

IMPORTANT NOTICE

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

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

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

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

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

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

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

You are reminded that the attached Base Prospectus has been delivered to you on the basis that you are a person into whose possession this Base Prospectus may be lawfully delivered in

accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

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

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

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

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

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

BASE PROSPECTUS



EIB SUKUK COMPANY LTD.

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

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

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 U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The 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*" beginning on page 1.

Each Series (as defined herein) of Trust Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed (such master trust deed as modified and/or supplemented and/or further amended and restated from time to time, the "**Master Trust Deed**") dated 24 October 2012 entered into between the Issuer, the Trustee, Emirates Islamic Bank PJSC as obligor (the "**Obligor**"), Emirates NBD PJSC as guarantor in respect of certain obligations of the Obligor ("**ENBD**" or 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 (as defined herein) 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 over, *inter alia*, 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 Obligor and including the income generated therefrom and any agreements or documents in relation to such assets.

Application has been made to the United Kingdom Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**FSMA**") (the "**U.K. 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 U.K 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 (the "**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 Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purpose of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate face amount 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 Guarantor has been assigned ratings of A+ by Fitch Ratings Ltd. ("**Fitch**") with a stable outlook and A3 by Moody's Investors Service Ltd. ("**Moody's**") with a negative outlook. The United Arab Emirates has been assigned a credit rating of Aa2 with a stable outlook by Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**"). The rating has been endorsed by Moody's in accordance with Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") (as amended).

Moody's Singapore is not established in the European Union and has not applied for registration under the CRA Regulation. Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation.

The rating of certain Series of Trust Certificates to be issued under the Programme may be specified in the applicable Final Terms and the credit rating agency issuing such rating may be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Standard Chartered Bank

Dealers

Barclays

BNP PARIBAS

Citigroup

Deutsche Bank

Emirates Islamic Bank

Emirates NBD Capital

Standard Chartered Bank

The Royal Bank of Scotland

United Overseas Bank

The date of this Base Prospectus is 24 October 2012.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive"), as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) and for the purpose of giving information with regard to the Issuer, the Obligor, the Guarantor and the Trust Certificates which, according to the particular nature of the Issuer, the Obligor, the Guarantor and the Trust Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Obligor.

The Issuer, the Obligor 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 Obligor 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.

Certain information contained in "*Risk Factors*", "*Description of Emirates NBD PJSC – The Guarantor's Competition*", "*Overview of the UAE and the Emirate of Dubai*" and "*The UAE Banking and Financial Services System*" (as indicated therein) has been extracted from independent, third party sources. Each of the Issuer, the Obligor 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 source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

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 Obligor 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 Obligor and the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Obligor 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 Obligor, 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 Obligor, 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 Obligor 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 Obligor, 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 Obligor, 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 Obligor 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 Obligor 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 Obligor, 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 Obligor, 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 (excluding the Dubai International Financial Centre), the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Dubai International Financial Centre, Malaysia, Hong Kong, Singapore, the State of Qatar and the Cayman Islands (see "*Subscription and Sale*").

This Base Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Base Prospectus may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Obligor 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.

All references in this document to "**U.S. dollars**", "**U.S.\$**" 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**", "**dirham**" 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 = U.S.\$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 on the Functioning of the European Union, as amended. In addition, all references in this document to “UAE” are to the United Arab Emirates.

Stabilisation

In connection with the distribution of any Trust Certificates, one or more relevant Dealers (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may effect transactions with a view to supporting the market price of the Trust Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer, the Obligor or the Guarantor.

However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date of the relevant Series of Trust Certificates and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Series of Trust Certificates and 60 days after the date of the allotment of the relevant Series. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) must conduct such stabilisation in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such stabilisation shall be for the account of the Stabilising Manager.

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.

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

NOTICE TO UK RESIDENTS

Any Trust Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds” within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 (the “**Non-Regulatory AFIBs**”) will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the Financial 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 any 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 the Trust Certificates are Non-Regulatory AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to any Trust Certificates.

Potential investors in the United Kingdom in any Trust Certificates which are Non-Regulatory AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such 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 ascertain 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.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority or Qatar Central Bank. The Trust Certificates are not and will not be traded on the Qatar Exchange

KINGDOM OF BAHRAIN NOTICE

In relation to investors in the Kingdom of Bahrain, Trust Certificates issued in connection with this Base Prospectus may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain ("**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000.

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

The CBB has not reviewed or approved the offering documents and it has not in any way considered the merits of the Trust Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly

disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**"). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser

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RISK FACTORS

Each of the Issuer, the Obligor 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 Obligor nor the Guarantor represents that the statements below regarding the risks of holding any Trust Certificate are exhaustive.

Although the Issuer, the Obligor 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, any Optional Redemption 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.

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

The Issuer has a limited operating history and no material assets

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 and has a limited operating history. 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 Obligor (failing which the Guarantor, in accordance with its guarantee set out in the Master Trust Deed (the "**Guarantee**")) to make payments and perform punctually its other obligations 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 Obligor (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).

Factors that may affect the Obligor's ability to fulfil its obligations under the Transaction Documents to which it is a party and which may affect the ability of ENBD, in its capacity as Guarantor, to fulfil its obligations under the Guarantee.

Risks relating to the businesses of the Obligor and the Guarantor

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

Market risks

Since the second half of 2007, disruptions in global capital and credit markets, coupled with the re-pricing of credit risk and the deterioration of the real estate markets in the United States, Europe, the UAE, the other countries of the Gulf Cooperation Council (the "**GCC**") and elsewhere, have created difficult conditions in the financial markets. These conditions have resulted in historically high levels of volatility across many markets (including capital markets) and the failures of a number of financial institutions in the United States and Europe. Further market disruption may be caused by certain European countries experiencing debt servicing problems.

The countries of the GCC were affected by the global financial crisis in the second half of 2007, however, the most significant adverse effects only impacted the region in the second half of 2008. Since then, there has been a significant slowdown or reversal of the high growth rates that had been experienced by many countries within the GCC and the UAE, especially in Dubai (as described further in the next paragraph). Consequently, certain sectors of the GCC economy that had benefited from the high rate of growth, such as real estate, construction and financial institutions, have been materially adversely affected by the crisis.

During the second half of 2008 and into 2009, world oil prices fell by approximately 70 per cent. from their peak level of U.S.\$137 per barrel of Murban crude oil reached in July 2008 to around U.S.\$45 per barrel in February 2009, before returning to above U.S.\$115 per barrel in September 2012. Oil prices remain volatile and have the potential to adversely affect the UAE economy in the future. In addition, the credit crisis in the global financial markets, which was particularly acute in 2008 and 2009, and the resultant deterioration in the global economic outlook led to a general reduction in liquidity and available financing and generally increased financing costs. These events affected Dubai and the UAE in a number of ways. First, gross domestic product ("**GDP**") was adversely affected in 2009 reflecting the significant contributions of the oil and gas sector to the UAE's GDP and, in the case of Dubai, through the impact of these events on the construction and real estate sectors. Second, the UAE's trade surplus declined in 2009 reflecting the reduced value of hydrocarbon exports and its current account balance was additionally impacted as a result of declining services receipts and lower investment income. Third, certain "government related entities" wholly or substantially owned by the Government of Dubai ("**GREs**") have suffered from asset value deterioration and limited cash flow. Although Dubai enjoys a relatively diverse economy, with the oil and gas sector accounting for approximately 2.2 per cent. of Dubai's GDP in 2010, any significant impact on international oil prices may have a negative impact on regional spending and liquidity and consequently is likely to affect Dubai's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular, given also the openness of the economy with no capital or exchange controls.

In response to the global financial crisis, governments and regulators in the UAE, Europe, the United States and other jurisdictions enacted legislation and took measures intended to help stabilise the financial system and increase the flow of credit to their economies. These measures included recapitalisation through the purchase of securities issued by financial institutions (including ordinary shares, preferred shares, or other hybrid or quasi-equity instruments), guarantees by governments outside of the UAE of debt issued by financial institutions, and government-sponsored mergers and acquisitions of and divestments by financial institutions. There can be no assurance that any or all of these measures will continue to positively affect volatility and credit availability or that governments will continue to support recovery in this way.

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

Liquidity risks

Liquidity risks could arise from the inability of the Obligor or the Guarantor to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the ability of the Obligor and the Guarantor to meet their obligations when they fall due.

Since the second half of 2008, a liquidity crisis has existed in the global credit markets which initially arose because of a large number of borrower defaults in the sub-prime mortgage loan market in the United States of America, but which has expanded to affect all levels of the international economy.

Liquidity is essential to the business of the Obligor and the Guarantor and the UAE financial markets had shown comparatively reduced levels of liquidity since the third quarter of 2008. In response, the UAE Ministry of Finance and the Central Bank of the UAE (the "**UAE Central Bank**") have taken a number of measures (UAE Ministry of Finance deposits and UAE Central Bank funding support) in an attempt to improve the liquidity levels in Dubai and the UAE.

However, there is no guarantee that levels of liquidity will continue to improve indefinitely and will not deteriorate.

Credit risks

Credit risks arising from adverse changes in the credit quality and recoverability of loans/financing receivables, advances and amounts due from counterparties are inherent in the business of the Obligor and the Guarantor. Credit risks could arise from a deterioration in the credit quality of specific counterparties, 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 assets of the Obligor or the Guarantor and which could cause an increase in the provisions for the impairment of its assets and other credit exposures.

As mentioned above under “– Risks relating to the businesses of the Obligor and the Guarantor – Market risks”, the UAE economy has been negatively impacted by the global economic downturn, which has affected some of the UAE’s key economic sectors including trade, tourism, real estate and commerce. As a result of these adverse market conditions, certain customers to which the Obligor and the Guarantor directly extend credit have experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing, increased funding costs and problems servicing their debt obligations or other expenses as they become due. Accordingly, the Obligor and the Guarantor have experienced, and may continue to experience, higher than expected levels of credit defaults (including impaired loans/financing receivables and consequential increases in impairment allowances for doubtful loans/financing receivables), which could have a material adverse effect on their financial condition and results of operations.

