for the financial obligations of the counterparties whenever appropriate.

Credit limits are also established for countries and industry sectors to ensure that the Bank's credit risk profile is diverse. The Bank's credit risk limits and actual levels of exposure are regularly reviewed by the Bank's Executive Committee and the Bank's Board of Directors.

See *Credit Approval Procedures* below for further details on how this risk is managed by the Bank.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, human error or external events. This type of risk includes fraud, unauthorised activities, errors and settlement risk arising from the large number of daily banking transactions occurring in the normal course of business. There is also a wide variety of business risks such as legal, regulatory, human resources and reputational risks inherent in all business activities.

The Bank has standard policies and procedures for managing each of its divisions, departments and branches so as to minimise loss through a framework, which requires all units to identify,

assess, monitor and control operational risk. All standard policies are subject to review and approval by the Board of Directors.

The Bank manages operational risk through disciplined application and evaluation of internal controls, appropriate segregation of duties, independent authorisation 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 Bank follows the operational loss event reporting policy of the Emirates Bank Group to protect against unacceptable levels of operational risk. All operational loss events with a loss value of AED 1,000 or higher, whether resulting from actual losses, potential losses or near misses, must be reported by email within 24 hours of their occurrence or discovery to the Emirates Bank Group's operational risk practice.

The Bank also follows the Emirates Bank Group policy in relation to compliance with the Office of Foreign Assets Control (**OFAC**) regulations which are in line with international practices and guidelines. The Bank maintains a "restricted customer" database which is checked when prospective customers of the Bank are initially assessed. This database is linked to the OFAC list of sanctioned individuals as updated from time to time.

Market Risk

Market risk is the risk of loss arising from unexpected changes in financial prices, for instance, as a result of fluctuations in interest rates and/or exchange rates and/or in bond, equity and commodity prices. Consistent with the Bank's approach to strict compliance with *Shari'a*, the Bank does not enter into speculative foreign exchange and currency transactions. The Bank only enters into a limited amount of foreign exchange and currency transactions to hedge its commercial activities.

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

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its maturing obligations to a counterparty. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, the Bank 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 Treasury department under guidance from the 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 Bank's deposit retention history and the availability of liquid funds.

The maturity profile of the Bank's assets and liabilities is monitored by management to ensure adequate liquidity is maintained (see *Maturity Profile of Assets and Liabilities* below).

Legal Risk

The Bank has a full-time legal advisor who deals with both routine and more complex legal cases. Situations of a particular complexity and sensitivity are referred to external firms of lawyers, either in the UAE or overseas, as appropriate. The Bank aims to hire another full time lawyer by the end of 2008.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is not exposed to significant currency risks resulting from foreign currency transactions undertaken by the Bank for its customers. Customers bear the currency risks as per the contractual terms of the transaction. The Bank does not have any substantial assets or liabilities in foreign currencies other than the US Dollar which is currently pegged to the UAE dirham.

The Bank does not deal in derivatives such as foreign exchange contracts and foreign currency swaps nor does it undertake any hedging transactions that are considered to be non-compliant with *Shari'a.*

Capital Management/Adequacy

As at 31 December 2007 EIB`s capital base consisted both Tier I & Tier II capital. The Bank's capital adequacy ratios were 11.86% and 11.59% (see Note 1 below) as of 31 December 2007 and 31 December 2006, respectively.

The increase in the capital adequacy ratio in the year 2007 was mainly due to inclusion of Tier II capital of AED 794 million as part of capital base for the purpose of calculation of the capital adequacy ratio.

The Bank's capital adequacy ratio is regularly monitored by the ALCO and managed by the Emirates Bank Group risk department. The following table shows the Bank's risk assets and their risk weighted values for capital adequacy ratio purposes as at 31 December 2007 and 31 December 2006, respectively.:

	As at 31 Dec 2007	**As at 31 Dec 2006[1]**
	AED 000's	*AED 000's*
Capital Base	1,982,906	965,872
On Balance Sheet (Risk Weighted Assets).	15,266,397	7,576,827
Off Balance Sheet (Risk weighted Assets).	1,444,751	753,274
Ratio.	11.86%	11.59%

Note 1: Capital Adequacy Ratio for the year 2006 has been recalculated to be in line with current regulatory guidelines.

Basel II

Implementation of and compliance with the Basel II framework to the satisfaction of the UAE Central Bank is being undertaken at the Emirates Bank Group level. Regular meetings are held between the Bank's representatives and the risk management department of the Emirates Bank Group to understand the scope the requirements of implementing Basel II including changes required to internal systems (in particular changes required to IT systems) and to monitor progress made towards the implementation of Basel II. The Bank aims to implement the Moody's KMV regulatory capital calculator as a credit risk analysis tool allowing the Bank to calculate its regulatory capital on a consistent and continuous basis for the purposes of compliance with Basel II.

CREDIT APPROVAL PROCEDURES

Credit approval matrix

The Bank's philosophy is to adopt a comprehensive approach to credit analysis of business proposals.

Approval of Corporate Banking credit policies is vested with the Bank's Board of Directors. These credit policies are prepared by the Credit division and submitted to the Bank's Board Credit and Investment Committee (**BCIC**) and the risk management division of the Emirates Bank Group for their approval before being presented to the Board of Directors for their ratification.

Approval of Retail Banking credit policies is delegated by the Board of Directors to the Head of Credit and Chief Executive Officer (acting jointly). Whilst their specific consent is not required, new credit policies or changes to existing credit policies for Retail Banking are also reviewed by the BCIC and the risk management division of the Emirates Bank Group.

The credit approval tiers for Retail Banking are as follows: Retail Banking products are channelled through sales units and branches. Sales unit staff do not have any authority to approve credit applications. Branch managers are given certain approval authorities but strictly within the stipulations of approved product policies. Approvals beyond the authority of branch managers are sent to the retail assessment unit (**RAU**). RAU officers review credit applications received from business units in accordance with Bank's applicable credit policies. Applications that are beyond the authority of RAU officers are passed on to RAU manager. The RAU manager can authorise certain credit applications within their authority or, where required, pass them on for the Head of Credit to review. In certain cases, the Head of Credit may consult with the General Manager of Retail Banking. All credit applications, whether originated from sales units or branches, are reviewed by a centralised and independent retail processing centre (**RPC**) before the credit application is passed on to the operations department for disbursement. The RPC manager reports to credit support manager who also reports to the Head of Credit.

The credit approval tiers for Corporate Banking are as follows: on the business side, the General Manager and Head of Corporate Banking have certain approval authorities based on specified credit policies. Business proposals beyond the approval authority of the General Manager and Head of Corporate Banking are presented to the Credit division where proposals are initially reviewed by the relevant credit managers. A report on the proposal is prepared and submitted to the Risk Analysis Manager who will either authorise the proposal or submit it to the Head of Credit depending on the limit and nature of the proposal. Proposals may also be submitted to the Chief Executive Officer and General Management Credit Committee (**GMCC**), depending on the limit and nature of the proposal. The relevant approval limits are governed by the Bank's discretionary limits policy which is approved by Board of Directors and reviewed on an annual basis. Limits are specified in absolute amounts but are determined by reference to the Bank's total shareholders equity, for example, the Chief Executive Officer's approval limit is approximately 0.5% of the Bank's total shareholders equity and the GMCC's approval limit is approximately 1% of the Bank's total shareholders equity.

Business proposals of higher amount must be approved by the BCIC. All decisions taken by the BCIC are brought to the knowledge of the Board of Directors in its board meetings. Any proposal that is considered as "Large Exposure" in line with (and as defined in) UAE's Central Bank's Circular 16/93 requires the approval of the Board of Directors and the UAE Central Bank.

Credit Division

The Bank has a dedicated Credit division that is responsible for evaluating all matters relating to credit risks (for Retail, and Corporate Banking) and comprises the following units:

- Retail Credit Analysis Department (Retail Banking)
- Credit Risk Analysis Department (Corporate Banking)

- Credit Support and Operations Department
- Quality Assurance Department

The above listed departments all report to the Head of the Credit.

Board Credit and Investment Committee

The BCIC approves credit facilities within the parameters prescribed by the Board of Directors. It also approves any new products, schemes and policies and oversees any litigation and settlement arrangements for classified accounts and any rescheduling or restructuring of credit. The permanent members of the BCIC are:

- Chief Executive Officer
- Head of the Credit
- Director -*Shari'a* Board
- 3 directors representing the Guarantor

Risk Rating System

The Bank has a risk rating system for transactions and customers. The risk rating system is used as a credit risk management tool whereby any risks taken on the Bank's books are rated against a set of predetermined standards established in accordance with the UAE Central Bank's guidelines and international guidelines. The principal objectives of establishing the risk rating system are to:

- ensure the credit quality of the obligors;
- determine the pricing and the tenor of the credit facility for a particular type of obligor; and
- act as an effective tool for determining the degree of risk and its mitigating factors.

Risk ratings are reviewed and set by the Bank's Credit division on an ongoing basis. Risks are classified according to the risk profile of the asset or risk and the probability of default. The Bank has adopted "10 point rating system" in line with the risk rating system adopted by the Emirates Bank Group as per international risk rating parameters.

Below is a table showing the risk rating matrix used by the Bank:

EIB Risk Grade	Classification	Equivalent S&P Rating	Equivalent Moody's Rating
1A	Excellent investment grade	AAA	Aaa
1B	Very Good investment grade	AA+ to AA-	Aa1 to Aa3
1C	Good investment grade	A+ to A-	A1 to A3
1D	Above average large size company – investment grade	BBB+ to BBB-	Baa1 to Baa3
1E	Average large size company excellent medium size company	BB+ to BB-	Ba1 to Ba3
2A	Below average large size company Good - average medium size company	B+ to B-	B1 to B3
2B	OLEM close follow up	CCC+ to CC	Caa to C
3	Substandard	R	C

4	Doubtful	SD	C
5	Loss	D	C

Collateral Management

Separate Corporate and Retail Banking operations units exist to evaluate and maintain the collateral and credit facilities for each client. In the case of certain products, for example, financing covered by a percentage of share securities, there is a mechanism to maintain securities at a specified level and in case there is a shortfall below the "trigger level", customers are contacted to either reduce their liabilities or cover the margin.

Limits on financing

The Bank's credit limit policies are monitored through a regular reporting system that involves several departments including the credit, finance and business units as well as senior management. Country limits and certain sectors/sub-sector limits are approved by the Board Credit Investment Committee and Board of Directors and are implemented for the purposes of diversification and risk control. These limits are determined as part of the overall credit and investment policy based on industry and economic data reviewed at committee / senior management levels and appropriate portfolio strategies are suggested accordingly on a periodical basis.

PROVISION AND WRITE-OFFS

Financing is monitored through a Management Information System (**MIS**) and periodical reports.

The Bank has formulated what it believes to be a prudent loss provisioning and write-offs policy to ensure the quality of the Bank's asset portfolio. The risk-rating criteria set out above and the classification of accounts as sub-standard (risk grade 3) and below is used as the basis for the Bank's provisioning policy.

Financing receivables are presented net of allowances for impairment. Specific allowances are made against the carrying amount of financing receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these financing receivables and loans (a small amount of "loans" were carried over from Middle East Bank PJSC and have not been converted to *Shari'a* compliant investments at the request of the relevant customers) to their estimated recoverable amounts at the balance sheet date. The expected cash flows for a portfolio of similar assets are estimated based on previous experience with similar assets and considering the credit rating of the underlying customers and the frequency of late payments. When a receivable or financing is known to be uncollectible, all the necessary legal procedures to recover such monies have been exhausted, and the final loss has been determined, the receivable is written-off at various levels within the Bank depending on the amount.

If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the income statement.

The retail credit portfolio is monitored regularly and accounts are downgraded based upon the number of days amounts are overdue by way of MIS generated reports and subsequently each month end respective report is generated for follow up of necessary cases. The delinquent customers are monitored at an individual level through a centralised collection department on a day-to-day basis.

Corporate accounts are also reviewed regularly through various MIS reports and monthly risk reviews are conducted with the corresponding business units to classify them as per the Bank's risk rating system.

Provisions under the retail portfolio are done as block provisions at each month based upon the respective risk grades. For Corporate Banking, provisions are based on the International Accounting Standard (**IAS**) 39 (*Financial Instruments: Recognition and Measurement*) based on net present value (**NPV**) of future cash flows. The exercise is normally conducted at quarter ends.

In the case of Retail Banking, the Bank's Central Collection Unit follow-up overdue accounts as shown in an automated collection system through the life cycle of such accounts. In the case of Corporate Banking, affected accounts are initially followed up by the Bank's Credit Division through the business. Accounts which remain overdue after a follow up by the Bank's Credit Division are transferred to the Special Loans Group unit of the Emirates Bank Group for further follow-up after being fully provided. Assistance of external collection agencies is also taken in some cases. The Bank adheres to International Financial Reporting Standards which lay down strict principles and guidelines for the recognition and provisioning of impaired financing and advances.

The Bank's provisioning and write-offs for the years 2006 and 2007 are shown in the following table:

	2007	**2006**
	AED 000's	*AED 000's*
Impairment allowance for loans and financing receivables and investments.	73,728	47,123
Recoveries (Including loans & receivables)	(31,856)	(13,220)
Impairment allowances net of receivables	41,872	33,903

Total non-performing loans as at 31 December 2007

A break up of non performing loans (**NPL**s) by Corporate Banking and Retail Banking and prior to and following conversion of the Bank to an Islamic bank is shown below:

	Post conversion	**Pre conversion**	**Total non performing loans**	**Percentage of total non performing loans**	**Amount provisioned**	**Percentage provisioned**
	AED 000's	*AED 000's*	*AED 000's*	*%*	*AED 000's*	*%*
Corporate Banking	52,066	32,219	82,285	26%	29,391	35%
Retail Banking	174,578	70,768	245,346	74%	191,435	78%
Total	226,644	102,987	329,631	100%	220,826	67%

Total NPLs as at 31 December 2007 were AED 330 million which equates to 3% of the Bank's total financing and advances for the same year. Out of total NPLs, 74% pertains to the Retail Banking division and the remaining 26% pertains to the Corporate Banking division. 31% of NPLs have been NPLs loans before the conversion of Middle East Bank to Emirates Islamic Bank in October 2004. Provision has been made for AED 221 million against the total NPLs of AED 330 million (i.e. 67% of total NPLs).