Concentration risk

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

The Obligor’s ten largest private sector borrowers (which excludes those borrowers which are either wholly or majority owned by the Government of Dubai or the Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum) represented 17.27 per cent. of the Obligor’s total financing receivables as at 30 June 2012. As at 30 June 2012, the Obligor’s largest funded exposure to a private sector borrower was AED 576 million, which constitutes 4 per cent. of the Obligor’s total financing receivables (as at 30 June 2012) and 16.5 per cent. of its total regulatory capital (total regulatory capital being AED 3.5 billion as at 30 June 2012).

The Guarantor’s and its subsidiaries’ (together, the “**Group**”) ten largest private sector borrowers (which excludes those borrowers which are either wholly or majority owned by the Government of Dubai or the Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum) represented 9.84 per cent. of its total loans and receivables as at 30 June 2012. As at 30 June 2012, the Guarantor’s (including the Obligor’s) largest funded exposure to a private sector borrower was AED 3.30 billion, which constitutes 1.47 per cent. of its total loans and receivables (as at 30 June 2012) and 7.51 per cent. of its total regulatory capital (total regulatory capital being AED 43.91 billion as at 30 June 2012).

In terms of the industry concentration of the Obligor’s total credit risk portfolio, as at 30 June 2012, personal finance accounted for 39.03 per cent., construction and real estate combined accounted for 33.52 per cent., trade and manufacturing accounted for 7.09 per cent., services accounted for 8.91 per cent. and other sectors accounted for 11.46 per cent.

In terms of the industry concentration of the Group’s total loan portfolio, as at 30 June 2012, banks and financial institutions accounted for 14.24 per cent., construction and real estate combined accounted for 17.94 per cent., trade and manufacturing accounted for 7.03 per cent., government accounted for 29.54 per cent., personal finance accounted for 17.62 per cent. and other sectors accounted for 13.63 per cent.

As at 30 June 2012, the Group’s wholesale banking customers represented 38.83 per cent. of its combined total deposits. Although the Obligor and the Guarantor consider that they have adequate access to sources of funding, the withdrawal of a significant portion of these large deposits may have an adverse effect on the financial condition and results of operations of the Obligor and the

Guarantor as well as their ability to meet the UAE Central Bank target stable resources ratio of 100 per cent.

A downturn in the fortunes of any of the Obligor's and/or the Guarantor's depositors, or in the sectors in which they operate, could have a material adverse effect on the financial condition and results of operations of the Obligor and the Guarantor.

Real Estate Exposure

As at 30 June 2012, exposures to real estate and construction constituted 14.04 per cent. and 3.89 per cent., respectively, of the Group's total credit risk portfolio. The Group's total funded real estate and construction exposure stood at AED 40.14 billion.

Between late 2008 and the second quarter of 2009, a real estate correction took place in Dubai's real estate market such that according to the Colliers International House Price Index ("**The Colliers Index**"), the average price of residential property in Dubai decreased by 50.5 per cent. between the third quarter of 2008 and the second quarter of 2009. Since the second quarter of 2009, the average price of residential property in Dubai has remained relatively constant, such that according to The Colliers Index, the price of residential property in the fourth quarter of 2011 had not changed from the lows recorded in the second quarter of 2009. Further, according to a report entitled "*Dubai Real Estate Market Overview*" published by Jones Lang LaSalle, covering the second quarter of 2012, the average prime rentals price for commercial office property in Dubai have remained stable since the fourth quarter of 2010.

A further real estate correction or default of the main real estate-related clients of the Obligor or the Guarantor could have a material adverse effect on their financial condition and results of operation.

Principal Shareholder and Governmental Support

As at the date of this Base Prospectus, the Government of Dubai indirectly holds 55.64 per cent. of the share capital of the Guarantor and through such holding, indirectly holds 99.8 per cent. of the share capital of the Obligor. Investment Corporation of Dubai ("**ICD**"), which is wholly owned by the Government of Dubai, holds shares in the Guarantor directly. However, the Government of Dubai does not explicitly or implicitly guarantee the financial obligations of the Obligor or the Guarantor (including in respect of the Trust Certificates to be issued under the Programme) nor does it, like any other shareholder (acting through ICD), have any legal obligation to provide any support or additional funding for any of the Obligor's or the Guarantor's future operations.

Investors should also be aware that in June 2009, Emirates Bank International PJSC ("**EBI**") issued AED 4 billion of Tier 1 securities to ICD in order to help satisfy the requirements of the UAE Central Bank. Following the amalgamation of EBI and National Bank of Dubai PJSC ("**NBD**") with the Guarantor described further at "*Description of Emirates NBD PJSC*" below, the Guarantor is now considered to be the issuer of those securities.

However, notwithstanding the Tier 1 securities issued to ICD described in the previous paragraph, the funding support received from the UAE Federal Government during the difficult period of the global financial crisis that occurred from late 2008 to early 2009 and the conversion of AED 12.6 billion of deposits from the UAE Federal Government with the Guarantor into Tier 2 capital in March 2009 (see "*Capital Adequacy*" under "*Description of Emirates NBD PJSC*" below), neither the Government of Dubai nor the UAE Federal Government are under any obligation to, or continue to (in the case of the Guarantor), invest in, make deposits with, do business with or otherwise support the Obligor or the Guarantor. The Government of Dubai and the UAE Federal Government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support the Obligor and the Guarantor. The reduction or elimination of governmental support could have a material adverse effect on each of the Obligor's and the Guarantor's business, results of operations, financial condition and prospects.

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 and occurrence of natural disasters. Although the Obligor and the Guarantor have 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, which could have a material adverse effect on their financial condition and results of operations.

Notwithstanding anything in this operational risks risk factor, this risk factor should not be taken as implying that the Issuer, the Obligor or the Guarantor will be unable to comply with their obligations as companies with securities admitted to the Official List and, in the case of the Guarantor, its obligations as a supervised firm regulated by the United Kingdom Financial Services Authority.

Competition

There are an increasing number of Islamic banks and other institutions offering Islamic financial products and services within the UAE. As at 30 June 2012, there were eight Islamic banks and a number of financial institutions offering Islamic products and solutions. Other financial institutions may also consider offering *Shari'a* compliant products.

Generally, the banking market in the UAE has been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the "**WTO**"), the GCC or any other similar entities, it is likely to lead to a more competitive environment for the Obligor, the Guarantor and other domestic financial institutions. Such increase in competition could have a material adverse effect on the businesses, results of operations, financial condition and prospects of the Obligor and the Guarantor (see also "*Description of Emirates Islamic Bank PJSC – Obligor's Competition*" and "*Description of Emirates NBD PJSC – Guarantor's Competition*" below).

Foreign exchange movements may adversely affect the profitability of the Obligor and the Guarantor

The Obligor and the Guarantor maintain their accounts and report their results in AED. The UAE dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980. The Obligor and the Guarantor are exposed to the potential impact of any alteration to or abolition of this foreign exchange peg.

Majority of business in the UAE

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

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

Importance of key personnel

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

Additionally, the UAE Federal Government has a recommended policy that at least 4 per cent. of the total employees (each year) of companies operating in the UAE must be UAE nationals (see "*The UAE Banking and Financial Services System – Expatriate Workforce*"). In common with other banks in the UAE, the Obligor and the Guarantor experience a shortage of, and competition to recruit and retain, qualified UAE national employees. If either the Obligor or the Guarantor are unable to meet or exceed the UAE Federal Government's recommended policy for recruiting UAE nationals, they may be subject to legal penalties including with respect to their current licences, and may be prevented from obtaining additional licences necessary in order to allow them to expand their respective business. Due to UAE federal labour laws, the Obligor and the Guarantor may also face difficulties that could delay or prevent dismissal of underperforming UAE national employees.

While the Obligor and the Guarantor currently meet (and exceed) the UAE Federal Government's "Emiratisation" requirements (in particular, see "*Description of Emirates Islamic Bank PJSC –*

Competitive Strengths – Links with the Community' and *'Management of Emirates NBD PJSC – Emiratisation'*) and believe that they have effective staff recruitment, training and incentive programmes in place, if they were unable to retain key members of their senior management and/or remove under performing staff and/or hire new qualified personnel in a timely manner, this could have a material adverse effect on their businesses, results of operations, financial condition and prospects.

Risks factors relating to the UAE and the Middle East

Political, economic and related considerations

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Obligor's and the Guarantor's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the Gulf Co-operation Council ("**GCC**") and the UAE, especially in Dubai. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates, have been adversely affected by the crisis.

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

The UAE is seen as a relatively stable political environment with generally healthy international relations. However, as a country located in the Middle East and North Africa ("**MENA**") region, there is a risk that regional geopolitical instability could impact the UAE and it should be noted that in the first half of 2011 there was significant political and social unrest, including violent protests and armed conflict, in a number of countries in the MENA region. The situation has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. Instability affecting the countries in the MENA region could adversely impact the UAE, although to date the impact on Dubai and the UAE has not been significant.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate (see *"The UAE Banking and Financial Services System – Expatriate Workforce"*). These steps make it potentially more vulnerable should regional instability increase.

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

Impact of regulatory changes

The Obligor and the Guarantor are subject to the laws, regulations, administrative actions and policies of the UAE and each other jurisdiction in which they operate. These regulations may limit the Obligor's and the Guarantor's activities and changes in supervision and regulation, particularly within the UAE, could affect the Obligor's and the Guarantor's businesses such as pursuant to the Basel III Accord ("**Basel III**") and/or the new regulations relating to large exposures set out in the 2012 Large Exposures Limits Circular (as defined below under *"The United Arab Emirates Banking Sector and Regulations"*)), the products or services offered, the value of its assets and its financial condition. Although the Obligor and the Guarantor work closely with their regulators and continuously monitor the situation, future changes in regulatory, fiscal or other policies cannot be predicted and are beyond the control of the Obligor and the Guarantor. A description of the legal and regulatory environment applicable to banks generally in the UAE is set out below under *"The United Arab Emirates Banking Sector and Regulations"*.