In addition to the above NPLs, there are further delinquent loans and receivables of AED 68.243 million (identified at the time when Middle East Bank PJSC was taken over by the Emirates Bank Group) which have been fully provisioned for and are an off balance sheet item.

INTERNAL AUDIT AND COMPLIANCE

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

The scope of audits encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's systems of internal controls and the quality of performance in carrying out assigned responsibility.

The approach adopted for internal audits comprises a mixture of activity and thematic reviews, unit specific examination and independent asset quality evaluation. In addition, reviews of the Bank's computer applications are conducted by specialist information system auditors to ensure the adequacy and efficiency of controls relating to integrity, confidentiality and availability of application systems, components and data.

All internal audit personnel are professionally qualified and experienced. In addition to general training, the Bank provides specialised education for information system auditors. Training requirements are identified annually and are delivered in coordination with the Emirates Bank Group's training centre.

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, Corporate, Treasury, 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

This involves reviewing of adherence to internal policies, plans, procedures, as well as laws and regulations.

Group Compliance

The role of the Emirates Bank Group compliance function is to identify, assess and monitor the compliance risks faced by the Bank and to advice and report to senior management on these risks.

The Bank's policy is that all applicable legal, statutory and regulatory obligations in force in the jurisdictions in which the Bank operates are to be met in full.

Group Compliance also oversees the AML policy and procedures of the Bank. These policies and procedures are aimed at ensuring that the Bank is not being used for the purpose of laundering funds associated with drug trafficking, terrorism and other serious crimes.

The Bank's policy is to not establish relationships with customers whose transaction requirements gives rise to suspicion of involvement in money laundering activities. The Bank exercises 'KYC' requirements whereby prospective customers are required to provide key information regarding their identity, circumstances and expected transactions. The Bank will terminate any customer

relationship where the customer's conduct gives the Bank 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 Bank is taken in consultation with the UAE Central Bank. See *Anti money laundering and know your client* above.

EIB Compliance

A dedicated AML and compliance manager, who reports directly to Group Compliance, was appointed by the Bank during November 2007. As well as performing AML reviews of the Bank's branches and providing advice to the Bank's business units, the AML and compliance manager serves as the liaison with the UAE Central Bank.

LEGAL PROCEEDINGS

No provisions were made in 2007 regarding any outstanding proceedings against the Bank.

INFORMATION TECHNOLOGY

The Bank'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 Emirates Bank Group level.

The Bank has in place a wide range of banking software that has been developed for the Guarantor and re-engineered to suit the Bank's requirements. The Bank, in conjunction with the Guarantor, is in the process of upgrading to a new computer system for its core banking system. The Bank is also implementing an "Islamic financing system" for front-end Retail Banking. The Bank also utilises the Emirates Bank Group Buzz Centre as a call centre for 24 hour phone banking and for providing internet banking and mobile (SMS) banking to its customers (see *Retail Banking* above). A 24-hour IT support centre is also in place with expert support staff to address any IT related issues.

The security and reliability of the Bank's IT services has been tested by the IT department at the Bank through implementation of a disaster and recovery site at a remote premises that can be activated in the case of any accident affecting the Bank's IT systems to ensure that critical systems and data continue to be fully operational so that the Bank can continue to provide essential services to its customers. The IT department at the Bank carries out daily and other periodic data back-ups which are stored at a location away from its head office. The Emirates Bank 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 Bank's disaster recovery plan provides for back up of IT systems at its disaster recovery site.

A modern centralised data centre has also been built and will become operational during 2008. The data centre has been built to the TIA-942 (Tier 3) industry standards. This will reduce system down-time and will allow customer service to be available without being limited by computer system availability.

SUBSIDIARIES

Emirates Islamic Financial Brokerage

Emirates Islamic Financial Brokerage (**EIFB**) was established in February 2007 and is 100 percent owned by the Bank. 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. EIFB are located within the Bank's Oud Metha Branch in Dubai. It is intended that by 2009, EIFB will have a representative in

each of the Bank's key branches in each Emirate, as the Bank aims to integrate the banking and brokerage services.

Ithmar Real Estate Development Co. PSC

Ithmar Real Estate Development Co. PSC (Ithmar Real Estate) was established in June 2008 and is 40 percent owned by the Bank. Ithmar Real Estate will be engaged in real estate development activities when it formally starts operations which is expected to be in the last quarter of 2008. Although only holding 40 percent of the shares of Ithmar Real Estate, the Bank currently exercises control over the management of the company through holding the majority of votes of its Board of Directors.

SHARI'A COMPLIANCE

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

Before either the execution of a transaction or the launch of a new product, the terms of the transaction or product are sent to the *Shari'a* Board for its approval.

Shari'a Board

The *Shari'a* Board is an independent body of *Shari'a* scholars that is appointed by the General Assembly of the Bank. Its key task is to supervise the application of different aspects of *Shari'a* within the Bank and to ensure that all transactions are undertaken in strict compliance with *Shari'a*. The decisions and pronouncements of the *Shari'a* Board are binding on the management and the Directors of the Bank. The *Shari'a* Board meetings are held periodically and whenever the need arises. The Bank's management does however retain the authority to not implement a transaction or proposal approved by the *Shari'a* Board if, for any reason, management feels the transaction or proposal is not in the best interests of the Bank. The current three members of the Bank's *Shari'a* Board are:

Dr. Hussein Hamid Hassan (Chairman)

Dr Hussein Hamid received his PhD in the Faculty of *Shari'a* at Al Azhar University in Cairo, Egypt in 1965. He also holds two law degrees from the International Institute of Comparative Law, University of New York and two additional degrees in Law and Economics from Cairo University. He served as Assistant Professor, Associate Professor and Professor of *Shari'a* in the Faculty of Law and Economics at Cairo University between 1960 and 2002. During his tenure at Cairo University, he was also seconded to a number of educational institutions throughout the Arabic and Muslim World. He currently chairs, or is member of, the *Shari'a* boards of a number of Islamic financial institutions including Emirates Islamic Bank, Dubai Islamic Bank, Dubai Financial Market, Sharjah Islamic Bank, Islamic Development Bank, Dubai Islamic Insurance and Re-Insurance (Aman), Tamweel, AMLAK, Liquidity Management Center, Assalam Bank of Bahrain, Assalam Bank of Sudan and AAOIFI in Bahrain. He is the author of more than 21 books on Islamic law, Islamic finance, Islamic economics, social studies and art, in addition to more than 400 research articles on these subjects.

Dr. Ajeel Jassim Al-Nashmi (Vice Chairman)

Currently a professor of *Shari'a* and Islamic Studies at Kuwait University, Dr Ajeel Al-Nashmi received his PhD on "Principles of Islamic Jurisprudence" from Al-Azhar University in Cairo, Egypt in 1977. He is a member and the representative of Kuwait at the International Islamic Jurisprudence Assembly and serves on the *Shari'a* boards of a number of Islamic financial institutions in the GCC including Kuwait Finance House, Emirates Islamic Bank, Dubai Islamic Bank, Dubai Financial Market, Sharjah Islamic Bank, AAOIFI and the Liquidity Management Center

in Bahrain. He published many scholarly articles and studies in prominent periodicals on contemporary issues in Islamic finance and jurisprudence. He also authored many books on the Principles of Islamic Jurisprudence and on Islamic education.

Dr. Ali Al-Qurra Daghi

Currently a Professor of *Shari'a* and Head of the Department of Principles of Islamic Jurisprudence in the School of *Shari'a* and Law at Qatar University, Dr Ali Al-Qurra Daghi received his PhD in the area of contracts and financial transactions from Al Azhar University in Cairo, Egypt in 1985. He presently serves on the *Shari'a* boards of many Islamic financial institutions in and outside Qatar including Emirates Islamic Bank and Dubai Islamic Bank in the UAE, Investment House and Investors Bank in Bahrain and First Investment in Kuwait. In addition, he is a founding member of many charitable organisations and international Islamic Jurisprudence bodies. He is the author of many research articles on contemporary issues in Islamic finance and banking. He has published more than eight books on various topics related to Islamic jurisprudence and Islamic thought.

Board of Directors:

The Bank operates under the direction of a Board of Directors, which is comprised of seven members vested with the power to manage the Bank and conduct its business in accordance with the Federal Law No. 8 of 1984 concerning commercial companies of the UAE (the Commercial Companies Law), the Bank's Memorandum and Articles of Association and resolutions of the shareholders. The Board of Directors is elected by the shareholders. The Board of Directors is fully responsible for the Bank's performance and for reporting to the shareholders. The following table sets out the names of the Bank's Board of Directors:

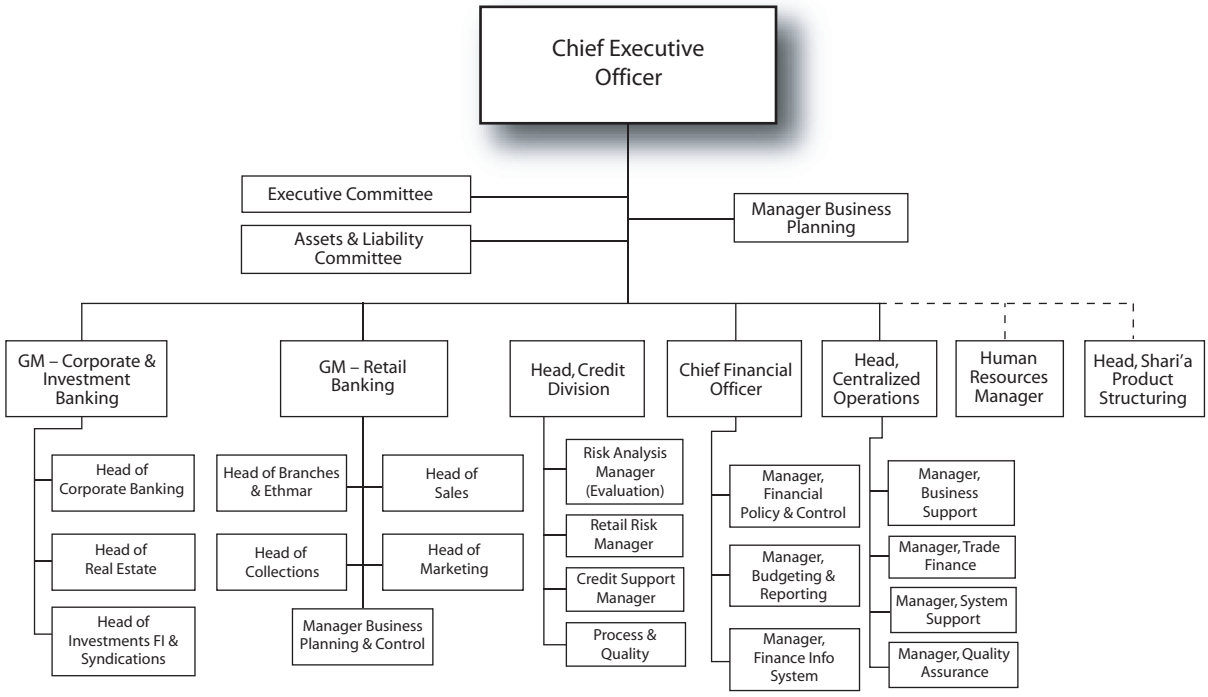
Name	Position
Saeed Mohamed Rashid Al Sharid	Chairman
Ahmed Bin Hassan Mohd. Bin Al Sheikh	Vice Chairman
Salah Abdulrahman Mohammed Bukhatir	Director
Jamal Saeed Juma Bin Ghalaita	Director
Sulaiman Hamed Al Mazroui	Director
Sheikh Mohamed Bin Ahmed Al Maktoum	Director
Mahdi Abdulnabi Hussain Kazim	Director

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

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

MANAGEMENT AND EMPLOYEES

The Bank's management structure is summarised in diagram form in the organisation chart set out below:



Senior Management

Name	Position
Ebrahim Fayez Al Shamsi	Chief Executive Officer
Abdulla Showaiter	General Manager - Corporate and Investment Banking
Faisal Aqil	General Manager - Retail Banking
Ahmad Fayez Al Shamsi	Chief Finance Officer
Zahid Rashid	Head of Credit

Employees

As at 31 December 2007, the Bank had a total of 929 employees (compared with 801 employees as at 31 December 2006).

Training

The Bank treats training as an integral part of staff development. The Global Training Centre (GTC) of the Emirates Bank Group provides training to various categories of staff within the Bank. The training covers the range of retail, corporate and *Shari'a* based training. In addition various management, sales and service-based training are provided to the appropriate staff members. GTC also facilitates external training courses and relevant conferences, seminars and workshops which benefit the staff. The business communication unit of GTC provides language training in English and Arabic. Certain courses result in certifications and these are well recognised in the region.

The Bank has an affiliation with Bradford University and offers certain senior staff the opportunity to do an MBA at Bradford University. The Bank also facilitates staff to complete 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 Bank is dependent upon the competence of employees at all levels of its business. The Bank provides a range of reward and recognition schemes to attract, motivate and retain high caliber individuals to drive the performance of the business and drive new growth streams.