The GCC may enter into a monetary union

There is the possibility that Bahrain, Kuwait, the Kingdom of Saudi Arabia and Qatar may each abandon their respective national currencies in favour of a single GCC currency within the next few years. If a single GCC currency is adopted, the necessary convergence of laws, policies and procedure will bring significant changes to the economic and political infrastructure in each of the GCC states. As yet there has been no announcement of an official timetable for the progression of monetary union and there are currently no details of new legislation or policies. Investors should, however, be aware that new legislation and any resulting shift in policy and procedure in the UAE could affect the ability of each of the Obligor and the Guarantor to perform its obligations in respect of the Transaction Documents to which it is a party.

UAE bankruptcy law

In the event of the insolvency of the Obligor or the Guarantor, UAE bankruptcy law may adversely affect the ability of the Obligor or the Guarantor to perform their obligations under the Transaction Documents to which they are 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 Obligor or the Guarantor, as the case may be, would be resolved.

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

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

The Obligor and the Guarantor have irrevocably agreed to certain documentation being governed by English law. Unresolved disputes in relation to the Trust Certificates and the Transaction Documents governed by English law will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules with the seat of arbitration in Paris. In the event that such option to litigate set out therein is exercised, the Obligor and the Guarantor have irrevocably agreed to the courts of England and the courts of Dubai International Financial Centre (the "**DIFC Courts**") having non-exclusive jurisdiction to settle disputes. Notwithstanding that a judgment may be obtained in an English court there is no assurance that either the Obligor or the Guarantor have or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. The Obligor 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 Dubai courts are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the perception of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

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

As described above, the Obligor and the Guarantor have agreed under the terms of certain of the Transaction Documents (including the Purchase Undertaking Deed and the Master Trust Deed) to submit to the non-exclusive jurisdiction of the DIFC Courts in respect of any dispute, claim, difference or controversy arising out of or in connection with such Transaction Documents, subject to the right of the Issuer and the Trustee (or the Delegate on behalf of the Certificateholders) to elect to bring proceedings in any other court or courts of competent jurisdiction. Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts ("**Law No. 16 of 2011**") was issued, and came into force in the Emirate of Dubai, on 31 October 2011 and extends the jurisdiction of the DIFC Courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly

agreed to submit to the jurisdiction of the DIFC Courts, even where those parties (such as the Obligor and the Guarantor) are unconnected to the Dubai International Financial Centre (the “**DIFC**”).

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

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

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “**New York Convention**”) entered into force in the UAE on 19 November 2006. Any arbitration award rendered in Paris should therefore be enforceable in Dubai in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration, or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of First Instance, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention.

It should be noted that all of these decisions were not final decisions and, except in one instance, were First Instance decisions only and are subject to appeal. The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force within other Emirates. There is therefore no guarantee that the Dubai courts will take the same approach in similar proceedings in the future.

Claims for specific enforcement

In the event that either the Obligor 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. An order for specific enforcement is at the discretion of the court and there is no assurance that a court will provide such an order.

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

Enforceability of obligations under the Guarantee

Under UAE law, the obligations of a guarantor are incidental to the obligations of the principal debtor, and the obligations of the guarantor will only be valid to the extent of the continuing

obligations of the principal debtor. In addition, in order to enforce a guarantee under UAE law, the underlying debt obligation for which such guarantee has been granted may need to be proved before the UAE courts.

The obligations of the Guarantor under the Guarantee in respect of the Obligor's obligations under the Transaction Documents to which it is a party are, therefore, incidental obligations and dependent upon the validity and the enforceability of the Obligor's obligations under such Transaction Documents. Accordingly the Obligor's obligations under the Transaction Documents may, therefore, need to be proved before the courts of the UAE in order for the obligations of the Guarantor under the Guarantee to be enforceable.

Sovereign immunity

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

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

Risks related to the Trust Certificates generally

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.

No third-party guarantees

Investors should be aware that no guarantee is given in relation to the Trust Certificates by the Government of Dubai (see also "*– Principal Shareholder and Governmental Support*" above) or any other third parties other than, in respect of the obligations of the Obligor (and, in turn, the Issuer), the Guarantor.

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

Members of the *Shari'a* advisory board of the Obligor (the "**Shari'a Board**") and the *Shari'a* Supervisory Committee of Standard Chartered Bank have each issued a *Fatwa* in respect of the Trust Certificates and the related structure and mechanism set out in the Transaction Documents and their compliance with *Shari'a* principles. However, a *Fatwa* is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in respect of the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Trust Certificates and none of the Issuer, the Obligor, the Guarantor, the Delegate or the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Trust Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Trust Certificates may limit the liquidity and adversely affect the market value of the Trust Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties to the Transaction Documents would be, if in dispute, either the subject of arbitration under the LCIA Arbitration Rules with the seat of arbitration in Paris or court proceedings under the laws of England and Wales and/or the Dubai International Financial Centre. In such circumstances, the arbitrator or judge (as applicable) may first apply the relevant law rather than *Shari'a* principles in determining the obligations of the parties.

Substitution of Guarantor

In relation to any Series of 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 should be aware that a substitution of the Guarantor of any Series of 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 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.

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 the occurrence of a Dissolution Event, or early dissolution pursuant to Conditions 11.2 (*Early Dissolution for Tax Reasons*), 11.3 (*Dissolution at the Option of the Issuer*) or, in certain circumstances, 11.4 (*Redemption at the Option of the Certificateholders*), 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 Obligor (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 to which it is a party.

Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, the Obligor, 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 Obligor (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 Obligor (failing which the Guarantor, in accordance with the Guarantee) to recover payments due to the Issuer from the Obligor pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the 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 Obligor and the Guarantor shall be to enforce the obligation of the Obligor 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.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the “**EU Savings Directive**”) on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (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 and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional adviser.

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 Certificate as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-US financial institutions through which payments on the Trust Certificates are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of: (i) any Trust Certificates treated as debt for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date; and (ii) any Trust Certificates treated as equity for U.S. federal tax purposes, whenever issued, pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if: (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"); (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA); and (iii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Trust Certificates is made, is not a Participating FFI.

The application of FATCA to profit distributions, principal or other amounts paid with respect to the Trust Certificates is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from profit distributions, principal or other payments on the Trust Certificates, none of the Issuer, the Obligor, the Guarantor, or any Paying Agent or any other person would, pursuant to the Transaction Documents to which they are a party or (in the case of the Issuer) the Conditions, be required to pay additional amounts to investors as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less profit distributions or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Trust Certificates issued after 31 December 2012 (or whenever issued, in the case of Trust Certificates treated as equity for U.S. federal tax purposes) may be addressed in a supplement to this Base Prospectus.

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 judicial decision or change to English law, UAE law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Trust Certificates to be issued under the Programme or of the Obligor or the Guarantor, as the case may be, to comply with its obligations under the Transaction Documents to which it is a party.

Risks related to the market generally

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.

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.

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

Emerging markets

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

Reliance on Euroclear and Clearstream, Luxembourg procedures

Each Series of Trust Certificates will be represented on issue by a Global Trust Certificate that will be deposited with a Common Depository for Euroclear and Clearstream, Luxembourg (each as defined in "*Form of the Trust Certificates*" below). Except in the circumstances described in the relevant Global Trust Certificate, investors will not be entitled to receive Trust Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in Global Trust Certificates. While Trust Certificates are represented by a Global Trust Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While Trust Certificates are represented by a Global Trust Certificate, the Issuer will discharge its payment obligation under such Trust Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Trust Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Trust Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in Global Trust Certificates.

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

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).

However, 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 Obligor 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 Obligor 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. Lessees and obligors may have rights of set off or counterclaim against the Obligor 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 Obligor (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 Obligor 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, although the *Shari'a* analysis is such that a co-ownership interest in the relevant Co-ownership Assets will pass to the Issuer under the relevant Supplemental Purchase Contract, the Certificateholders will not have any rights of enforcement as against the Trust Assets and their rights are limited to enforcement against the Obligor (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.

By way of further assurance, the Obligor has covenanted in:

- (i) 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, will fully accept title to the Co-ownership Assets on the basis of the title interest which the Issuer may have in the same and, if that interest is disputed or challenged, will fully indemnify the Issuer for the purpose of redemption in full or in part, as the case may be, of the relevant Series of Trust Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price;
- (ii) the Master Trust Deed that it will forthwith upon demand by the Trustee fully indemnify the Trustee against all losses, claims, costs, charges and expenses to which it may be subject or which it may incur under or in respect of the Transaction Documents if any amount payable by the Obligor to the Trustee pursuant to any Transaction Document is not recoverable from the Obligor for any reason whatsoever (including, without limitation, by reason of any Trust Certificate or Transaction Document or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law or any transfer of any co-ownership interest in any Co-ownership Assets being ineffective or unenforceable).

These obligations are also guaranteed by the Guarantor pursuant to the Master Trust Deed.

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 Obligor (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

Payments made by the Obligor 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 Obligor to pay additional amounts in the event that any withholding or deduction is required by UAE law to be made in respect of payments made by it to the 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 and/or the UAE (see Condition 12 (*Taxation*) and the definitions of "Taxes" and "Relevant Jurisdiction") 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 Obligor (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.