Focus on UAE nationals

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

Reward Policy

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 Bank'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.

Benefits

The Bank 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, vacation airfares and termination benefits.

U.A.E national pension fund

All UAE nationals employed by the Bank participate in the Government sponsored General Pension & Social Security pension scheme. The scheme enables members to achieve the maximum pension of 100% of their salary after 30 years of service.

The Emirates Islamic Bank Provident Fund Plan

All employees of the Bank are, on completion of probation, invited to join the new contributory Provident Fund Plan. In this Provident Fund Plan, employees may choose to contribute between 5% to 20% of their basic salary and the Bank will match the contribution. Employees are free to choose from a range of investment vehicles where the total contribution will be invested.

Recognition policy

A number of formal recognition schemes have been instituted across the Bank. These provide line managers more opportunities to recognise and reward staff who make positive contributions.

The schemes include:

Division	Recognition Scheme
Corporate Banking Ethmar	Incentives for cross selling products Best Ethmar Account Manager Award
Retail Banking	Best Retail Banking Executive Award Best Teller Award
Customer Service	Best Customer Service Executive Award
Sales	Best Vehicle Murabaha Sales Award Best Home Finance Sales Award Best Credit Card Sales Award
All Departments	Top Performer Awards

Selected Financial Information:

The following tables set out in summary form the balance sheet and income statement information relating to the Bank. Such financial statements together with the auditor's reports of KPMG and the accompanying notes appear elsewhere in this Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

Liabilities & Total Shareholders' Equity

The Bank'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 Bank as at 31 December 2007, 31 December 2006 and 31 December 2005:

	2007	2006	2005
	(AED million)	*(AED million)*	*(AED (million)*
Customer's Deposits	13,909	9,046	3,600
Due to Banks and other Financial Institutions	158	56	18
Other Liabilities	800	395	315
Investment Wakala	740	–	–
Shareholders Equity	1,333	966	860

Assets

The following summarises the position in relation to some of the Bank's principal assets and investments:

	2007	2006	2005
	(AED million)	*(AED million)*	*(AED (million)*
Cash and Bank Balances	868	453	239
Due from Financial Institutions	23	39	95
Due from Group Holding Company	986	1,182	1,355
Financing Receivables	10,836	6,558	2,111
Investments	2,780	1,617	660
Investments Properties	607	270	129

Financing Receivables

The following table summarises the movement in financing receivables and related provision for impairment

	2007	2006	2005
	(AED million)	*(AED million)*	*(AED (million)*
Gross Financing Receivables	11,540	7,028	2,340
Less: Deferred Income	(546)	(376)	(182)
Net Financing Receivables	10,994	6,652	2,158
Less-Allowance for Impairment	(158)	(94)	(47)
Loans and Receivables Net	**10,836**	**6,558**	**2,111**

Loans and Receivables

The following table summarises the movement in loans and receivables and related provision for impairment

	2007	2006	2005
	(AED million)	*(AED million)*	*(AED (million)*
Gross Loans and Receivables	103	110	125
Less-Allowance for Impairment	(63)	(67)	(80)
Loans and Receivables Net	**40**	**43**	**45**

Commitments and Contingent Liabilities

The Bank provides letters of guarantees and letters of credit to meet the requirements of its customers. These commitments have fixed limits and expirations, and are not concentrated in any period, and are arising in the normal course of business, as follows:

	2007	2006	2005
	(AED million)	*(AED million)*	*(AED (million)*
Letters of guarantee	2,127	1,114	518
Letters of credit and other contingent liabilities	701	526	420

RELATED PARTY TRANSACTIONS

The Bank has carried out transactions in the normal course of business with the Emirates Bank Group and with certain staff, shareholders, directors and entities in which the Bank, its shareholders and directors have significant interests. The Bank's related party transactions are as follows:

	2007	2006
	AED'000	*AED'000*
Balance Sheet		
Due from the Group holding company	985,482	1,182,074
Investment Wakala	740,000	–
Investment in funds managed by the Group	665,389	281,708
Financing receivables – Directors	113,610	96,350
Financing receivables - Key management personnel	31,382	36,903
Current and investment accounts - Directors	–	4,091
Income Statement		
Income from fund managed by the Group Holding Company	54,180	65,337
Sale of investment properties to fund managed by the Group Holding Company	–	100,482
Redemption of units in funds managed by Group Holding Company	–	34,080
Income from Group Holding Company, net	129,855	42,521
Key management personal compensations	7,974	6,538
Key management personal compensations- Retirements benefits	337	200

MATURITY PROFILE OF ASSETS AND LIABILITIES

The table below set out information regarding the maturity profile of the Bank's assets and liabilities.

These amounts are determined through the Bank's accounting software and monitored by the ALCO.

2007	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
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
ASSETS:						
Cash, and deposits with UAE Central Bank	867,912	–	–	–	–	867,912
Due from banks and other financial institutions	23,340	–	–	–	–	23,340
Due from Group Holding Company, net	474,432	511,050	–	–	–	985,482
Financing receivables	3,619,608	1,797,541	1,433,335	1,570,536	2,415,807	10,836,828
Loans and receivables	39,909	–	–	–	–	39,909
Investments	344,824	144,802	1,694,396	403,795	192,334	2,780,151
Investment properties	–	606,905	–	–	–	606,905
Prepayment and other assets	536,352	–	–	–	–	536,352
Fixed assets	–	–	–	277,030	–	277,030
TOTAL ASSETS	**5,906,377**	**3,060,298**	**3,127,731**	**2,251,361**	**2,608,141**	**16,953,909**
LIABILITIES:						
Customers' accounts	3,698,121	6,158,483	4,052,454	–	–	13,909,058
Due to banks and other financial institutions	158,200	–	–	–	–	158,200
Other liabilities	800,319	–	–	–	–	800,319
Zakat payable	13,426	–	–	–	–	13,426
Investment Wakala	–	–	–	740,000	–	740,000
Shareholders' Equity	–	–	–	–	1,332,906	1,332,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,670,066**	**6,158,483**	**4,052,454**	**740,000**	**1,332,906**	**16,953,909**
Liquidity gap	**1, 236,312**	**(3, 098,185)**	**(924,723)**	**1, 511,361**	**1, 275,235**	**–**
Cumulative Liquidity gap	**1, 236,312**	**(1, 861,873)**	**(2, 786,596)**	**(1, 275,235)**	**–**	**–**

MATURITY PROFILE OF ASSETS AND LIABILITIES *(continued)*

2006	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
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
ASSETS:						
Cash, and deposits with UAE Central Bank	453,337	–	–	–	–	453,337
Due from banks and other financial institutions	38,465	–	–	–	–	38,465
Due from Group Holding Company, net	273,026	909,048	–	–	–	1,182,074
Financing receivables	1,634,566	1,049,513	1,936,443	746,378	1,191,409	6,558,309
Loans and receivables	42,472	–	–	–	–	42,472
Investments	–	486,266	822,359	308,674	–	1,617,299
Investment properties	–	270,048	–	–	–	270,048
Prepayment and other assets	247,280	–	–	–	–	247,280
Fixed assets	–	–	–	–	64,466	64,466
TOTAL ASSETS	**2,689,146**	**2,714,875**	**2,758,802**	**1,055,052**	**1,255,875**	**10,473,750**
LIABILITIES:						
Customers' accounts	2,859,382	3,842,879	2,343,834	–	–	9,046,095
Due to banks and other financial institutions	55,983	–	–	–	–	55,983
Other liabilities	395,187	–	–	–	–	395,187
Zakat payable	10,613	–	–	–	–	10,613
Sukuk	–	–	–	–	–	–
Shareholders' Equity	–	–	–	–	965,872	965,872
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,321,165**	**3,842,879**	**2,343,834**	**–**	**965,872**	**10,473,750**
Liquidity gap	**(632,019)**	**(1,128,004)**	**414,968**	**1,055,052**	**290,003**	**–**
Cumulative Liquidity gap	**(632,019)**	**(1,760,023)**	**(1,345,055)**	**(290,003)**	**–**	**–**

FINANCING RECEIVABLES

The following table summaries the types of financing activities undertaken by the Bank.

	2007	2006
	AED'000	*AED'000*
Financing receivables comprise:		
Commodities Murabaha	2,006,613	989,023
Vehicles Murabaha	2,177,992	1,938,264
Syndication Murabaha	360,589	389,407
Real Estates Murabaha	261,262	126,717
Total Murabaha	4,806,456	3,443,411
Istisnaa	739,659	259,278
Ijarah	2,578,078	1,753,197
Credit card receivables	292,089	185,192
Wakala	2,276,688	505,870
Others	847,200	881,438
	11,540,170	7,028,386
Less: Deferred income	(545,594)	(375,964)
	10,994,576	6,652,422
Less: Allowances for impairment	(157,748)	(94,113)
	10,836,828	**6,558,309**
Analysis by Economic Activity		
Agriculture and related activities	8,017	23,514
Manufacturing	390,740	166,721
Construction	802,347	1,392,524
Trade	2,646,657	1,429,042
Transportation and communication	137,308	13,059
Services and personal	4,615,735	2,789,404
Real estates	2,472,700	967,555
Others	466,666	246,566
	11,540,170	7,028,386
Less: Deferred income	(545,594)	(375,964)
Less: Allowance for impairment	(157,748)	(94,113)
	10,836,828	**6,558,309**

Impairment Allowances

The following table sets out the movements in impairment allowances.

	2007	2006
	AED'000	*AED'000*
Movement in allowances for impairment:		
Balance at the beginning of the year	94,113	46,990
Allowances for impairment made during the year	73,728	47,123
Recoveries	(10,093)	–
Balance at the end of the year	**157,748**	**94,113**

LOANS AND RECEIVABLES

	2007	2006
	AED'000	*AED'000*
Overdraft	22,746	23,678
Time loans	68,052	71,977
Loans against trust receipts	9,153	10,209
Bills discounted	1,746	2,442
Others	1,290	1,295
Total loans and receivables	102,987	109,601
Less: Allowances for impairment	(63,078)	(67,129)
	39,909	**42,472**
Analysis by Economic Activity:		
Agriculture and related activities	2,341	2,276
Manufacturing	15,074	15,351
Construction	10,227	8,974
Trade	12,129	13,327
Transportation and communication	37,413	41,822
Services and Personal	25,803	27,851
Total Loans and receivables	102,987	109,601
Less: Allowances for impairment	(63,078)	(67,129)
	39,909	**42,472**
Movement in allowances for impairment:		
Balance at the beginning of the year	67,129	80,349
Recoveries	(412)	(13,220)
Amount written off	(3,639)	–
Balance at the end of the year	63,078	67,129

Included in the "Others" above are delinquent loans and receivables that were identified at the time of acquisition of Middle East Bank (PJSC) by the Holding Company. These are managed in a workout situation. The loan balances on these accounts amounted to AED 68,243,000 (2006: AED 233,713,000) against which allowances for impairment of AED 68,243,000 (2006: AED 233,713,000) are applied. Net recoveries of AED 21,652,000 (2006: AED 909,000) were credited to the income statement.

GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

The following table sets out the allocation of the Bank's assets by geographic region.

2007	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
ASSETS:								
Cash, and deposits with UAE Central Bank	867,912	–	–	–	–	–	–	867,912
Due from banks and other financial institutions	14,864	707	2,010	4,465	272	370	652	23,340
Due from Group Holding Company, net	985,482	–	–	–	–	–	–	985,482
Financing receivables	10,620,345	171,511	–	–	44,972	–	–	10,836,828
Loans and receivables	39,909	–	–	–	–	–	–	39,909
Investments	2,544,403	152,760	27,892	–	55,095	–	–	2,780,150
Investments properties	606,905	–	–	–	–	–	–	606,905
Prepayment and other assets	536,353	–	–	–	–	–	–	536,353
Fixed assets	277,030	–	–	–	–	–	–	277,030
TOTAL ASSETS	**16,493,203**	**324,978**	**29,902**	**4,465**	**100,339**	**370**	**652**	**16,953,909**
LIABILITIES:								
Customers' accounts	13,909,058	–	–	–	–	–	–	13,909,058
Due to banks and other financial institutions	64,159	–	–	91,085	–	2,956	–	158,200
Other liabilities	800,319	–	–	–	–	–	–	800,319
Zakat payable	13,426	–	–	–	–	–	–	13,426
Investment Wakala	740,000	–	–	–	–	–	–	740,000
Shareholders' Equity	1,332,906	–	–	–	–	–	–	1,332,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16,859,868**	**–**	**–**	**91,085**	**–**	**2,956**	**–**	**16,953,909**

GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES *(continued)*

2006	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
ASSETS:								
Cash, and deposits with UAE Central Bank	453,337	–	–	–	–	–	–	453,337
Due from banks and other financial institutions	29,089	361	5,889	2,081	308	440	297	38,465
Due from Group Holding Company, net	1,182,074	–	–	–	–	–	–	1,182,074
Financing receivables and investments	6,344,592	195,069	–	–	18,648	–	–	6,558,309
Loans and receivables	42,472	–	–	–	–	–	–	42,472
Investments	1,592,469	–	24,830	–	–	–	–	1,617,299
Investments properties	270,048	–	–	–	–	–	–	270,048
Prepayment and other assets	247,280	–	–	–	–	–	–	247,280
Fixed assets	64,466	–	–	–	–	–	–	64,466
TOTAL ASSETS	**10,225,827**	**195,430**	**30,719**	**2,081**	**18,956**	**440**	**297**	**10,473,750**
LIABILITIES:								
Customers' accounts	9,045,373	–	722	–	–	–	–	9,046,095
Due to banks and other financial institutions	3,753	–	–	52,227	–	3	–	55,983
Other liabilities	395,187	–	–	–	–	–	–	395,187
Zakat payable	10,613	–	–	–	–	–	–	10,613
Shareholders' Equity	965,872	–	–	–	–	–	–	965,872
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,420,798**	**–**	**722**	**52,227**	**–**	**3**	**–**	**10,473,750**

Industry Regulation and Supervision

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

The Bank submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. The Bank'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 Bank 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 Bank 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 ensure the adherence to *Shari'a* principles in the banks' operations and contracts. The Bank complies with this requirement through its *Shari'a* Board (see Fatwa and *Shari'a* Supervisory Board above).

SELECTED FINANCIAL INFORMATION OF EMIRATES BANK INTERNATIONAL 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 Guarantor incorporated by reference in this Base Prospectus (see *Documents Incorporated By Reference* above).

The following table sets forth selected information of the Guarantor as at 31 December 2007, 31 December 2006 and 31 December 2005 as extracted from the Guarantor's audited annual consolidated financial statements for the respective period.

	2007	**2006**	**2005**
	(USD m)	*(USD m)*	*(USD m)*
Income Statement Highlights			
Total Operating Income	1,151.6	788.5	610.1
Total Operating Expenses	602.2	356.2	227.3
Net Profit	650.8	514.1	470.6
Financial Statement Highlights			
Total Assets	39,546.2	26,103.5	16,175.6
Total Financing[1]	27,325.2	17,924.5	11,091.4
Investments[2]	4,012.7	3,086.6	1,534.9
Customer Deposits	16,334.0	11,131.8	8,021.9
Total Deposits[3]	34,827.3	22,419.2	13,279.0
Shareholders Equity	2,944.9	2,416.7	2,109.7
Profitability			
Return on average Assets (%)	2.0%	2.4%	3.5%
Return on average Shareholders equity (%)	24.3%	22.6%	25.5%
Earnings Per Share	0.82	0.81	0.74
Profit per Employee *(USD)*	116,214.3	108,919.6	156,507.6
Capital			
Shareholders' Equity (%) Total Assets	7.4%	9.3%	13.0%
Capital Adequacy Ratio	12.2%	15.6	16.3
Liquidity & Business Indicators			
Due from Banks/Due to Banks	38%	34%	87%
Financing/Total Deposits	78%	80%	84%
Customer Deposits/Total Deposits	47%	50%	60%
Number of Employees	5,600	4,720	3,007

NOTES:

1 Comparative figures for 2006 and 2005 have been restated to include impairment loss on financial assets.

2 Includes Loans & Receivables and Islamic financing

3 Includes investment in securities, associate companies and properties

4 Includes Customer deposits, islamic deposits, due to banks, deposits under repurchase agreement and medium term borrowing

DESCRIPTION OF EMIRATES BANK INTERNATIONAL PJSC

Introduction

The Guarantor was incorporated as a public limited liability company by H.H. Sheikh Rashid Bin Saeed Al Maktoum, Ruler of Dubai, pursuant to an Emiri Decree dated 27 March 1977 (as amended by Emiri Decree No. (30) of 1980, Emiri Decree Nos. (5) & (6) of 1983, Emiri Decree No. (3) of 1984 and Emiri Decree No. (10) of 1988). The legal status of the Guarantor was amended to conform with Federal Commercial Companies Law and accordingly was registered in the UAE as a Public Joint Stock Company (Commercial Register No.23) pursuant to a Special Resolution passed by the Shareholders at an Extra Ordinary General Meeting held on 24 April 1991, which came into effect on 12 June 1995, being the date of the Certificate of Registration as a Public Joint Stock Company issued by The UAE Ministry of Economy and Planning. The Guarantor's registration number is 209047. The registered office address of the Guarantor is, Baniyas Road, P.O. Box 2923, Deira, Dubai, United Arab Emirates and the telephone number of the registered office is +971 4 225 6256.

Merger

On 16 October 2007 the Guarantor and NBD merged (the **NBD Merger**). The NBD Merger was effected through the incorporation of Emirates NBD PJSC ("Emirates NBD") to serve as the holding company for the Guarantor and NBD and, in connection therewith, Emirates NBD offered to exchange its shares for the outstanding shares of the Guarantor and NBD at ratios of (i) 1 share in Emirates NBD for each share in the Guarantor and (ii) 0.95 shares in Emirates NBD for each share in NBD. On closing of the NBD Merger, shareholders representing 99.42 per cent. and 98.56 per cent. of the outstanding shares of the Guarantor and NBD, respectively, exchanged their shareholdings for shares in Emirates NBD. Emirates NBD subsequently acquired the remaining outstanding shares of the Guarantor and NBD from the respective holders thereof and currently wholly-owns both the Guarantor and NBD. Emirates NBD is now the largest banking entity in the Middle East and North Africa (the **MENA**) region with AED 285.5 billion (USD 77.7 billion) in total assets and AED 26.4 billion (USD 7.1 billion) in shareholders funds as at 30 June 2008. While the Guarantor and NBD continue to function largely as separate operating companies, the Guarantor and NBD will ultimately be integrated, either by integrating the operations of NBD into the Gurantor or by integrating the operations of both the Guarantor and NBD into Emirates NBD. Integration is expected to be completed during 2009.

Emirates NBD is a publicly listed company and its shares are listed on the Dubai Financial Market. As of 31 December 2007, it had 4,393,497,806 shares outstanding held by 1,557 shareholders of record. As of 31 December 2007, no shareholder other than the Government of Dubai, which held 55.64 per cent. of the shares of Emirates NBD, held more than 10 per cent. of its shares outstanding. The Government of Dubai however has not and does not intervene in the management of the Guarantor.

Business of the Guarantor

For financial reporting purposes, the Guarantor divides its operations into five business segments:

1. Corporate, government and commercial banking, which incorporates structured financing, current accounts, customer deposits, overdrafts, trade finance, acquisitions, project finance and term loans for corporate, government and commercial customers.

2. Retail banking which incorporates current and savings accounts, customer deposits, overdrafts, personal and instalment credit loans, foreign currency and trade finance related facilities.

3. Investment and funds management, which involves managing the Guarantor's portfolio of investments, funds management and inter-bank treasury operations.

4. Islamic banking activities, which represent the income and fee earned and expenses of EIB.

5. Other operations, which include property development and management, insurance services, credit card facilities and other banking related services, none of which constitutes a separately reportable segment.

The distinction between the corporate and commercial banking and retail banking segments is primarily based on monetary threshold limits determined by management.

Core Banking Business

The Guarantor is one of the leading retail banks in the UAE, operating 53 branches and 204 ATMs, with branches or representative offices in the Kingdom of Saudi Arabia, Iran, India, Singapore and the United Kingdom. All of the Guarantor's retail services are packaged under the meBANK brand, created in March 2001. The Guarantor divides its retail customer base into three distinct segments, (i) high net worth (**HNW**); (ii) middle market; and (iii) mass market, with products and services packaged for each of the segments. The Guarantor's objective is to move customers into a more profitable class of business through cross selling products and by using innovative delivery channels, such as meBANK's electronic and internet banking channel.

The Guarantor's largest business segment in terms of revenue is that of corporate, government and commercial banking. The corporate banking activities are centralised into seven corporate banking units, four of which are situated in Dubai, one in Abu Dhabi, one in Al Ain and one in Sharjah. In addition, the corporate banking division also oversees the corporate customer credit and lending activities.

Through EIB, the Guarantor offers *Shari'a* compliant banking products and services to its retail and corporate customers. Islamic banking is one of the Guarantor's fastest growing business sectors and contributes to an increasing proportion of revenue.

Subsidiaries and Associates

The Guarantor is parent to a number of corporate entities and holds investments in certain associates. The principal operating subsidiaries and associates of the Guarantor are as follows:

(a) *Listed subsidiaries*

Emirates Islamic Bank PJSC

Formerly known as Middle East Bank PJSC, this subsidiary was incorporated as a public limited company by H.H. Sheikh Rashid Bin Saeed Al Maktoum, Ruler of Dubai, pursuant to Emiri Decree dated 4 October 1975, as amended by Emiri Decree dated 3 April 1976 and registered as a Public Joint Stock Company (Commercial Register No. 30 dated 18 July 1995). The company was acquired by the Guarantor, pursuant to an agreement dated 9 December 1991. In 2004, in response to customer demand for *Shari'a* compliant products on a broader scale the bank was converted to an Islamic bank and its name was changed to Emirates Islamic Bank. Through its head office in Dubai and 24 branches in the UAE, it now provides high quality Islamic banking services across the UAE, offering a range of *Shari'a* compliant products and services. All of the bank's activities are overseen by a *Shari'a* board comprising of Scholars of Islamic law. It is currently listed on the Dubai Financial Market and the Guarantor holds 99.8 per cent. of the issued share capital.

(b) *Listed associates*

National General Insurance PJSC

National General Insurance PJSC was established in 1980 as a limited liability company, and became a public joint stock company in 2001. It is currently listed on the Dubai Financial Market and the Guarantor holds 36.7 per cent. of the issued share capital.

The company is licensed by the UAE Ministry of Economy and Planning to offer a range of general and specialist insurance products including fire, burglary, personal accident, marine, engineering, public and professional indemnity and motor insurance protection. The company also operates Health Net, the largest private medical insurance scheme in the UAE for both individual and corporate groups. The company also has a suite of Bancassurance products, marketed and offered to the Guarantor's customers through the branch network and meBANK. Other specialised products include a credit Insurance tie up with Coface of France and an agreement with AVIVA for underwriting and marketing International Individual and Group Life and Medical products.

Union Properties PJSC

Union Properties PJSC, one of the United Arab Emirates' leading property development, management and investment companies, started as Union Property Private Limited in 1987 and floated as a public limited company in 1993. Celebrating over 20 years of growth, today Union Properties boasts an annual turnover of more than USD 788 million and projects under construction worth USD 5 billion. It is listed on the Dubai Financial Market and the Guarantor currently holds 48.9 per cent. of the issued share capital.

Its principal actives include properties investments and development, project management, interior design and fit-out, property management, facilities management and MEP Contracting tailored to specific needs through its business associates and subsidiary companies that include Dubai Autodrome, Speedcar Series, F1-X, The FITOUT, Edara, ServeU, Thermo, GMAMCO and EMICOOL with associates that consist of Regus, Marriott Executive Apartments and Courtyard by Marriott.

(c) *Unlisted subsidiaries*

Emirates Investment Services LLC

Emirates Investment Services Ltd was established in 2007. It is wholly owned by the Guarantor and was formed through the integration of the asset management divisions of the Guarantor and Emirates Financial Services PSC (**EFS**). The new entity, which operates from the Dubai International Financial Centre (the **DIFC**) and is regulated by the Dubai Financial Services Authority (the **DFSA**), offers a broad spectrum of investment products and services.

Emirates International Securities LLC

Formerly known as Emirates International Brokerage, this wholly owned subsidiary of the Guarantor was established in 2002 and changed its name to Emirates International Securities in 2006. It specialises in the provision of securities trading and brokerage services to people who wish to trade in locally listed equity and debt securities. The company is a registered broker with the Dubai Financial Market, the Abu Dhabi Securities Market and the Dubai International Financial Exchange and is one of the leading brokerage businesses in the UAE. The business of the company continues to grow in line with the increased trading and listing of securities on both UAE bourses.

Network International LLC

Established in 1994, Network International LLC (**Network International**) is a wholly owned subsidiary of the Guarantor and is one of the leading credit card and payment services providers in the Gulf and Middle East Region. It is a principle member of both Visa International and MasterCard International and specialises in the provision of credit and debit card processing services, ATM sharing and management facilities, currently providing such services to more than 27 banks in the region. In addition, Network International also provides consultancy services ranging from planning and designing, to developing of new products and services.

As a merchant acquirer in the UAE, Network International enjoys about 70 per cent. of the market share through its large network or EFTPOS terminals. Network International LLC has also recently acquired a card processing company in Egypt giving presence and coverage in the high-growth areas of the Kingdom of Saudi Arabia and North Africa.

Abacas Investments Limited

On 11 June 2007, EBI/NSM Advisors Ltd (the **Abacas Manager**), a joint venture between the Guarantor and NSM Capital Management LLC, was incorporated to manage Abacas Investments Limited (**Abacas**), a structured investment vehicle registered in the Cayman Islands. On 31 July 2007, the Guarantor acquired the entire outstanding capital notes of Abacas for USD 75 million (approximately AED 275.5 million). The acquisition (the **Abacas Acquisition**) represented the value of the net assets acquired.

On 30 June 2008, the current net asset value of Abacas was USD 77.4 million (approximately AED 284.5 million), reflecting the extremely defensive investment strategy adopted by the Abacus Manager.

E.T.F.S. LLC

E.T.F.S. LLC (**ETFS**) is a wholly owned subsidiary of the Guarantor which provides trade finance services outsourcing to banks in the Middle East and North African regions. ETFS uses technologies such as imaging and workflow to automate the full range of trade finance activities, providing a paperless and scaleable trade services platform that enables internet access to transaction data and document images.

Further information on the Guarantor can be found in the audited annual financial statements of the Guarantor for the year ended 31 December 2007.

Supervision

Banking and financial institutions in the UAE are subject to governmental supervision and regulation exercised by the UAE Ministry of Economy and Planning (the **Ministry**), the competent local Authority in the different Emirates (the **Competent Authority**) and the UAE Central Bank (the **Central Bank**). Whilst the Ministry is the predominant authority to control the operation and implementation of companies generally, the Competent Authority has a very wide jurisdiction to regulate industry, internal and external trade, including many of the responsibilities for the incorporation of companies and co-ordination with the Ministry. The Competent Authority in Dubai is the Department of Economic Development - Dubai. The regulations issued by the Central Bank contain the basic principles for banking supervision, monitoring and regulations of the Guarantor's business activities, capital adequacy and liquidity. Monitoring by the Central Bank is undertaken by way of regular inspections of Banks and their records and the requirement for regular submissions of data including, but not limited to deposited funds, loans and mortgage business, liquidity status and anti-money laundering measures.