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 Obligor for the nine month period ended 30 September 2012, including:
 - (i) profit and loss account (page 3);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (page 6);
 - (iv) accounting policies and explanatory notes (pages 7-20); and
 - (v) auditors' review report (page 1);
- (2) the unaudited condensed consolidated interim financial statements of the Obligor for the six month period ended 30 June 2012, including:
 - (i) profit and loss account (page 3);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (page 6);
 - (iv) accounting policies and explanatory notes (pages 7 – 20); and
 - (v) auditors' review report (page 1);
- (3) the audited consolidated annual financial statements of the Obligor for the year ended 31 December 2011, including:
 - (i) profit and loss account (pages 3-4);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (page 6);
 - (iv) accounting policies and explanatory notes (pages 7 – 55); and
 - (v) auditors' report (page 1);
- (4) the audited consolidated annual financial statements of the Obligor for the year ended 31 December 2010, including:
 - (i) profit and loss account (page 3);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (page 6);
 - (iv) accounting policies and explanatory notes (pages 7 – 52); and
 - (v) auditors' report (page 1);
- (5) the unaudited condensed consolidated interim financial statements of the Guarantor for the nine month period ended 30 September 2012, including:
 - (i) profit and loss account (page 3);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (pages 5-6);
 - (iv) accounting policies and explanatory notes (pages 8-32); and
 - (v) auditors' review report (page 1);
- (6) the unaudited condensed consolidated interim financial statements of the Guarantor for the six month period ended 30 June 2012, including:
 - (i) profit and loss account (page 3);
 - (ii) balance sheet (page 2);
 - (iii) cashflow statement (page 5-6);
 - (iv) accounting policies and explanatory notes (pages 8 – 32); and
 - (v) auditors' review report (page 1);

- (7) the audited consolidated annual financial statements of the Guarantor for the year ended 31 December 2011 including:
 - (i) profit and loss account (page 6);
 - (ii) balance sheet (page 5);
 - (iii) cashflow statement (page 8);
 - (iv) accounting policies and explanatory notes (pages 11 – 120); and
 - (v) auditors' report (page 4);
- (8) the audited consolidated annual financial statements of the Guarantor for the year ended 31 December 2010, including:
 - (i) profit and loss account (page 8);
 - (ii) balance sheet (page 7);
 - (iii) cashflow statement (page 10);
 - (iv) accounting policies and explanatory notes (pages 13 – 107); and
 - (v) auditors' report (page 5 – 6).

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.

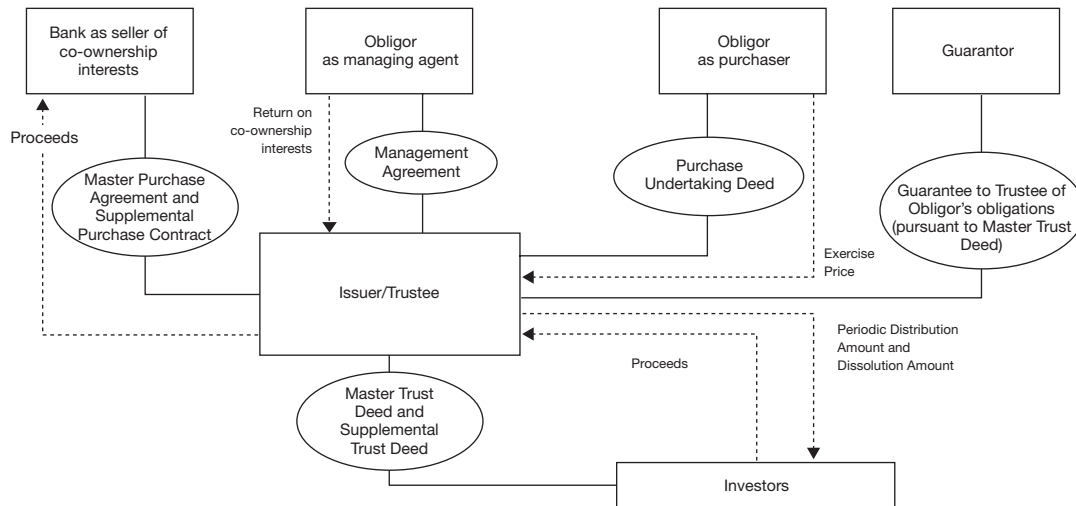
Copies of documents incorporated by reference in this Base Prospectus can be obtained, upon request, free of charge, from the registered offices of the Issuer and from the specified offices of the Principal Paying Agent in London.

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 Obligor in respect of the sale and delivery by the Obligor of a co-ownership interest in the relevant Co-ownership Assets.

Periodic Payments by the Obligor

On each Periodic Distribution Date, the Obligor (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 and Redemption Payments

On the Maturity Date, the Issuer will sell its co-ownership interest in the Co-ownership Assets to the Obligor and the Exercise Price paid by the Obligor 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 addition, some or all of the Trust Certificates may be redeemed prior to the Maturity Date in the circumstances set out in Condition 11.4 (*Redemption at the Option of the Certificateholders*) at the option of the Certificateholders and, where such circumstances result in the relevant Series of Trust Certificates being redeemed in full, the Trust being dissolved. In any such case the Dissolution Amount or, as the case may be, the Optional Redemption Amount will be funded through the sale of all or a specified portion of the Issuer's co-ownership interest in the Co-ownership Assets to the Obligor or action taken to enforce such sale.

Guarantee

The Guarantor has guaranteed the obligations of the Obligor 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 Obligor 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 Obligor pursuant to an amended and restated master purchase agreement dated 24 October 2012 between the Issuer, the Trustee and the Obligor (the "**Master Purchase Agreement**"). The co-ownership interests of the Issuer and the Obligor in the Co-ownership Assets of each Series will be set out in the relevant Supplemental Purchase Contract.

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 Obligor (each a "**Supplemental Purchase Contract**").

The Obligor 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 an amended and restated management agreement dated 24 October 2012 between, *inter alios*, the Issuer, the Trustee and the Obligor (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 Obligor 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 may 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 Obligor has agreed to purchase all or (following a redemption of Trust Certificates under Condition 11.4 (*Redemption at the Option of the Certificateholders*) only) a specified portion, as the case may be, of the Issuer's co-ownership interest in the outstanding Co-ownership Assets of each Series of Trust Certificates on the relevant Maturity Date, Dissolution Date (as defined in the Conditions) or Optional Redemption Date (as defined in the Conditions), as the case may be, pursuant to an amended and restated purchase undertaking deed dated 24 October 2012 executed by the Obligor (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 Obligor pursuant to each such Sale Agreement will be an amount equal to (a) either the Aggregate Face Amount (as specified in the applicable Final Terms) of the relevant Series of Trust Certificates, or (following a redemption of Trust Certificates under Condition 11.4 (*Redemption at the Option of the Certificateholders*) only) the aggregate face amount of the relevant Trust Certificates so redeemed in respect of the relevant Series of Trust Certificates and (b) the amount of payable but unpaid Periodic Distribution Amounts on the relevant Maturity Date, Dissolution Date or Optional Redemption Date, as the case may be. 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 the Master Trust Deed, as the same will be supplemented (on the occasion of the issue of each Series of Trust Certificates) by 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 (together, the "**Trust Assets**").

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 (*Dissolution Events*)) 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 Obligor or the Guarantor under any Transaction Documents to which the Obligor 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 Obligor 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 Obligor 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 Obligor and the Guarantor shall be to enforce the obligation of the Obligor 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 Obligor under the Transaction Documents and the due and punctual performance and observance by the Obligor of each of the other provisions of the Transaction Documents to be performed or observed by the Obligor.

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 Obligor 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 Obligor and the Guarantor.

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

Obligor: Emirates Islamic Bank PJSC.

Guarantor: Emirates NBD PJSC.

Ownership of the Issuer: The authorised share capital of the Issuer is U.S.\$50,000 consisting of 50,000 shares of a nominal or par value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The 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: Deutsche Bank (Cayman) Limited (the "**Issuer Administrator**") provides, 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: Emirates Islamic Bank PJSC
Standard Chartered Bank

Dealers: Barclays Bank PLC
BNP PARIBAS
Citigroup Global Markets Limited
Deutsche Bank AG, London Branch
Emirates Islamic Bank PJSC
Emirates NBD Capital Limited
Standard Chartered Bank
The Royal Bank of Scotland plc
United Overseas Bank (Malaysia) Bhd

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 " <i>Subscription and Sale</i> "). 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 U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer 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 " <i>Form of the Trust Certificates</i> ".
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 <i>pari passu</i> , 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 or, as the case may be, the Optional Redemption Amount, as each 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 in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (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*).

Optional Redemption:

If so specified in the applicable Final Terms, all or part of a Series of Trust Certificates may be redeemed prior to the Maturity Date of such series in the circumstances set out in Condition 11.4 (*Redemption at the Option of the Certificateholders*). If, pursuant to such Condition, all of a Series of Trust Certificates are redeemed, the Trust in respect of such Series of Trust Certificates shall be dissolved.

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

See "*Summary of the Principal Transaction Documents*".

Negative Pledge:

The Purchase Undertaking Deed contains a negative pledge given by the Obligor 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 Obligor 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.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Listing and admission to trading:

Application has been made to the 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 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 and any non-contractual obligations arising out of or in connection with the Trust Certificates will be governed by, and shall be construed in accordance with, English law.

The Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, the Agency Agreement, the Purchase Undertaking Deed, the Costs Undertaking Deed and any non-contractual obligations arising out of, relating to or having any connection with 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, and shall be construed in accordance with, English law. In respect of any dispute, claim, difference or controversy under any such Transaction Document, the parties thereto have each consented to arbitration in accordance with the LCIA Arbitration Rules unless, *inter alios*, the Issuer (as Trustee), the Delegate, the Agents or any Dealer, as the case may be, elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English and DIFC courts will each have non-exclusive jurisdiction to settle such dispute, claim, difference or controversy.

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

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

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the UAE (excluding the Dubai International Financial Centre), the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the Dubai International Financial Centre, Malaysia, Hong Kong, Singapore, Qatar and the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular Series of 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 depository (the "**Common Depository**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and will be registered in the name of a nominee for the Common Depository. 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 relating to the relevant Series.

APPLICABLE FINAL TERMS

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

[Date]

EIB Sukuk Company Ltd.

**Issue of [Aggregate Face Amount of Series] [Title of Trust Certificates]
under the
U.S.\$2,500,000,000
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 [●] 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”), as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State).

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 NBD 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.

- | | |
|--|--|
| 1. Issuer and Trustee: | EIB Sukuk Company Ltd. |
| 2. (i) Obligor: | Emirates Islamic Bank PJSC |
| (ii) Guarantor: | Emirates NBD 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. (i) Specified Denominations: | [●] |
| (ii) Calculation Amount: | [●] |
| 8. (a) Issue Date: | [●] |
| (b) Return Accrual Commencement Date: | [Issue Date][specify other] |
| 9. Maturity Date: | [●] |
| 10. Periodic Distribution Amount Basis: | [[●] per cent. Fixed Periodic Distribution Amount]
[[●]+/- [●] per cent. Floating Periodic Distribution Amount] |
| 11. Dissolution Basis: | Dissolution at par |
| 12. Change of Periodic Distribution Basis: | [Not Applicable] |
| 13. Call/Put Options: | [Not Applicable]
[Optional Dissolution (Call)]
[Optional Redemption (Investor Put)] |
| 14. Status: | Unsubordinated |

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15. Fixed Periodic Distribution Provisions: [Applicable/Not Applicable]
- (a) Rate[(s)]: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (b) Periodic Distribution Date(s): [[●] in each year up to and including the Maturity Date]
- (c) Fixed Amount(s): [●] per Calculation Amount
- (d) Broken Amount(s): [●]/[Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (f) Determination Date(s): [●] in each year
16. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
- (a) Specified Periodic Distribution Dates: [●]/[Not Applicable]
- (b) Specified Period: [●]/[Not Applicable]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (d) Additional Business Centre(s): [●]/[Not Applicable]
- (e) Screen Rate Determination: [Applicable/Not Applicable]
- (i) Reference Rate: [LIBOR/EURIBOR/EIBOR]
- (ii) Periodic Distribution Determination Date: [●]
- (iii) Relevant Screen Page: [●]
- (iv) Relevant Time: [●]
- (f) Margin: [●]
- (g) Day Count Fraction: [Actual/365
[Actual/365 (Fixed)] [Actual/Actual]
[Actual/365 (Sterling)]
[Actual/360]
[30/360] [360/360] [Bond Basis]
[30E/360] [Eurobond Basis]
- (h) Calculation Agent: [Principal Paying Agent] [*specify other*]

PROVISIONS RELATING TO DISSOLUTION

17. Optional Dissolution (Call): [Applicable/Not Applicable]
- (a) Optional Dissolution Amount: [●] per Calculation Amount
- (b) Optional Dissolution Date: [●]
18. Final Dissolution Amount: [●] per Calculation Amount
19. Early Dissolution Amount (Tax): [Final Dissolution Amount] [[●] per Calculation Amount]
20. Dissolution Amount pursuant to Condition 14: [●] per Calculation Amount

PROVISIONS RELATING TO OPTIONAL REDEMPTION

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

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): [Yes/No]

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

By:.....
Duly authorised

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

By:.....
Duly authorised

Signed on behalf of Emirates NBD PJSC (the Guarantor)

By:.....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made for the Trust Certificates to be admitted to trading on [●] with effect from [●]] [Application is expected to be made for the Trust Certificates to be admitted to trading on [●] with effect from [●]]/[Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

- Ratings: The Trust Certificates to be issued have been rated:
[Moody's: [●]]
[Fitch: [●]]
[[Insert full legal name of credit rating agency]: [●]]

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 Obligor and the Guarantor is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer.] [The [Managers/Dealers and [their/its] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Obligor and the Guarantor and their respective affiliates in the ordinary course of business for which they may receive fees.]

4. [Fixed Periodic Distribution Trust Certificates only – YIELD

- Indication of yield: [●]

5. OPERATIONAL INFORMATION

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Names and addresses of additional Paying Agent(s) (if any): [●]

6. THIRD PARTY INFORMATION

[[●] has been extracted from [●]. Each of the Issuer, the Obligor 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.]/[Not applicable]

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which (save for the text in italics) 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 U.S.\$2,500,000,000 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, unless specified otherwise, 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) an amended and restated master trust deed dated 24 October 2012 (the "**Master Trust Deed**") and made between the Issuer, the Trustee, Emirates Islamic Bank PJSC as obligor (the "**Obligor**"), Emirates NBD PJSC as guarantor (the "**Guarantor**" or "**ENBD**") and Deutsche Trustee Company Limited (the "**Delegate**"); and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**") between the same parties and dated the relevant Issue Date.

In these Conditions, references to "**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 amended and restated agency agreement dated 24 October 2012 (the "**Agency Agreement**") made between the Issuer, the Trustee, the Obligor, 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) an amended and restated master purchase agreement between the Issuer, the Trustee and the Obligor dated 24 October 2012 (the "**Master Purchase Agreement**");
- (b) the Supplemental Purchase Contract (the "**Supplemental Purchase Contract**" and, together with the Master Purchase Agreement, the "**Purchase Agreement**") between the same parties to the Master Purchase Agreement and dated the relevant Issue Date;
- (c) an amended and restated management agreement between, *inter alia*, the Issuer, the Trustee and the Obligor as managing agent (the "**Managing Agent**") dated 24 October 2012 (the "**Management Agreement**");

- (d) an amended and restated purchase undertaking deed entered into by the Obligor dated 24 October 2012 (the "**Purchase Undertaking Deed**"), containing the form of sale agreement (the "**Sale Agreement**") to be executed by the Obligor, the Issuer and the Trustee on the Maturity Date, the relevant Dissolution Date or Optional Redemption Date, as the case may be;
- (e) the Master 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) an amended and restated costs undertaking deed entered into by the Obligor and the Guarantor dated 24 October 2012 (the "**Costs Undertaking Deed**"); and
- (i) 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 Obligor a Co-ownership interest in the Obligor'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 Obligor 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 (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 to be paid on a Dissolution Date as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

“Dissolution Date” means, as the case may be, (a) 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;

“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;

“Final Optional Redemption Date” means any Optional Redemption Date on which the relevant Series of Trust Certificates is to be redeemed in full pursuant to the exercise by Certificateholders of the option set out in Condition 11.4 (*Redemption at the Option of the Certificateholders*);

“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;

“Optional Dissolution Date” means the Optional Dissolution Date as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms relating to the exercise of the option set out in Condition 11.3 (*Dissolution at the Option of the Issuer*);

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

“Optional Redemption Date” means the Optional Redemption Date or Optional Redemption Dates, as the case may be, as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

“Payment Business Day” means:

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

“**Reference Banks**” means the principal London office of each of four major banks engaged in the London, Eurozone or Emirates inter-bank market selected by or on behalf of the Issuer, **provided that** once a Reference Banks has first been selected by the Issuer or its duly appointed representative, such Reference Banks 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 (TARGET2) System (the “**TARGET2 System**”) is open;

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

“**Transaction Account**” means the account in the Issuer’s name, details of which are specified in the Supplemental Trust Deed;

“**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 and any Sale Agreement;

“**Treaty**” means the Treaty on the Functioning of the European Union, 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 Obligor, 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 Obligor, 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 applicable to the Trust Certificates.

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 Obligor, 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 Obligor, 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, an Optional Redemption Date or any other date on which any payment of the face amount or payment of any profit in respect of a 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 Obligor 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 Obligor, 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 Obligor (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 Obligor 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 Obligor (failing which the Guarantor, in accordance with the Guarantee) to recover payments due to the Issuer from the Obligor 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 Obligor (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 Obligor (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 or Optional Redemption 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 an Optional Redemption Date following exercise of the option set out in Condition 11.4 (*Redemption at the Option of the Certificateholders*), to the Principal Paying Agent in or towards payment of the Optional Redemption Amount in redemption of the relevant Trust Certificates to be redeemed;
- (d) *fourth*, 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
- (e) *fifth*, only if such payment is made on the Maturity Date, any Dissolution Date or on the Final Optional Redemption Date, the excess, if any, 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 in respect of any period by applying the Rate to:

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

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

“**Day Count Fraction**” means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition 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*), Condition 11.4 (*Redemption at the Option of the Certificateholders*), 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, the Dissolution Date or the Final Optional Redemption Date, as the case may be. Without prejudice to the foregoing sentence, where any Trust Certificate is to be redeemed prior to the Maturity Date or, as the case may be, the Dissolution Date (and on an Optional Redemption Date which is not the Final Optional Redemption Date) pursuant to the exercise of the option under Condition 11.4 (*Redemption at the Option of the Certificateholders*), no further amounts will be payable on such Trust Certificate to be redeemed from and including the relevant Optional Redemption Date but this shall not affect amounts payable on any Trust Certificate in respect of which the option under Condition 11.4 (*Redemption at the Option of the Certificateholders*) has not been exercised.

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, Eurozone or Emirates interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
 - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the 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, the Dissolution Date or the Final Optional Redemption Date, as the case may be. Without prejudice to the foregoing sentence, where any Trust Certificate is to be redeemed prior to the Maturity Date or, as the case may be, the Dissolution Date (and on an Optional Redemption Date which is not the Final Optional Redemption Date) pursuant to the exercise of the option under Condition 11.4 (*Redemption at the Option of the Certificateholders*), no further amounts will be payable on such Trust Certificate to be redeemed from and including the relevant Optional Redemption Date but this shall not affect amounts payable on any Trust Certificate in respect of which the option under Condition 11.4 (*Redemption at the Option of the Certificateholders*) has not been exercised.

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:

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

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

“**Day Count Fraction**” means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 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 Obligor, 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.

Payments of any Optional Redemption Amounts will be made in accordance with Condition 11.4 (*Redemption at the Option of the Certificateholders*).

All such payments will be made subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions described in Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

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

10. 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. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms attached to or endorsed on this Trust Certificate. 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 variation, 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 Obligor) 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 Obligor) 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 Redemption at the Option of the Certificateholders

If the Optional Redemption (Investor Put) option is specified in the applicable Final Terms as being applicable, upon the holder of any Trust Certificate giving to the Issuer not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, subject to, and in accordance with this Condition 11.4, redeem such Trust Certificate on the relevant Optional Redemption Date at the Optional Redemption Amount. The Optional Redemption Amount shall be paid on the relevant Optional Redemption Date together, if appropriate, with the Periodic Distribution Amounts on such Trust Certificate accrued to (but excluding) the relevant Optional Redemption Date. It may be that before an Optional Redemption (Investor Put) option can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise its right to require the redemption of this Trust Certificate under this Condition 11.4, a Certificateholder must, where this Trust Certificate is an Individual Trust Certificate, deliver, at the specified office of any Paying Agent at any time during the normal business hours of such Paying Agent, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (an "**Individual Trust Certificate Put Notice**") and in which the Certificateholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 11.4 and the face amount of this Trust Certificate to be redeemed and, if less than the full face amount of this Trust Certificate is to be redeemed, an address to which a new Individual Trust Certificate in respect of the balance of such Trust Certificates is to be sent subject to and in accordance with the Conditions in each case accompanied by this Trust Certificate or evidence satisfactory to the Paying Agent concerned that this Trust Certificate will, following delivery of the Individual Trust Certificate Put Notice, be held to its order or under its control.