Fiscal Year

The Fiscal year of the Guarantor is the calendar year ending on 31 December.

Auditors

The independent auditors of the Guarantor are Messrs KPMG, Chartered Accountants, of P.O. Box 3800, Emirates Towers, Sheikh Zayed Road, Dubai, UAE. KPMG are regulated in the UAE by the UAE Ministry of Economy and Planning. They have audited the financial statements of the Guarantor for the years ended on 31 December 2005, 2006 and 2007 and have issued an unqualified opinion in each case.

MANAGEMENT

Board of Directors

The Guarantor is managed by a Board of Directors (the **Board**), which is comprised of 6 members (each, a **Director**) elected by its shareholder to serve terms of three years. The Board of Directors is composed of individuals independent of the Government of Dubai and decisions are taken by the Board of Directors in the sole interest of the Guarantor. As at the date of this Offering Circular, the Board is comprised of the 6 Directors listed below.

Name	Position
Hamad Mubarak Buamim	Chairman of the Board
Abdulla Sultan Al Owais	Vice Chairman of the Board
Fardan Ali Alfardan	Director
H.E. Abdullah Ahmed Lootah	Director
Robert Douglas Dowie	Director
Hussain H. Mirza Al Sayegh	Director

Hamad Mubarak Buamim has served as Director and as Chairman of the Guarantor since 2006 and September 2007, respectively and has served as a director of Emirates NBD since July 2007. He is also currently Director General of the Dubai Chamber of Commerce and Industry, Deputy Chairman of Dubai Export Development Corporation, as well as being a member of the board of the Dubai Statistics Centre and the UAE National Committee for ICC.

Abdulla Sultan Al Owais has served as a Director and as Vice Chairman of the Guarantor since September 2007 and has served as a Director of Emirates NBD since July 2007. He is also currently Vice Chairman of Union Food Company, as well as being a director of the Sharjah Chamber of Commerce and Al Rawabi Emirates Co.

Fardan Ali Alfardan has served as a Director of the Guarantor since 1977 and has served as a Director of Emirates NBD since July 2007. He is also currently Chairman of Fardan Ali Alfardan & Partners, Naif Marine Services PLC, First Investor LLC, as well as a Vice Chairman of Union Properties PJSC and a director of Emirates International Securities.

H.E. Abdullah Ahmed Lootah has served as a Director of the Guarantor since 2000 and has served as a Director of Emirates NBD since July 2007. He is also currently a director of Emirates Transport and Al Ittihad Corporation.

Robert Douglas Dowie has served as a Director of the Guarantor since September 2007 and has served as a Director of Emirates NBD since July 2007. He was formerly the Chief Executive Officer of NBD.

Hussain H. Mirza Al Sayegh has served as a Director of the Guarantor since September 2007 and has served as a Director of Emirates NBD since July 2007. He is also currently a director of Oilfield Supply Centre, Dubai National Gas Company, National Bank of Fujairah and Emirates National Oil Co.

With the exception of Hussain H. Mirza Al Sayegh, who is also a director of the National Bank of Fujairah, we are not aware of any potential conflicts of interest between the duties owed by the Directors to us and their private or other duties.

The business address for each of our Directors is c/o Emirates NBD PJSC, P.O. Box 2923, Dubai, UAE.

THE UNITED ARAB EMIRATES BANKING SYSTEM AND PRUDENTIAL REGULATION

General Economic Information

The UAE is the second largest economy in the Arab world and has been steadily growing over the last decade, faltering only twice, in 1998 and 2001, due to lower oil prices and OPEC-mandated production cuts. Although it has a more diversified economy than the other countries in the Gulf Co-operation Council (the **GCC**), its wealth is still largely based on oil and gas. Since oil prices are expected to stay high in 2008, prospects for the economy this year continue to be bright. Fluctuations in energy prices do have a bearing on economic growth, but the UAE is viewed as being in a less vulnerable position than some of its GCC neighbours, due to the robust growth in the non-oil sector, particularly in Dubai, and the sizeable wealth of the Government of Abu Dhabi. The two main Emirati governments are spending substantial amounts on expanding infrastructure. Whilst Abu Dhabi is focusing on downstream oil and gas projects, Dubai is emphasising the tourism, leisure, trade and financial sectors. Both Emirates have announced multi-billion dollar projects that will keep the real estate, construction and related sectors busy for many years.

The performance of the UAE economy during 2007 was strong. Estimates suggest that GDP has risen to U.S.$190 billion representing a 16.5 per cent. growth from 2006, with real GDP growth estimated at 7.4 per cent. Exports went up to U.S.$159 billion whilst imports rose to only U.S.$94 billion and as such the trade balance widened to U.S.$65 billion. Oil export revenues are being estimated at U.S.$64 billion with oil production averaging 2.730 mbpd. Current Account balance closing at U.S.$46 billion surplus. Total external debt rose marginally to U.S.$16.5 billion. Inflation has also risen and a change in the AED/$ peg has been offered as a solution, but so far this has been resisted by the UAE Central Bank.

With regard to monetary and banking developments, money supply (M1) during the first half of 2007 rose by 25 per cent., to reach AED150 billion. Consequently, private domestic liquidity (M2) expanded by AED76 billion (19 per cent.) to reach AED475 billion. Overall liquidity (M3) rose by AED94 billion (19 per cent.) to reach AED600 billion. Quasi-monetary deposits reached AED325 billion. Due to its fixed peg to the US Dollar, the dirham depreciated against most major currencies during 2006. The rate of exchange of the dirham remained extensively unchanged against all GCC currencies at the end of 2007 compared to its rate at the end of 2006. The issue of currency is solely and exclusively exercised by the Central Bank of UAE.

The UAE population is estimated to have grown by 7.0 per cent. during 2007, compared to 2006 levels, and it is now estimated that there are over 5 million people living in the UAE. Males constituted approximately 73.4 per cent. of the population (due in large part to expatriate labour in the construction industry).

The banking sector performed particularly well in 2007 with nearly all banks reporting strong growth in profitability, assets, loans and customer deposits. Higher trade finance, personal loans and corporate lending resulted in strong credit growth. Liquidity levels in AED remain high and customer deposits increased at a robust pace despite lower interest rates. Interest spreads were little changed from 2006. Nearly all banks have focused on increasing their non-interest revenues; growing trade finance activities have improved commissions and foreign exchange earnings, while rising consumer banking activities have pushed up fee income. Risk charges have come down due to improved asset quality. Overall, the net profit of the banking sector increased quite generously. The turmoil in the global credit markets has had little direct impact on UAE banks, but the tightness in currency markets has emphasised lending in local currency.

In 2006, the aggregate balance sheet of banks operating in the country grew by AED221 billion (34 per cent.) to reach AED860 billion against AED638 billion at the end of 2005.

Sovereign Overview

The UAE is a Federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until gaining independence in December 1971, when they merged to form the United Arab Emirates. In common with other Arab states in the Gulf, all of the Emirates have traditional monarchical governments which rule by Emiri decree with no democratic representation. Each emir reserves a high degree of political autonomy within the Federation, though in practice, real power is vested in the two richest emirates, Dubai and Abu Dhabi. The other five Emirates are Sharjah, Ajman, Umm Al-Qaiwain, Fujairah and Ras Al-Khaimah.

The Federation is governed by the Supreme Council of the Rulers. This is the highest federal governing body and consists of the rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five year terms). HH Sheikh Zayed Bin Sultan Al-Nahyan, Ruler of Abu Dhabi, held the position of President since independence in 1971 until his death in November 2004 and has been succeeded by his son, HH Sheikh Khalifa Bin Zayed Al-Nahyan. HH Sheikh Mohammed Bin Rashid Al Maktoum is Vice President and Prime Minister of the UAE and Ruler of Dubai.

Abu Dhabi is the richest and largest of the seven Emirates and the city of Abu Dhabi is also the chosen capital of the Federation. The Emirate of Abu Dhabi owns and controls around 90 per cent., of the capital wealth of the UAE. Considering this financial wealth, it may, in cases of need, bankroll the rest of the Federation. During his long presidency, HH Sheikh Zayed instigated massive investment in the infrastructure of the UAE, which has transformed the country. Much of Abu Dhabi's wealth is now in overseas assets, built up from surplus oil reserves by the Abu Dhabi Investment Authority (the **ADIA**).

Dubai is the second largest city and has a long history as a trading port. With only a fraction of the fossil fuel of Abu Dhabi, it has gradually reduced its dependency on this income source and as a result its economy is more diversified and dynamic than Abu Dhabi's. Dubai is now one of the most important commercial centres in the Middle East, with growing banking, tourism and real estate sectors. The Government of Dubai, under its Ruler, HH Sheikh Mohammed Bin Rashid Al Maktoum, continues to invest heavily in the infrastructure of the Emirate and its broader economic development.

The UAE enjoys good relations with the other states in the GCC and regional neighbours, however, it is not immune to the political risks and volatility that have over-shadowed the region, particularly in the last couple of years. The economy remains heavily protected and nearly all utilities and most major industries are controlled by the state. However, tight restrictions placed on foreign investment are gradually being relaxed. For example, foreigners are not permitted to have a controlling interest in UAE businesses and corporates. To circumvent this rule, Dubai and other Emirates have established trade and industry free zones as a means of attracting overseas investment and diversifying the economy. Despite the UAE's membership of the World Trade Organisation (the **WTO**), progress towards economic liberalisation has been slow, but trade agreements with Europe and the United States are being negotiated.

Characteristics of the Banking System

Lack of Consolidation

Although the UAE could be viewed as being over-banked with 51 (comprising of 23 locally incorporated banks and 28 foreign banks) different banks licensed to operate inside the Federation (excluding the Dubai International Financial Centre (**DIFC**)), most banks show healthy levels of profitability and maintain sound asset quality, and so traditionally there has been little impetus for consolidation. Mergers in the past have tended to come as a result of banks getting into financial difficulties. The federal structure of the country 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 March 2007 it was announced that the UAE's second and fourth largest banks would merge. The newly formed Emirates NBD will offer greater competition across the region, which may create a new impetus for consolidation.

The relatively small size of most UAE banks has sometimes prevented them from competing for large financing deals in the region. It also means that they have comparatively small franchises with which to absorb capital costs, such as IT 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, possibly even creating banks with pan-Gulf franchises.

Domestic Focus

The UAE incorporated banks are predominantly focused on the lucrative domestic market but a number have small operations overseas and are showing growing interest in cross border business. With a large number of players chasing a limited number of wholesale lending opportunities, most banks have been turning to retail banking, which had previously been seen as a relatively untapped market. However, increasing competition in this area is gradually eroding margins (albeit from a relatively high starting point) and encouraging a relaxation of lending criteria. As the market has yet to 62 be tested under adverse conditions, it is difficult to know to what extent the latter will lead to asset quality problems going forward, although generally credit quality is good.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and Internet banking services. As a consequence, IT costs have been a prominent feature of many bank's expenses.

Limited Foreign Ownership

In 1987, the 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, have recently been awarded licences by the UAE Central Bank following an agreement to allow market access to banks of GCC state origin in line with continuing efforts in regional integration. The entry of these banks raised the number of foreign banks operating in the UAE to 28 and all banks to 51. The opening of the DIFC has enabled international banks to establish a presence and contest the wholesale banking market and this has seen new entities entering the market place.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are potentially vulnerable to business erosion during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment, but gradually the private non-oil sector is gaining ground and the economy is becoming less susceptible to oil shortages.

Lack of Developed Capital Markets

The absence of mature bond and equity markets in the UAE means that banks have tended to shoulder 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. However, the two stock markets, the Dubai Financial Market and the Abu Dhabi Securities Market, both of which were established in 2000, continue to develop and the number of listed companies continues to increase.

During 2002, the Government of Dubai established the DIFC, 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 began issuing licences to overseas financial services businesses in September, 2004 following the approval of its laws and regulations by both Federal and Local Authorities.

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 happen in practice. The state is also the banking sector's largest customer, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 80 per cent. of the workforce. The banking sector is no exception to this and expatriates are represented in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. The high level of expatriates in the economy has been an increasing concern to the Federal Government and as part of a policy of "Emiratisation" banks were instructed, in 1999, to increase UAE nationals on their payroll to 40 per cent. by 2009. Banks are generally moving closer to this target, providing better training and compensation for UAE nationals.

Islamic Finance and Banking

Shari'a law forbids the charging of interest on any financial transaction. A number of institutions have grown up across the Islamic world to serve customers who wish to observe this principle. These institutions offer a good range of products, which, though correspond with conventional financial transactions, are structured in such a ways as to avoid the application of interest. The UAE is home to numerous institutions offering Islamic banking and finance products. Such institutions include Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates Islamic Bank, Sharjah Islamic Bank, Osool Finance and Amlak Finance, and the number of Islamic banks continues to rise, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks.

Legal Environment

There are three primary sources of law in the UAE: federal laws and decrees, local laws and *Shari'a* law. In addition, Emiri Decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government will apply his or its own rules, regulations and practices.

As is its right under the Constitution, Dubai, like the Emirate of Ras Al-Khaimah, has elected to maintain its own court system, separate from that of the Federation and the courts of Dubai have sole jurisdiction to hear cases brought in the Emirate of Dubai. Although both federal and Dubai courts have a similar three tier structure (Court of First Instance, Court of Appeal and the Court of Cassation/Supreme Court), Dubai has retained complete autonomy over its courts in all matters, including the appointment of judges. In accordance with the Constitution, however, the Dubai courts will first apply federal law where this exists and in its absence the laws of the Emirate of Dubai.