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

All notices to be given by any Certificateholder to the Issuer under this Condition 11.4 must be given in accordance with Condition 17 (*Notices*). Any Put Notice given by a Certificateholder pursuant to this Condition 11.4 shall be irrevocable and the Issuer will redeem all Trust Certificates which are the subject of a validly delivered Put Notice on the relevant Optional Redemption Date.

11.5 No Other Optional Early Dissolution

Neither the Issuer nor any Certificateholders shall 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, as the case may be, Conditions 11.1 (*Scheduled Dissolution*), 11.2 (*Early Dissolution for Tax Reasons*), 11.3 (*Dissolution at the Option of the Issuer*) and

11.4 (*Redemption at the Option of the Certificateholders*) above (save that in respect of Condition 11.4 (*Redemption at the Option of the Certificateholders*), the Trust may only be dissolved on the Final Optional Redemption Date.

11.6 **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 Optional Redemption 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 or any Optional Redemption 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) an Obligor 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 being indemnified and/or secured to its satisfaction) shall, by written notice addressed to the Issuer, the Obligor 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 Obligor 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 Obligor 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 Obligor 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 Obligor and/or the Guarantor under any Transaction Document to which either the Obligor 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 Obligor 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 Obligor 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 Obligor and/or the Guarantor shall be (in the case of the Obligor) 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. The Master Trust Deed also provides that an Extraordinary Resolution may be passed by (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in face amount of the Trust Certificates which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders; or (ii) consent being given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in face amount of the Trust Certificates.
- 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 Obligor and/or the Guarantor under any Transaction Document to which the Obligor 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 Obligor 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

- 21.1 The Trust Deed and the Trust Certificates (including the remaining provisions of this Condition 21 and any non-contractual obligations arising out of or in connection with the Trust Deed and the Trust Certificates) are governed by, and shall be construed in accordance with, English law.
- 21.2 Subject to Condition 21.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed and/or the Trust Certificates (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination of the Trust Deed and/or the Trust Certificates or the consequences of their nullity and any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 21.2. For these purposes:
- (a) the seat, or legal place, of arbitration will be Paris;
 - (b) the governing law of the arbitration agreement shall be English law;
 - (c) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
 - (d) the language of the arbitration shall be English.

21.3 Notwithstanding Condition 21.2 above, the Trustee, the Delegate or any Certificateholder (where permitted so to do) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

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

require that a Dispute be heard by a court of law. If the Trustee, the Delegate or any Certificateholder (where permitted so to do) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 21.4 and, subject as provided below, any arbitration commenced under Condition 21.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Issuer, failing which the Obligor or the Guarantor), each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate the arbitration in accordance with Condition 21.3 is given after service of any Request for Arbitration in respect of any Dispute, the Trustee, the Delegate or the relevant Certificateholder, as the case may be, must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

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

21.4 In the event that a notice pursuant to Condition 21.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England and the Dubai International Financial Centre (the "**DIFC**") shall each have non-exclusive jurisdiction to settle any Dispute and the Issuer submits to the non-exclusive jurisdiction of such courts;
- (b) the Issuer waives any objection to the courts of either England or the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute; and
- (c) this Condition 21.4 is for the benefit of the Trustee, the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Trustee, the Delegate and any Certificateholder (where permitted so to do) may start proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee, the Delegate and the Certificateholders (where permitted to do so) may start concurrent Proceedings in any number of jurisdictions.

21.5 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 immediately (and in any event within 30 days of the event taking place) appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Failure by a process agent to notify the person that appointed it of any process will not invalidate the relevant proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds of each Series 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 Obligor.

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 U.S.\$50,000 shares of a nominal or par value of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by Deutsche Bank (Cayman) Limited, P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KY1-1104, Cayman Islands as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**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 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 its incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish financial statements.

Directors of the Issuer

The directors of the Issuer are as follows:

Name	Principal Occupation
Helen Allen	Banker
David Dyer	Banker
Alex McCoy	Banker

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

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the 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 entered into between the Issuer and the Corporate Administrator and dated 7 June 2007 (the "**Corporate Services Agreement**"), the Corporate Administrator will perform in the Cayman Islands various administrative functions on behalf of the 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 30 days' notice to the Corporate Administrator at any time within 12 months of the happening of any certain stated events, including any breach by the Corporate Administrator of its obligations under the Corporate Services Agreement. In addition, the Corporate Services Agreement provides that the Corporate Administrator shall be entitled to retire from its appointment by giving at least three months' notice in writing.

The Corporate Administrator will be subject to the overview of the 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 Obligor (as at and for the years ended 31 December 2011 and 2010 and as at and for the six month period ended 30 June 2012) incorporated by reference into this Base Prospectus and the other information included elsewhere in this Base Prospectus.

The following table sets forth selected financial information of the Obligor as at and for the six month periods ended 30 June 2012 and 30 June 2011 and as at and for the years ended 31 December 2011 and 31 December 2010 as extracted from the Obligor's consolidated financial statements for the respective periods.

	<i>As at and for the six months ended 30 June 2012 (Unaudited)</i>	<i>As at and for the six months ended 30 June 2011 (Unaudited)</i>	<i>As at and for the year ended 31 December 2011 (Audited)</i>	<i>As at and for the year ended 31 December 2010 (Audited)</i>
<i>(AED million/except percentages and employee numbers)</i>				
Income Statement Highlights				
Total Operating Income	649	685	1,191	1,652
Total Operating Expenses.....	(683)	(675)	(1,639)	(1,592)
Operating Profit/(Loss).....	(34)	10	(448)	60
Financial Statement Highlights				
Total Assets	30,512	25,604	22,740	32,747
Total Financing Receivables (net) ¹	14,640	12,785	12,969	14,626
Investments ²	3,926	4,010	3,309	4,158
Customer Deposits.....	18,797	20,673	17,125	24,223
Total Deposits ³	26,020	20,835	18,469	27,935
Shareholders' Equity.....	2,458	2,937	2,478	2,927
Profitability				
Return on average assets (per cent.)	(0.11)	0.04	(1.76)	0.19
Return on average shareholders equity (per cent.).....	(1.4)	0.33	(16.2)	2.08
Earnings per Share (AED)	(0.014)	0.004	(0.165)	0.025
Profit/(Loss) per Employee (AED)	(32,724)	9,194	(461,333)	55,606
Capital				
Shareholders' Equity to Total Assets (per cent.)	8.1	11.47	10.89	8.94
Capital Adequacy Ratio (per cent.)	15.95	19.29	18.53	18.00
Liquidity & Business Indicators				
Due from Banks/Due to Banks (per cent.)	186	20.97	101.8	1.85
Financing/Total Deposits (per cent.)	56	61	75	52
Customer Deposits/Total Deposits (per cent.)...	72	99	99	87
Liquid Assets/Total Assets (per cent.)	37	32	27	41.42
Impaired Financing Receivables/Gross Financing Receivables (per cent.)	20.6	14.29	18.7	10.74
Number of Employees.....	1,039	1,045	1,059	1,097

1 Includes Financing Receivables.

2 Includes investment in securities and properties.

3 Includes Customer accounts and deposits, due to banks and financial institutions borrowing.

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

Liabilities & Total Shareholders' Equity

The Obligor's main source of funding has been customer and other banks' deposits and shareholders' equity. The following table sets out certain details of such funding for the Obligor as at 30 June 2012, 31 December 2011 and 31 December 2010.

	30 June 2012 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
		<i>(AED million)</i>	
Customers' accounts.....	18,797	17,125	24,223
Due to banks	5,387	1,344	3,712
Other liabilities.....	952	710	791
Investment <i>wakala</i>	1,082	1,082	1,082
Shareholders' equity	2,458	2,478	2,927

Assets

The following summarises the position in relation to some of the Obligor's principal assets and investments as at 30 June 2012, 31 December 2011 and 31 December 2010.

	30 June 2012 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
		<i>(AED million)</i>	
Cash and balances with UAE Central Bank.....	1,205	1,195	1,121
Due from banks	10,043	4,883	69
Due from Group Holding Company*, net.....	4,643	3,537	12,372
Financing receivables.....	14,640	12,969	14,626
Investments.....	2,806	2,198	2,840
Investments Properties	1,120	1,111	1,318

*Guarantor

Financing Receivables

The following table summarises the movement in financing receivables and related allowances for impairment as at 30 June 2012, 31 December 2011 and 31 December 2010.

	30 June 2012 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
		<i>(AED million)</i>	
Gross Financing Receivables.....	16,904	14,919	16,024
Less: Deferred Income.....	(638)	(599)	(576)
Net Financing Receivables (before impairment).....	16,266	14,320	15,448
Less: Allowance for Impairment.....	(1,626)	(1,352)	(822)
Financing Receivables Net.....	14,640	12,969	14,626

Commitments and Contingent Liabilities

The following table summarises the movement in letters of guarantees and letters of credit and other contingent liabilities provided by the Obligor to meet the requirements of its customers as at 30 June 2012, 31 December 2011 and 31 December 2010. These commitments have fixed limits and expirations, are not concentrated in any period and arose in the normal course of business.

	30 June 2012 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
		<i>(AED million)</i>	
Letters of guarantee	2,600	2,441	2,672
Letters of credit and other contingent liabilities	1,753	1,920	1,536

RELATED PARTY TRANSACTIONS

The Obligor has carried out transactions in the normal course of business with Group companies and with certain staff, shareholders, directors and entities in which the Obligor, its shareholders and directors have significant interests. The Obligor's related party transactions for the six month periods ended 30 June 2012 and 30 June 2011 and in the years ended 31 December 2011 and 31 December 2010 are as follows:

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
	<i>(AED million)</i>			
Balance Sheet				
Current and Investment accounts – key management personnel	14	16	14	15
Due from Group Holding Company*, net	4,643	7,051	3,537	12,372
Loans to funds managed by the Group	111	0	140	0
Investment in funds managed by the Group	0	464	0	493
Financing receivables – directors and affiliates	10	103	8	49
Financing receivables – key management personnel and affiliates	12	13	16	14
Current and investment accounts – directors	0.35	20	0.006	16
Income Statement				
(Loss)/Income from funds managed by the Group Holding Company* ..	0	(29)	(60)	(18)
Income from Group Holding Company*, net	125	177	241	345
Key management personnel compensations	(8)	(6)	9	13
Key management personnel compensations – retirements benefits	(0.17)	(0.21)	0.36	0.43

*Guarantor

MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

The tables below set out information regarding the maturity profile of the Obligor's assets and liabilities as at 30 June 2012, 31 December 2011 and 31 December 2010. These amounts are determined through the Obligor's accounting software and monitored by its Assets and Liabilities Committee (the "Obligor's ALCO") of the Obligor.

30 June 2012 (unaudited)	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
	<i>(AED million)</i>					
FINANCIAL ASSETS:						
Cash, and balances with UAE Central Bank.....	1,205	—	—	—	—	1,205
Due from banks.....	5,990	4,053	—	—	—	10,043
Due from Group Holding Company*, net.....	(1,938)	1,938	—	—	—	—
Financing receivables.....	4,122	933	1,881	3,252	4,452	14,640
Investments.....	789	160	1,123	644	89	2,805
Other financial assets.....	75	—	—	—	—	75
TOTAL FINANCIAL ASSETS	10,243	7,084	3,004	3,896	4,541	28,768
FINANCIAL LIABILITIES:						
Customers' accounts.....						
Due to banks.....	(8,310)	(5,716)	(4,771)	—	—	(18,797)
Other financial liabilities.....	(5,331)	(7)	(49)	—	—	(5,387)
Zakat payable.....	(298)	—	—	—	—	(298)
Investment wakala.....	—	—	—	(1,082)	—	(1,082)
TOTAL FINANCIAL LIABILITIES	(13,939)	(5,723)	(4,820)	(1,082)	(0)	(25,564)
Liquidity gap	(3,696)	1,361	(1,816)	2,814	4,541	3,204
Cumulative Liquidity gap	(3,696)	(2,335)	(4,151)	(1,337)	(3,204)	0

*Guarantor

31 December 2011 (audited)	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
	<i>(AED million)</i>					
FINANCIAL ASSETS:						
Cash, and balances with UAE Central Bank.....	1,195	—	—	—	—	1,195
Due from banks.....	89	—	—	—	—	89
Due from Group Holding Company*, net.....	1,599	1,938	—	—	—	3,537
Financing receivables.....	2,564	1,205	2,177	2,724	4,299	12,969
Investments.....	25	925	815	433	—	2,198
Other financial assets.....	40	—	—	—	—	40
TOTAL FINANCIAL ASSETS	5,512	4,068	2,992	3,157	4,299	20,027
FINANCIAL LIABILITIES:						
Customers' accounts.....						
Due to banks.....	(6,713)	(5,962)	(4,450)	—	—	(17,125)
Other financial liabilities.....	(88)	—	—	—	—	(88)
Zakat payable.....	(164)	—	—	—	—	(164)
Investment wakala.....	(1)	—	—	(1,082)	—	(1)
TOTAL FINANCIAL LIABILITIES	(6,966)	(5,962)	(4,450)	(1,082)	(0)	(18,460)
Liquidity gap	(1,454)	(1,894)	(1,458)	2,074	4,299	1,567
Cumulative Liquidity gap	(1,454)	(3,348)	(4,806)	(2,732)	1,567	0

*Guarantor

31 December 2010 (audited)	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
	<i>(AED million)</i>					
FINANCIAL ASSETS:						
Cash, and balances with UAE Central Bank.....	1,121	—	—	—	—	1,121
Due from banks.....	69	—	—	—	—	69
Due from Group Holding Company*, net.....	11,984	388	—	—	—	12,372
Financing receivables.....	3,317	1,163	3,773	2,278	4,095	14,626
Investments.....	49	184	2,057	549	—	2,839
Other financial assets.....	76	—	—	—	—	76
TOTAL FINANCIAL ASSETS	16,616	1,735	5,830	2,827	4,095	31,103
FINANCIAL LIABILITIES:						
Customers' accounts.....	(14,413)	(5,790)	(4,019)	—	—	(24,223)
Due to banks.....	(3,712)	—	—	—	—	(3,712)
Other financial liabilities.....	(414)	—	—	—	—	(414)
Zakat payable.....	(12)	—	—	—	—	(12)
Investment wakala.....	—	—	—	(1,082)	—	(1,082)
TOTAL FINANCIAL LIABILITIES	(18,551)	(5,790)	(4,019)	(1,082)	—	(29,442)
Liquidity gap	(1,935)	(4,055)	1,811	1,745	4,095	1,661
Cumulative Liquidity gap.....	(1,935)	(5,990)	(4,179)	(2,434)	1,661	—

*Guarantor

FINANCING RECEIVABLES

The following table summarises the sources of income from of financing activities undertaken by the Obligor for the six month periods ended 30 June 2012 and 30 June 2011 and for the years ended 31 December 2011 and 31 December 2010.

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
	<i>(AED million)</i>			
Commodities Murabaha.....	2,512	1,885	2,030	1,833
Vehicles Murabaha.....	2,995	2,511	2,622	2,443
Syndication Murabaha.....	79	208	198	216
Real Estates Murabaha.....	253	305	266	361
Total Murabaha	5,840	4,909	5,117	4,853
Istisna'a.....	1,105	1,267	1,087	1,571
Ijara	7,182	5,524	5,941	5,830
Credit card receivables.....	571	535	569	531
Wakala	1,788	1,907	1,747	2,631
Others	419	170	457	608
	16,904	14,312	14,919	16,024
Less: Deferred income	(638)	(577)	(599)	(576)
	16,266	13,735	14,321	15,448
Less: Allowances for impairment	(1,626)	(950)	(1,352)	(822)
	14,640	12,785	12,969	14,626

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
	<i>(AED million)</i>			
Analysis by Economic Activity				
Agriculture and related activities.....	14	1	0	0
Manufacturing	302	326	377	320
Construction.....	484	743	515	727
Trade	896	770	825	667
Transportation and communication....	191	176	163	195
Services	1,506	878	1,049	1,075
Real estates	5,182	5,670	4,455	5,394
Personal	6,598	4,171	5,782	5,554
Financial Institutions.....	1,357	1,462	1,331	1,893
Others	375	115	421	199
	<u>16,904</u>	<u>14,312</u>	<u>14,919</u>	<u>16,024</u>
Less: Deferred income	(638)	(577)	(599)	(576)
Less: Allowance for impairment	(1,626)	(950)	(1,352)	(822)
	<u>14,640</u>	<u>12,785</u>	<u>12,969</u>	<u>14,626</u>

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

Impairment Allowances

The following table sets out the movements in impairment allowances for the six month periods ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 31 December 2010.

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)
	<i>(AED million)</i>			
Movement in allowances for impairment:				
Balance at the beginning of the period	1,352	822	822	539
Allowances for impairment made during the period	292	144	549	313
Recoveries/writeback during the period.....	(18)	(17)	(20)	(29)
Amount(s) written off during the period.....	0	0	0	0
Balance at the end of the period....	<u>1,626</u>	<u>949</u>	<u>1,352</u>	<u>823</u>

The Obligor pro-actively manages credit quality, delinquencies and impaired financing receivables across its corporate and retail portfolios. In 2010, the Obligor adopted a more conservative impairment recognition policy in response to market conditions and has strengthened its provisioning base, thereby leading to an increase in impairment allowances on financial assets in 2010. This conservative impairment recognition policy led to continued high impairment allowances in the first six months of 2011.

GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

The following tables set out the allocation of the Obligor's assets by geographic region as at 30 June 2012, 31 December 2011 and 31 December 2010.

30 June 2012 (unaudited)	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
ASSETS:								
Cash, and balances with U.A.E								
Central Bank.....	1,205	—	—	—	—	—	—	1,205
Due from banks.....	9,959	1	29	53	1	—	0	10,043
Financing receivables.....	14,492	—	74	—	—	74	—	14,640
Investments.....	2,100	105	—	—	603	—	—	2,808
Investment properties	1,120	—	—	—	—	—	—	1,120
Prepayments and other assets.	272	—	—	—	—	—	—	272
Fixed Assets.....	94	—	—	—	—	—	—	94
TOTAL ASSETS	29,242	106	103	53	604	74	0	30,182
LIABILITIES:								
Customers' accounts.....	18,468	102	65	86	45	0	30	18,796
Due to banks.....	5,387	—	—	—	—	—	—	5,387
Other liabilities.....	621	—	—	—	—	—	—	621
Investment wakala	1,082	—	—	—	—	—	—	1,082
TOTAL LIABILITIES	25,558	102	65	86	45	0	30	25,886
Shareholders' equity.....	—	—	—	—	—	—	—	2,415
Non-Controlling Interest.....	—	—	—	—	—	—	—	43
TOTAL EQUITY	—	—	—	—	—	—	—	2,458