Supervision of Banks

The main piece of legislation covering the banking system is Union Law No. 10 of 1980 (the **Union Law**) which established the Central Bank. The Central Bank's primary roles are to formulate and implement banking, credit and monetary and fiscal policy and be responsible for ensuring price and currency stability with free convertibility to foreign denominations.

It is also the "bank for banks" in the country. However, it is not the "lender of last resort". In the event of a bank getting into trouble, rescue funds, such as long-term liquidity or equity support has historically come from the Emirate in which the institution is based.

Income from overseas investments has been used to fund fiscal deficits, obviating the need for the Central Bank to issue federal government debt. However, it does issue Certificates of Deposit (**CD**) to the banks, denominated in both USD and AED, in order to absorb excess liquidity rather than to raise funds. There is presently no active secondary market in these securities, but they can be redeemed at face value at the Central Bank at any time and recently the UAE Central Bank introduced an auction system and allowed USD drawings against AED CD holdings.

The AED is linked to the IMF Special Drawing Right. However, the USD is the intervention currency and in reality the AED is pegged to the dollar. This peg (at 3.67 AED: 1 USD) has been in place since the 1980s and has proved to be resilient both to political tensions in the region and fluctuations in the oil prices, however, with inflation gathering pace, there are suggestions that the currency should be revalued.

The Central Bank is also responsible for regulating anti money laundering activities in the UAE and enforcing Federal Law No. 4 of 2002 regarding the criminalisation of Money Laundering. It has established an Anti-Money Laundering and Suspicious Case Unit (the **AMLSCU**) which acts as the Financial Intelligence Unit (the **FIU**) and has issued a number of detailed regulatory instructions in the establishment of Anti Money Laundering policies and procedures, The UAE has also established a National Anti-Money Laundering Committee (the **NANLC**), 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 interagency liaison.

Although the Central Bank is responsible for regulating all Banks, Exchange Houses, Investment Companies and other financial institutions in the UAE, all banking and financial services activities in the Dubai Financial Centre are regulated by the DFSA.

Accounting Standards

Since 1st January, 1999 all banks have been required to prepare the financial statements in accordance with International Financial Reporting Standards (formerly International Accounting Standards (**IAS**)). However, there has been some resistance to this and as a consequence there is still some variation in the quality and depth of disclosure across the banking sector. Basel II was introduced effective as from 1 January 2008.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law.

Domestic commercial banks, also known as "National" banks, of which there are currently 23, are required to be public shareholding companies with a minimum of AED40 million of share capital and must be majority owned by UAE nationals. Licensed foreign banks, of which there are currently 28, need to demonstrate that at least AED40 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 are not permitted to accept funds in the form of deposits) and Financial and Monetary intermediaries (money and stock brokers).

Recent trends in Commercial Banking

Profitability

As stated above, the performance of the UAE banks is heavily influenced by oil price, which directly affects influenced revenues and hence determines the level of investment in government projects in the country. High oil prices, high liquidity and strong retail demand due to a booming non-oil economy in the last few years have improved the profitability of the banking sector and bank sector profits for 2007 are expected to have grown by more than 25 per cent. (for the majority of banks). Return on equity for most UAE banks compares well internationally, reflecting the high margins that can be earned, particularly on retail lending and low cost income ratios.

Capital

The national banks are comfortably capitalised by international standards. The Central Bank requires all UAE banks to have capital adequacy ratios above 10 per cent. and many are healthily above that minimum. This reflects a tendency amongst banks to be more concerned about safeguarding shareholder's interests rather than maximising returns. It should be noted that, though the calculation of capital adequacy ratios in the UAE follows the BIS guidelines, GCC sovereign debt is risk-weighted at nil per cent.

Lending and Asset Quality

In 2007 credit extended by banks operating in the country increased by 36.6 per cent. to AED 647.482 billion, against an increase of 34 per cent. in 2006. The growth in this area mainly occurred in providing credit to local industrial and trading enterprises and of this growth, loans to commercial and industrial entities made up 61 per cent. of credit extended.

Liquidity

The Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have adequate systems and controls to manage their liquidity positions and contingency plans in place to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan deposit ratio of 100 per cent. set by the 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 customer deposits. Deposits from individuals and private sectors together constituted approximately 65 per cent. of total deposits. The Federal Government and the public sector contributed approximately 25 per cent. of total deposits, while non-residents and other sources contributed approximately 10 per cent. Since 1999 the banks have increasingly approached the international markets for term funding and the Guarantor has been at the forefront of this activity.

Position of Depositors

There are no formal deposit protection schemes in the UAE. Whilst no bank, so far, has been permitted to fail, a number of banks during the 1980's and 1990's needed to be rescued by the authorities.

Prudential Regulations

The Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but is 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 is currently being implemented aimed at providing the Central Bank with more up to date information on credit, market and operational risks within the banking sector. In addition, all banks in which the Government of Dubai has an interest, such as the Guarantor, are subject to governmental auditing.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Since 1993, the Central Bank has imposed a 10 per cent. minimum on the total capital ratio. The Tier 1 ratio must be above six per cent. and the Tier 2 ratio is not allowed to exceed 67 per cent. of Tier 1 capital. Tier 2 capital includes undisclosed reserves, revaluations of assets (limited to a maximum of 45 per cent. of the excess of market value over net book value and property revaluation reserves are excluded). Hybrid capital instruments and subordinated term loans. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital. GCC sovereign debt is risk-weighted at 0 per cent. Basel II was introduced effective 1st January, 2008.

Under Union Law No. 10 of 1980, banks are required to transfer 10 per cent. of pro¢t each year into a statutory reserve until this 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 Central Bank.

Reserve Requirements

Reserve requirements are used by the 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 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 individual borrowers, economic sectors, foreign countries etc.

The Central Bank defines large exposures as any funded on-or-off balance sheet exposure to a single borrower or group of related borrowers exceeding a prescribed set of limits. The large exposure limits (defined as a percentage of the bank's capital base) are as follows:

- To a single borrower or group of borrowers – 7 per cent.;
- To a shareholder of the bank holding more than 5 per cent., of the bank's capital – 7 per cent.;
- Overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- To the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- To Board members – 5 per cent. (25 per cent. in aggregate).

- Exposures above the limits require Central Bank approval. Exposures to the government and sovereign risk are exempt from these regulations. Central Bank lending limits also require that no commercial bank can hold shares or bonds issued by commercial companies in excess of 25 per cent. of the banks own funds. In addition, no bank can grant loans or advances for the purpose of constructing commercial or residential real estate exceeding 20 per cent. of its total deposits, unless it has authorisation from the Central Bank as an institution specialising in this type of business.

Provisions for Loan Losses

The Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful and loss depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent., respectively. Any loans with either interest or principal in arrears by more than 180 days must be put on non-accrual and classified as non-performing. In practice, several banks operate more stringent policies and place loans on non-accrual as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans carried on the balance sheet of UAE banks when compared to banks operating in other countries.

GENERAL DESCRIPTION OF THE CO-OWNERSHIP ASSETS

The Co-ownership Assets which are the subject of the Trust constituted for each Series of Trust Certificates may comprise, *inter alia,* a co-ownership interest in a portfolio of rights in Income Generating Assets.

The Co-ownership Assets in respect of each Series of Trust Certificates will be originated or owned by the Bank and will, in the case of *ijara* contracts, represent obligations of lessees and obligors in the United Arab Emirates[1]. The Bank will represent in the Master Purchase Agreement that the co-ownership interests in Co-ownership Assets transferred to the Trustee in respect of each Series of Trust Certificates will be *Shari'a* compliant assets.

An outline summary of the co-ownership interests in Co-ownership Assets, which will be purchased by the Issuer on the Issue Date of the relevant Series of Trust Certificates, will be set out in the applicable Final Terms. The composition of the Co-ownership Assets may change over the life of each Series of Trust Certificates as such assets may mature and as the Managing Agent may utilise the Issuer's share of collections from the relevant Co-ownership Assets to purchase rights in additional Income Generating Assets.

No investigation or enquiry will or has been made and no due diligence will or has been conducted by or on behalf of any Dealer, the Issuer, the Guarantor or the Trustee in respect of any Co-ownership Assets or their transferability under relevant local law. Reference should be made to the paragraphs under "*Risk Factors – Risk factors relating to the Co-ownership Assets*".

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. 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 was entered into on 7 June 2007 between the Bank, the Guarantor, the Issuer, the Trustee and the Delegate and supplemented on 6 August 2008 and is governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Series of Trust Certificates and shall also be governed by English law.

Upon issue of the Global Trust Certificate initially representing the Trust Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Trust Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia,* the Issuer's co-ownership interest in the Co-ownership Assets, its rights under the Transaction Documents and any amounts it may have deposited in the relevant Transaction Account, subject to the terms of the relevant Supplemental Trust Deed.

The Master Trust Deed specifies that, on or after the relevant Maturity Date or, as the case may be, Dissolution Date of a Series of Trust Certificates, the rights of recourse in respect of Trust 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 Trust Certificates and the Conditions. The Certificateholders have no claim or recourse against the Issuer or 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 Trust Certificates, *inter alia:*

(a) hold the Trust Assets;

(b) enforce the Trust Assets including, insofar as it is able, taking all reasonably necessary steps to enforce each of the Purchase Undertaking Deed, the Guarantee and any other relevant Transaction Document if the Bank or, as the case may be, the Guarantor shall have at any time failed to perform its obligations under it;

(c) collect and invest 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;

(d) distribute the proceeds of any enforcement of the Trust Assets, as described in the Master Trust Deed and in the Management Agreement (see the section entitled "*Summary of the Principal Transaction Documents — Management Agreement*");

(e) maintain proper books of account in respect of the relevant Trust; and

(f) 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.

The Guarantor, or any previously substituted company, may, without the consent of the Certificateholders or the Delegate, at any time substitute for itself as the guarantor pursuant to the Master Trust Deed any member of the Group (as defined below) subject to certain conditions set

out in the Master Trust Deed including a requirement that the substitution will not result in a downgrade in any then current credit rating of the Trust Certificates or, if the Trust Certificates are not rated at such time, would not result in a downgrade if they were rated and, in either case, this has been confirmed in writing either by each rating agency which has assigned such a credit rating or (if the Trust Certificates are unrated) by an internationally-recognised rating agency.

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 Bank and the Guarantor under the Master Trust Deed, the Purchase Undertaking Deed and any other Transaction Document to which the Bank or the Guarantor is a party;

(b) to the extent that it prepares accounts, it shall cause to be prepared and certified by its auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of any stock exchange on which the Trust Certificates are listed; and

(c) following the occurrence of a Dissolution Event in respect of any Series of Trust Certificates and subject to Condition 14 (*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 Bank and the Guarantor under the Master Trust Deed, the Purchase Undertaking Deed and any other Transaction Document to which the Bank or the Guarantor, as the case may be, is a party.

A Transaction Account will be established in respect of each Series of Trust Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise (i) payments from the relevant Return Collection Account immediately prior to each Periodic Distribution Date (see "*Summary of the Principal Transaction Documents – Management Agreement*" below) and (ii) the Exercise Price received from the Bank under the relevant Sale Agreement (see "*Summary of the Principal Transaction Documents – Purchase Undertaking Deed*" below). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the following order of priority:

(a) first, 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 the Maturity Date or any Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount; and

(d) fourth, only if such payment is made on the Maturity Date or any Dissolution Date, to the Issuer.

The Guarantor will, in the Master Trust Deed, unconditionally and irrevocably guarantee (the **Guarantee**) the due and punctual payment in accordance with the provisions of the Transaction Documents of all amounts payable by the Bank under the Transaction Documents and the due and punctual performance and observance by the Bank of each of the other provisions of the Transaction Documents to be performed or observed by the Bank.

In the Guarantee, the Guarantor will undertake, in relation to each Series of Trust Certificates, that, until the Trust Certificates of the relevant Series have been redeemed in accordance with the Conditions, it will ensure that no indebtedness of, or Guarantee of indebtedness given by, it or any of its Relevant Subsidiaries will be subject to any Encumbrance, other than a Permitted Encumbrance, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor or any of its Relevant Subsidiaries

unless the Guarantor shall, in the case of the creation of the Encumbrance, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

(i) all amounts payable by it under the Guarantee are secured by the Encumbrance equally and rateably with the indebtedness; or

(ii) such other Encumbrance or other arrangement (whether or not it includes the giving of a Encumbrance) is provided as shall be approved by the holders of the Trust Certificates of the relevant Series by an Extraordinary Resolution or by the Delegate.

For this purpose:

Auditors means a firm of independent auditors of good repute appointed by the Guarantor.

Encumbrance means (i) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person, (ii) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person or (iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

Guarantee means, in relation to any indebtedness of any person, any obligation of another person to pay such indebtedness following demand or claim on that person including (without limitation):

(a) any obligation to purchase such indebtedness;

(b) any obligation to extend financing, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(c) any indemnity against the consequences of a default in the payment of such indebtedness; and

(d) any other agreement to be responsible for such indebtedness.

Group means the Guarantor, its holding company (if any) and the Subsidiaries of the Guarantor or any such holding company for the time being.

Permitted Encumbrance means:

(i) any Encumbrance arising in the ordinary course of banking transactions including, without limitation, sale and repurchase transactions and share, loan and bond lending transactions, provided that any such Encumbrance is limited to the assets which are the subject of the relevant transaction;

(ii) any Encumbrance (other than any Encumbrance created under sub-paragraph (v) below) in respect of any indebtedness, provided that the aggregate outstanding amount secured thereby shall not at any time exceed an amount equal to 10 per cent. of the aggregate of the share capital and reserves of the Guarantor and its Relevant Subsidiaries, as provided in its most recent audited accounts;

(iii) any Encumbrance created or outstanding with the prior approval of the Delegate or of an Extraordinary Resolution of the holders of the Trust Certificates of the relevant Series;

(iv) any lien arising by operation of law and in the normal course of business, if such lien is discharged within thirty days of arising; and

(v) any Encumbrance created or given by, or arising over, the assets from time to time of, Union Properties PJSC, a member of the Group engaged in estate development and management, provided that any such Encumbrance is created in connection with the business of Union Properties PJSC whilst engaged in estate development and management.

Relevant Subsidiary shall mean a company or corporation:

(i) 75 per cent. or more of the issued capital of which is beneficially owned, directly or indirectly, by the Guarantor; and

(ii) the book value of the assets of which exceeds five per cent. of the book value of the assets of the Group taken as a whole or the revenues of which exceed five per cent. of the revenues of the Group taken as a whole and, for these purposes:

(A) the book value of the assets and the revenues of such company or corporation shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and

(B) the book value of the assets and the revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,

in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared.

A report of the Auditors that in their opinion a company or corporation is or is not or was or was not at any particular time or throughout any specified period a Relevant Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

In the Guarantee, the Guarantor will agree that each of the following events will constitute a **Guarantor Event**:

(i) the Guarantor makes default in the payment of any amount due in respect of the Guarantee and the default continues for a period of seven Business Days; or

(ii) the Guarantor fails to perform or observe any of its other obligations under the Transaction Documents to which it is a party and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Delegate on the Guarantor of notice requiring the same to be remedied; or

(iii) any indebtedness of the Guarantor or any Material Subsidiary 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 a Guarantor Event unless the aggregate amount (or its equivalent in US 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 US$5,000,000; or

(iv) the Guarantor or any Material Subsidiary 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 Guarantor or, as the case may be, such Material Subsidiary save, in the case of the Guarantor, for the purposes of reorganisation on terms approved by an Extraordinary Resolution or, in the case of a Material Subsidiary (A) for the purposes of a solvent consolidation, amalgamation or restructuring, pursuant to which some or all the assets of such Material Subsidiary are transferred to any one or more members of the Group or (B) 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 a substantial part of the business of the Guarantor or a Material Subsidiary shall not be deemed in any event to be a Guarantor Event for the purposes of this sub-paragraph; or

(v) the Guarantor ceases to carry on the whole or a substantial part of its business, or any Material Subsidiary ceases to carry on 50 per cent. or more of the whole of its business save, in the case of the Guarantor, for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or, in the case of a Material Subsidiary (A) for the purposes of a solvent consolidation, amalgamation or restructuring, pursuant to which some or all the assets of such Material Subsidiary are transferred to any one or more members of the Group or (B) 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 (1), in the case of the Guarantor, the whole or a substantial part of the business of the Guarantor or (2), in the case of a Material Subsidiary, 50 per cent. or more of the business of such Material Subsidiary shall not be deemed in any event to be a Guarantor Event for the purposes of this sub-paragraph; or

(vi) the Guarantor or any Material Subsidiary 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, (A) the whole or any substantial part of the property, undertaking or assets of the Guarantor or (B) 50 per cent. or more of the whole of the property, undertaking or assets of any Material Subsidiary 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 Guarantor or such Material Subsidiary, as the case may be; or

(viii) the Guarantor or any Material Subsidiary fails to comply with or pay any sum which amount shall not be less than US$5,000,000 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 Guarantor of notice requiring the same to be paid/remedied; or

(ix) by or under the authority of any government, (A) the management of the Guarantor or any Material Subsidiary is wholly or partially displaced or the authority of the Guarantor or any Material Subsidiary in the conduct of its business is wholly or partially curtailed or (B) all or a majority of the issued shares of the Guarantor or any Material Subsidiary or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or

(x) at any time it is or becomes unlawful for the Guarantor to perform or comply with any or all of its obligations under or in respect of the Transaction Documents or any of the material obligations of the Guarantor thereunder are not or cease to be legal, valid, binding and enforceable; or

(xi) the United Arab Emirates ceases to be a member in good standing or becomes ineligible to use the resources of the International Monetary Fund; or

(xii) the Government of Dubai at any time ceases to own directly or indirectly not less than 33 per cent. of the issued share capital of the Guarantor.

For these purposes:

a **holding company** of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a Subsidiary;

indebtedness shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

Material Subsidiary shall mean a Subsidiary from time to time of the Guarantor, the book value of the assets of which exceeds five per cent., of the book value of the assets of the Group taken as a whole or the revenues of which exceed five per cent. of the revenues of the Group taken as a whole and, for these purposes:

(i) the book value of the assets and the revenues of such Subsidiary shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and

(ii) the book value of the assets and the revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,

in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared.

A report of the Auditors that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

a **Subsidiary** of a company or corporation shall be construed as a reference to any company or corporation:

(i) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or

(ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or

(iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

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 debtor.

The Master Purchase Agreement, as supplemented by each Supplemental Purchase Contract

The Master Purchase Agreement is entered into on 7 June 2007 between the Bank and the Issuer (including in its capacity as trustee). In relation to each Series of Trust Certificates, a Supplemental Purchase Contract will be entered into by the Bank and the Issuer (including in its capacity as trustee) which shall set out the details of the sale of the co-ownership interest in the relevant Co-ownership Assets. The Master Purchase Agreement and each Supplemental Purchase Contract applicable to a Series of Trust Certificates are, and will be, governed by UAE law.

Sale of co-ownership interest in Co-ownership Assets

On the Issue Date of the relevant Series, the Bank agrees to sell to the Issuer a co-ownership interest in the Co-ownership Assets identified in a schedule to the relevant Supplemental Purchase Contract. To the extent that any transfer of such co-ownership interest in any of the Co-ownership Assets is not effective in any jurisdiction for any reason, the Bank has, in the Purchase Undertaking Deed, agreed to make restitution in respect of all amounts received by it in respect of those Co-ownership Assets.

Purchase Price

The purchase price payable for the co-ownership interest in the Co-ownership Assets of any relevant Series of Trust Certificates will be set out in the relevant Supplemental Purchase Contract and will equal the face amount of the relevant Series of Trust Certificates.

Records

All records in respect of the Co-ownership Assets will be retained by the Bank.

Representations and Warranties

The Bank will only provide very limited representations and warranties in respect of the Co-ownership Assets on the Issue Date of the relevant Series.

Undertakings of the Bank

The Bank provides only very limited undertakings in the Master Purchase Agreement.

Management Agreement

The Management Agreement is entered into on 7 June 2007 between the Issuer (including in its capacity as trustee) and the Bank, in its capacities as a co-owner and as managing agent of the Co-ownership Assets (in such latter capacity, the **Managing Agent**) and is governed by UAE law.

Appointment of the Bank as Managing Agent

The Issuer will appoint the Managing Agent to service its co-ownership interest in the Co-ownership Assets applicable to each Series of Trust Certificates. In particular, the Managing Agent will:

(a) use its best endeavours to do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) to ensure the assumption and compliance by each *ijara* or *sukuk* transaction party or any other transaction party of its covenants, undertakings or other obligations under the *ijara* contracts or *sukuk* (or other contracts in relation to Co-ownership Assets) to which it is party in accordance with applicable law and terms of the *ijara* contracts or *sukuk* (or other contracts in relation to Co-ownership Assets);

(b) use its best endeavours to discharge all obligations in respect of any assets that are at any time the subject of an *ijara* contract (the **Leased Co-ownership Assets**) required by the *Shari'a* to be assumed by a lessor, including: (A) all structural repair and major maintenance without which the Leased Co-ownership Assets could not be reasonably and properly used by a lessee; and (B) payment of all Taxes in relation to the Leased Co-ownership Assets by law imposed, charged or levied against a proprietor, but excluding all Taxes that are by law imposed, charged or levied against a lessee;

(c) use its best endeavours to procure that any service agent appointed by the Bank in respect of the Leased Co-ownership Assets carries out the duties that it has contracted to perform;

(d) use its best endeavours to ensure the timely receipt of all Co-ownership Revenues, investigate non-payment of Co-ownership Revenues and generally make all reasonable efforts to collect or enforce the collection of such Co-ownership Revenues under the relevant contract as and when the same shall become due;

(e) maintain each Collection Account in accordance with the Management Agreement;

(f) obtain all necessary authorisations in connection with any of the Co-ownership Assets and its obligations under or in connection with the Management Agreement;

(g) provide *Shari'a* compliant funding without recourse to the Co-ownership Assets to ensure, among other matters, that the Issuer's entitlement to Co-ownership Revenues is paid to the Issuer on a timely basis and in accordance with the Management Agreement; and

(h) carry out any incidental matters relating to any of the above.

Standard of Care

The Managing Agent shall perform its duties under the Management Agreement in accordance with all applicable laws and regulations, with the degree of skill and care that it would exercise in respect of its own assets and in a manner that is not repugnant to the *Shari'a.*

Fees

The Bank shall be entitled to receive a fee for acting as Managing Agent which will comprise a fixed basic fee of US$100 and may also receive an incentive fee calculated as the remaining amounts available from the application of profit collections, as more particularly described in "*Operation of the Collection Accounts*" below.

Operation of Collection Accounts

The Managing Agent will maintain two ledger accounts (referred to as the Base Amount Collection Account and the Return Collection Account) in respect of each Series of Trust Certificates. All monies received by the Managing Agent in respect of Co-ownership Assets of each Series will be recorded, to the extent that they comprise return in respect of profit on Co-ownership Assets (**Return Co-ownership Revenues**), in the Return Collection Account and, to the extent that they are not Return Co-ownership Revenues, in the Base Amount Collection Account. In the case of Return Co-ownership Revenues credited to the Return Collection Account, the revenues will be applied by the Managing Agent in the following order of priority:

(a) first, payment of all or any due and payable Co-ownership Liabilities Amounts including the repayment of any amounts advanced to the Issuer by the Managing Agent by way of *Shari'a* compliant funding;

(b) second, to the Co-owners in proportion to their respective co-ownership interests. In the case of the Return Co-ownership Revenues attributable to the Issuer's co-ownership interest, such revenues will be paid into the relevant Transaction Account immediately prior to the next following Periodic Distribution Date; and

(c) third, but only to the extent permitted by the Management Agreement, in payment of incentive fees.

In respect of the Co-ownership Revenues credited to the Base Amount Collection Account, the revenues will be paid to the Co-owners in proportion to their respective co-ownership interests. In the case of such Co-ownership Revenues attributable to the Issuer's co-ownership interest, the revenues will be applied by the Managing Agent in acquiring co-ownership interests in further assets of the Bank such that the assets become Co-ownership Assets, all on and subject to the terms of the Transaction Documents and, before such application, may be invested in *Shari'a* compliant investments provided that at all times pending the payment by the Bank of the Exercise Price under the Purchase Undertaking Deed, the Managing Agent will ensure that at least 30 per cent. of the value of the Co-ownership Assets from time to time will be comprised of Income Generating Assets.

Representations and Warranties

The Managing Agent shall make certain limited representations and warranties including, *inter alia,* as to due incorporation, power and authority and the validity of its obligations under the Management Agreement.

Termination of Appointment

The Bank's appointment as Managing Agent may be terminated without notice upon the occurrence of any Bank Event (see "*Summary of the Principal Transaction Documents – Purchase Undertaking Deed*" below) or Guarantor Event (see "*Summary of the Principal Transaction Documents – The Master Trust Deed, as supplemented by each Supplemental Trust Deed*" above). The occurrence of a Bank Event or a Guarantor Event will also be a Dissolution Event allowing the Trustee, at its option to declare (or, upon written request of Certificateholders representing not less than one-fifth in face amount of the relevant Series of Trust Certificates for the time being outstanding and being indemnified and/or secured to its satisfaction, requiring it to declare) the Trust Certificates of the relevant Series to be immediately due and payable.

The payment obligations of the Managing Agent under the Management Agreement are and will be direct, unconditional, unsecured and general obligations of the Managing Agent and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Managing Agent.

Purchase Undertaking Deed

The Purchase Undertaking Deed is entered into on 7 June 2007 between the Bank and the Issuer (including in its capacity as trustee) and is governed by English law.

The Bank will irrevocably undertake in favour of the Issuer (including in its capacity as trustee) to purchase all of the Issuer's co-ownership interest in the Co-ownership Assets of each Series of Trust Certificates on the relevant Maturity Date or, if earlier, on the Dissolution Date of the relevant Series of Trust Certificates. The price (the **Exercise Price**) payable by the Bank shall be equal to the outstanding face amount of the relevant Series of Trust Certificates, which shall be calculated as the Aggregate Face Amount of such Series of Trust Certificates.

The specific terms applicable to each such sale will be confirmed in a Sale Agreement, to be executed by the Issuer (including in its capacity as trustee) and the Bank on the Dissolution Date or, as the case may be, the Maturity Date of the relevant Series of Trust Certificates. The form of each such Sale Agreement is appended to the Purchase Undertaking Deed.

In the Purchase Undertaking Deed, the Bank will undertake (in the event that the Bank ceases to be a Relevant Subsidiary of the Guarantor) that, until the Trust Certificates have been redeemed in accordance with the Conditions, it shall ensure that no indebtedness of, or any Guarantee of indebtedness given by, it or any of its Subsidiaries will be subject to any Encumbrance, other than a Permitted Encumbrance, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Bank or any of its Subsidiaries unless the Bank shall, in the case of the creation of the Encumbrance, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

(i) all amounts payable by it under the Transaction Documents are secured by the Encumbrance equally and rateably with the indebtedness; or

(ii) such other Encumbrance or other arrangement (whether or not it includes the giving of a Encumbrance) is provided as shall be approved by the Certificateholders by an Extraordinary Resolution or by the Delegate.

For these purposes:

Permitted Encumbrance means:

(i) any Encumbrance arising in the ordinary course of banking transactions including, without limitation, sale and repurchase transactions and share, loan and bond lending transactions, provided that any such Encumbrance is limited to the assets which are the subject of the relevant transaction;

(ii) any Encumbrance in respect of any indebtedness, provided that the aggregate outstanding amount secured thereby shall not at any time exceed an amount equal to 10 per cent. of the aggregate of the share capital and reserves of the Guarantor and its Subsidiaries, as provided in its most recent audited accounts;

(iii) any Encumbrance created or outstanding with the prior approval of the Delegate or of an Extraordinary Resolution of the Certificateholders; and

(iv) any lien arising by operation of law and in the normal course of business, if such lien is discharged within thirty days of arising.

Relevant Subsidiary shall mean a company or corporation:

(i) 75 per cent. or more of the issued capital of which is beneficially owned, directly or indirectly, by the Guarantor; and

(ii) the book value of the assets of which exceeds five per cent. of the book value of the assets of the Group taken as a whole or the revenues of which exceed five per cent. of the revenues of the Group taken as a whole and, for these purposes:

(A) the book value of the assets and the revenues of such company or corporation shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and

(B) the book value of the assets and the revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,

in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared.

A report of the Auditors that in their opinion a company or corporation is or is not or was or was not at any particular time or throughout any specified period a Relevant Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

The terms Encumbrance, Guarantee and Subsidiary will have the same meanings as set out in the Master Trust Deed.

In addition, the Bank has agreed that each of the following events will constitute a **Bank Event**:

(a) the Bank fails to pay any amount payable pursuant to any Transaction Document to which it is a party unless its failure to pay is caused by an administrative or technical error and such payment is made within 7 business days of its due date; or

(b) the Bank fails to perform or observe any of its covenants and/or obligations or is in breach of any of its representations and warranties in each case under the Management Agreement or under any other Transaction Document to which it is a party and such breach is, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders; or

(c) any indebtedness of the Bank is not paid when due or within any originally 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 a Bank Event unless

the aggregate amount (or its equivalent in US dollars) of all such indebtedness, either alone or when aggregated with all other indebtedness which shall remain unpaid or unsatisfied, as the case may be, shall be more than US$5,000,000; or

(d) the Bank 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 Bank save for the purposes of reorganisation on terms approved by an Extraordinary Resolution; or

(e) the Bank ceases to carry on the whole or a substantial part of its business save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution provided that a bona fide disposal for full value on an arm's length basis of the whole or a substantial part of the business of the Bank shall not be deemed in any event to be a Bank Event for the purposes of this sub-paragraph; or

(f) the Bank 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

(g) any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Bank 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 Bank; or

(h) the Bank fails to comply with or pay any sum which amount shall not be less than US$5,000,000 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 Bank of notice requiring the same to be paid/remedied; or

(i) by or under the authority of any government, (A) the management of the Bank is wholly or partially displaced or the authority of the Bank in the conduct of its business is wholly or partially curtailed or (B) all or a majority of the issued shares of the Bank or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or

(j) at any time it is or becomes unlawful for the Bank to perform or comply with any or all of its obligations under or in respect of the Transaction Documents or any of the material (in the opinion of the Delegate) obligations of the Bank thereunder are not or cease to be legal, valid, binding and enforceable; or

(k) the Guarantor at any time ceases to own directly or indirectly not less than 51 per cent. of the issued share capital of the Bank.

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.

The Bank will agree in the Purchase Undertaking Deed that, to the extent that the sale and purchase or transfer of any co-ownership interest in its undivided rights, title, interests, benefits and entitlements in any Co-ownership Assets is not effective in any jurisdiction for any reason, it will agree in consideration for the payment of the relevant purchase price to make payment of the relevant purchase price by way of restitution to the Issuer immediately upon request.

The Bank will agree in the Purchase Undertaking Deed that all payments by it under the Purchase Undertaking Deed, any Sale Agreement and the Management Agreement will be made without any deductions or withholding for or on account of tax unless required by law and without set-off or counterclaim and, in the event that there is any deduction, withholding, set off or counterclaim, the Bank shall pay all additional amounts as will result in the receipt by the Issuer of such net amounts as would have been received by it if no withholding, deduction, set-off or counterclaim had been made.

The payment obligations of the Bank under the Purchase Undertaking Deed are and will be direct, unconditional, unsecured and general obligations of the Bank and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Bank.

Costs Undertaking Deed

Pursuant to a Costs Undertaking Deed given by the Bank and the Guarantor, each of them will pay certain fees and expenses of, and indemnify against certain losses of, among others, the Trustee, the Delegate, the Principal Paying Agent, the Payment Administrator, the Transfer Agent, the Replacement Agent, the Calculation Agent and the Registrar.

Representations of No Immunity

In each of the Transaction Documents to which the Bank and/or the Guarantor is a party, the Bank and/or the Guarantor, as the case may be, has represented and warranted that it has entered into such Transaction Document in connection with the exercise of its powers to raise money or to provide a guarantee in connection with the raising of money, as the case may be. Accordingly, the Bank and/or the Guarantor has, in each of those Transaction Documents to which either of them is a party (or both of them are parties), acknowledged and agreed that each or both of them, as the case may be, is/are not entitled to claim for itself/themselves or any of its/their assets immunity from legal process in actions taken in relation to any Transaction Document and brought against the Bank and/or the Guarantor in a court of competent jurisdiction irrespective of the identity of the holders of beneficial interests in the Trust Certificates.

TAXATION

The following is a general description of certain tax considerations relating to the Trust Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates. Prospective purchasers of Trust Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of Trust Certificates and receiving payments of profit, principal and/or other amounts under the Trust 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.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Trust Certificates is based on the taxation law and practice in force at the date of this Base Prospectus, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Trust Certificates and the receipt of any payments in respect of any Periodic Distribution Amounts and distributions (whether or not on a winding-up) with respect to such Trust Certificates under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the Emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the United Arab Emirates. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments on debt securities (including Periodic Distribution Amounts or the Dissolution Amounts in relation to the Trust Certificates).

The Constitution of the UAE specifically reserves to the federal government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The United Arab Emirates has entered into Double Taxation Arrangements with certain other countries, but these are not extensive in number.

Cayman Islands

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of present legislation. The Issuer obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (as revised) of the Cayman Islands, that for a period of 20 years from 1 May 2007 no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Trust Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Trust Certificates. However, an instrument transferring title to such Trust Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is

approximately US$575. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

EU Savings Directive

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

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 7 June 2007 (and as supplemented on 6 August 2008), agreed with the Issuer, the Bank and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Trust Certificates*". In the Programme Agreement, each of the Issuer, the Bank and the Guarantor 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 Trust Certificates under the Programme.

United States

The Trust 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 accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold any Trust Certificates, and will offer and sell any Trust Certificates (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all Trust Certificates of the Series of which such Trust Certificates are a part as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who purchases Trust Certificates of a Series (or in the case of a sale of a Series of Trust Certificates issued to or through more than one Dealer, each of such Dealers as to the Trust Certificates of such Series to be purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Trust Certificates of such Series. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Series. Each Dealer has also agreed that, at or prior to confirmation of sale of Trust Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Trust Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this sub-section have the meanings given to them by Regulation S.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Trust Certificate, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented 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 Trust Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Trust Certificates to the public in that Relevant Member State:

(a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or

(b) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Trust Certificates referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Trust Certificates to the public** in relation to any Trust 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 Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Trust Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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) 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 Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, the Bank or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

United Arab Emirates

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) the Trust Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities; and

(b) the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law

(Federal Law No. 8 of 1986 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

Kingdom of Saudi Arabia

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Trust Certificates may only be offered and sold in the Kingdom of Saudi Arabia in accordance with the Offer of Securities Regulations issued by the Board of the Saudi Capital Markets Authority in 2004, as amended (the **Regulations**).

The Regulations state that if securities are offered to no more than 60 offerees in the Kingdom of Saudi Arabia and the minimum consideration payable is not less than the US$ equivalent of Saudi Riyals 1 million per offeree, such offer of securities shall be deemed to be an exempt offer for the purposes of the Regulations, but is subject to the following restrictions on secondary market activity:

(a) A Saudi Investor (the **transferor**) who has acquired Trust Certificates pursuant to this exempt offer may not offer or sell Trust Certificates to any person (referred to as a **transferee**) unless the price to be paid by the transferee for such Trust Certificates equals or exceeds SR1 million.

(b) If the provisions of paragraph (a) cannot be fulfilled because the price of the Trust Certificates being offered or sold to the transferee has declined since the date of the original exempt offer, the transferor may offer or sell the Trust Certificates to the transferee if their purchase price during the period of the original exempt offer was equal to or exceeded SR1 million.

(c) If the provisions of paragraphs (a) and (b) cannot be fulfilled, the transferor may offer or sell Trust Certificates if he/she sells his entire holding of Trust Certificates to one transferee.

(d) The provisions of paragraphs (a), (b) and (c) shall apply to all subsequent transferees of the Trust Certificates.

Kingdom of Bahrain

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has not offered and will not offer Trust Certificates to the Public (as defined in Articles 142-146 of the Commercial Companies Law (decree Law No. 21/2001) of Bahrain) in Bahrain.

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 Trust Certificates to any person in the Dubai International Financial Centre (**DIFC**). The sale and purchase of the certificates (trading) will not be carried out on the Dubai International Financial Exchange or in the DIFC. Arranging, clearing and settlement and trading of the Trust Certificates or any other type of dealings and payment of the proceeds of the Trust Certificates will not be made to or by a DIFC entity or in the DIFC in UAE Dirham.

Malaysia

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Trust Certificates may only being offered in Malaysia:

(a) to corporations with total net assets exceeding MYR10,000,000 (ten million Malaysian Ringgit), or its foreign currency equivalent, based on the latest audited accounts; and

(b) for purchase in the secondary market only.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than (i) to persons whose ordinary business is to buy or sell shares on debentures (whether as principal or agent); or (ii) in other circumstances which do not result in the document being an offer to the public within the meaning of the Companies Ordinance (Cap. 32) (the **CO**); or (iii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) (the **SFO**) and any rules made under the SFO; or (iv) in other circumstances which do not result in the document being a "prospectus" 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 (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to any Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to any Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall not make any invitation to the public in the Cayman Islands to subscribe for any Trust Certificates. The Base Prospectus must not be circulated to the public in the Cayman Islands.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Trust Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Trust 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 Issuer, the Bank, the Guarantor, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Bank, the Guarantor, the Delegate and any of the Dealers represents that Trust 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 Issuer and the relevant Dealer and set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Trust Certificates have been duly authorised by a resolution of the Board of Directors of the Issuer dated 6 June 2007. The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Trust Certificates. The entry into the Transaction Documents to which it is a party (other than any supplemental documents specific to a particular Series) was authorised, respectively, by the directors of the Bank on 14 May 2007 and the directors of the Guarantor on 28 March 2007.

Listing of Trust Certificates

It is expected that each Series of Trust Certificates which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Trust Certificate initially representing the Trust Certificates of such Series. Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Trust Certificates is expected to be granted on or before 6 August 2008.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer 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 Issuer;

(b) the consolidated audited financial statements of the Bank in respect of the financial years ended 31 December 2006 and 31 December 2007. The Bank currently prepares audited consolidated accounts on an annual basis;

(c) the consolidated audited financial statements of the Guarantor in respect of the financial years ended 31 December 2006 and 31 December 2007. The Guarantor currently prepares audited consolidated accounts on an annual basis;

(d) the most recently published consolidated unaudited interim financial statements (if any) of the Bank. The Bank currently prepares unaudited consolidated interim accounts on a quarterly basis;

(e) the most recently published consolidated unaudited interim financial statements (if any) of the Guarantor. The Guarantor currently prepares unaudited consolidated interim accounts on a quarterly basis;

(f) the Programme Agreement, the Master Trust Deed, the Agency Agreement, the Management Agreement, the Purchase Undertaking Deed (which contains the form of Sale Agreement), and the forms of the Global Trust Certificate and the Trust Certificates in definitive form;

(g) any Supplemental Trust Deed in relation to Trust 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;

(i) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Trust 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 Trust Certificate and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Trust Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(j) in the case of each issue of Trust Certificates which is listed on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Trust 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 Trust Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Trust Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Bank and its subsidiaries since 30 June 2008 and there has been no material adverse change in the financial position or prospects of the Bank and its subsidiaries since 31 December 2007.

There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries since 30 June 2008 and there has been no material adverse change in the financial position or prospects of the Guarantor and its subsidiaries since 31 December 2007.

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

Litigation

None of the Issuer, the Bank (including any of its subsidiaries) or the Guarantor (including any of 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 Issuer, the Bank or the Guarantor is 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 Issuer, the Bank (including any of its subsidiaries) or the Guarantor (including any of its subsidiaries).

Auditors

The auditors of the Bank are KPMG, Chartered Accountants, who have audited the Bank's accounts, without qualification, in accordance with International Standards on Auditing for each of the two financial years ended on 31 December 2007. The auditors of the Bank have no material interest in the Bank.

The auditors of the Guarantor are KPMG, Chartered Accountants, who have audited the Guarantor's accounts, without qualification, in accordance with International Standards on Auditing for each of the two financial years ended on 31 December 2007. The auditors of the Guarantor have no material interest in the Guarantor.

The auditors of the Issuer are KPMG, Chartered Accountants. The Issuer has not prepared any financial statements to date. The auditors of the Issuer have no material interest in the Issuer.

Dealers transacting with the Bank and/or the Guarantor

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 Bank (and its affiliates) and/or the Guarantor (and its affiliates) in the ordinary course of business.

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tel: + 44 (0) 20 7613 1800 document number 3993