*Guarantor

31 December 2011 (audited)	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
ASSETS:								
Cash, and balances with U.A.E								
Central Bank.....	1,195	—	—	—	—	—	—	1,195
Due from banks.....	6	1	29	53	1	—	0	89
Due from Group Holding Company, net.....	3,537	—	—	—	—	—	—	3,537
Financing receivables.....	12,969	—	—	—	—	—	—	12,969
Investments.....	1,467	127	—	—	604	—	—	2,198
Investment properties	1,111	—	—	—	—	—	—	1,111
Prepayments and other assets.	285	—	—	—	—	—	—	285
Fixed Assets	99	—	—	—	—	—	—	99
TOTAL ASSETS	20,669	128	29	53	605	—	0	21,483
LIABILITIES:								
Customers' accounts.....	16,785	92	95	72	46	0	35	17,125
Due to banks	88	—	—	0	—	—	—	88
Other liabilities.....	710	—	—	—	—	—	—	710
Zakat payable.....	1	—	—	—	—	—	—	1
Investment wakala	1,082	—	—	—	—	—	—	1,082
TOTAL LIABILITIES	18,665	92	95	72	46	0	35	19,006
Shareholders' equity.....	—	—	—	—	—	—	—	2,435
Non-Controlling Interest.....	—	—	—	—	—	—	—	43
TOTAL EQUITY	—	—	—	—	—	—	—	2,478

*Guarantor

31 December 2010 (audited)	GCC	Other Middle East	Europe	North America	Asia	Far East	Others	Total
(AED million)								
ASSETS:								
Cash, and deposits with UAE								
Central Bank.....	1,121	—	—	—	—	—	—	1,121
Due from banks and other financial institutions.....	6	—	60	—	1	—	2	69
Due from Group Holding Company*, net.....	12,372	—	—	—	—	—	—	12,372
Financing receivables.....	14,613	—	3	—	—	—	10	14,626
Investments.....	2,095	136	5	—	604	—	—	2,840
Investment properties	1318	—	—	—	—	—	—	1318
Prepayment and other assets ..	296	—	—	—	—	—	—	296
Fixed assets	105	—	—	—	—	—	—	105
TOTAL ASSETS	31,926	136	68	0	605	0	12	32,747
LIABILITIES:								
Customers' accounts.....	23,887	6	146	27	38	—	118	24,222
Due to banks and other financial institutions.....	3,710	—	—	—	—	—	2	3,712
Other liabilities.....	791	—	—	—	—	—	0	791
Zakat payable.....	12	—	—	—	—	—	0	12
Investment <i>wakala</i>	1,082	—	—	—	—	—	0	1,082
TOTAL LIABILITIES	29,482	6	146	27	38	—	120	29,819
Shareholders' equity.....	—	—	—	—	—	—	—	2,927
Non-Controlling Interest.....	—	—	—	—	—	—	—	—
TOTAL EQUITY	—	—	—	—	—	—	—	2,927

*Guarantor

DESCRIPTION OF EMIRATES ISLAMIC BANK PJSC

Overview

The Obligor'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 Obligor, formerly known as Middle East Bank PJSC, was incorporated as a public limited company and conventional commercial bank by H.H. Sheikh Rashid bin Saeed Al Maktoum, Ruler of Dubai, pursuant to Emiri Decree dated 4 October 1975, as amended by Emiri Decree dated 3 April 1976 and, in 1991, was acquired by EBI pursuant to an agreement dated 9 December 1991. The Obligor was registered as a Public Joint Stock Company in July 1995 (Commercial Register No. 30 dated 18 July 1995).

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

Through its head office in Dubai and 35 branches across the UAE (as at 30 June 2012), the Obligor provides full Islamic banking services and a variety of products through *Shari'a* compliant financing and investment activities, and currently ranks as the third largest Islamic bank in the UAE by total assets.

The Obligor's authorised capital, as at 31 December 2011 was AED 3 billion, consisting of 3 billion shares of AED 1 each. The Obligor's paid-up capital, as at 31 December 2011 was AED 2.4 billion. As at 31 December 2011, the Obligor was 99.8 per cent. owned by the Guarantor.

As at 31 December 2011, the Obligor had total assets of approximately AED 21.5 billion, shareholders' funds worth AED 2.4 billion, Tier 1 capital of AED 2.4 billion and lower Tier 2 capital of AED 1.1 billion (as at 30 June 2012, the Obligor had total assets and shareholders' funds of AED 30.5 billion and AED 2.4 billion respectively). The Obligor's net loss for the year ended 31 December 2011 was AED 448.6 million.

The Obligor made a loss of AED 34 million for the six month period ended 30 June 2012.

Whilst the Obligor does have a strong degree of independence in the operation of its business, it enjoys a high level of support from the Guarantor 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 the Group*"). Further, all of the Obligor's activities are overseen by its *Shari'a* Board comprising scholars of Islamic law.

Important milestones have been achieved in the Obligor's assimilation into the Group. These include the integration of the Obligor's network of Automated Teller Machines ("**ATMs**") within the Group, unifying the senior and middle-management teams and integrating the head office functions. Products, rates and policies have been aligned to Group standards. The remaining integration milestones, which are expected to be completed by year end 2012, include the core banking system and rebranding of Dubai Bank branches to Emirates Islamic Bank.

General

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

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

The Obligor's Business

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

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

- Retail Banking (accounting for 46 per cent. and 50 per cent. of total income for the six months ended 30 June 2012 and the year ended 31 December 2011, respectively, and 23 per cent. and 23 per cent. of total assets for the same respective periods);
- Corporate Banking (accounting for 40 per cent. and 42 per cent. of total income for the six months ended 30 June 2012 and the year ended 31 December 2011, respectively, and 56 per cent. and 54 per cent. of total assets for the same respective periods) which is further segmented into the following sub divisions:
 - Real Estate;
 - Corporate Banking Services; and
 - Investments and Syndication; and
- Treasury (accounting for 13 per cent. and 8 per cent. of total income for the six months ended 30 June 2012 and the year ended 31 December 2011, respectively, and 19 per cent. and 8 per cent. of total assets for the same respective periods).

Retail Banking

The Obligor's Retail Banking division offers a complete range of *Shari'a* compliant retail and personal banking products and services through its network of 35 branches located throughout the UAE with 19 branches in Dubai, six in Abu Dhabi, six in Sharjah and one in each of the remaining emirates as at 30 June 2012.

As at 30 June 2012, the Obligor operated a total of 105 ATMs and Smart Deposit Machines ("**SDMs**"). The Obligor's customers are also able to use the ATMs and SDMs of the Guarantor for no additional fees, in addition to those of Dubai Bank, which gives the Obligor's customers access to a network of approximately 750 ATMs and SDMs across the seven emirates. The Obligor's customers can also use any ATM in the UAE through the "UAE Switch network" for a small fee for every withdrawal. In addition to these branches, ATMs and SDMs, the Obligor has a wide range of distribution channels as detailed below (see "*Internet phone and mobile banking*").

The Obligor offers a variety of investment deposit products and services that are designed to meet the varied needs of its retail customers. The Obligor has been at the forefront of innovation in its retail operations, being the first bank in the UAE to introduce a *Shari'a* compliant credit card and the first Islamic bank in the UAE to introduce and install fraud device inhibitors on its ATMs. The Obligor was also the first bank in the UAE to introduce a *Shari'a* compliant co-branded credit card in association with an airline, with its "Skywards EIB" credit card, which was introduced in April 2008. The Obligor aims to support these products and services with dedicated and quality customer service.

As at 31 December 2011, 69 per cent. of the Obligor's source of funding was derived from customers' accounts (comprising 25 per cent. from current accounts and others, 11 per cent. from savings accounts and 64 per cent. from fixed deposit accounts). Substantially all of the Obligor's customer deposits (current, savings and fixed) are domestic.

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

- *Ethmar*: an exclusive priority banking service designed to meet the needs of high net worth individuals. Ethmar customers enjoy personalised services and a wide range of benefits including dedicated relationship managers, preferential pricing and pre-approved platinum charge/credit cards;
- *SME*: the Obligor provides banking services to small and medium-sized enterprises ("**SMEs**"), providing facilities up to a limited amount (beyond which Corporate Banking provides the facilities). The Obligor has been actively developing its resources and infrastructure to target this market and the Obligor aims to grow this area significantly during the next few years;
- *Current accounts*: these accounts are non-profit bearing accounts which are guaranteed by the Obligor. The Obligor 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 Obligor on a profit sharing basis. A "mudarib" (management) fee is charged by the Obligor on a pre-agreed percentage. The Obligor 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;
- *Charge cards*: *Shari'a* compliant VISA charge cards;
- *Credit cards*: *Shari'a* compliant VISA credit cards in various categories including platinum, gold, classic and the "Skywards EIB" credit card;
- *Manzili home finance*: providing 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*; and
 - Manzili Home Invest – based on the Islamic finance structure of *musharaka-ijara*.
- *BINA home finance*: providing home financing to UAE nationals in respect of properties in areas eligible for purchase by UAE nationals only;
- *Intaleq car finance*: car financing (for new and used vehicles) based on *murabaha* financing. This was one of the first products introduced by the Obligor and is one of its most popular products;
- *Personal finance*: financing for a variety of personal needs in the form of investment *murabaha*, goods *murabaha* and service *ijara*;
- *Investment murabaha*: a personal finance product enabling financing through a cost-plus profit structure;
- *Al Reem Ladies banking*: the Obligor currently offers exclusive ladies sections at certain branches for its female customers and has recently opened a ladies only branch in Jumeira, Dubai; and
- *Internet, phone and mobile banking*: in addition to the Obligor's branch, ATM and SDM network, the Obligor provides extensive electronic banking options to its customers including internet banking, phone banking and mobile (SMS) banking. The Obligor's internet, phone and mobile (SMS) banking technology platform is provided by the Group and therefore the Obligor has the benefit of a well-developed system that is tried, tested and resourced at the Group level. Customers who visit the Obligor's branches are first served by tellers and are then shown by an officer of the Obligor 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 / Du / DEWA / SEWA / ADDC) and credit card bills;
 - order cheque books;
 - obtain product information;
 - request a demand draft, manager's cheque and telegraphic transfers; and
 - make donations and zakat payments.

The Obligor'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 Obligor 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 Obligor's Corporate Banking division provides a comprehensive range of products and services to medium and large corporate customers. As at 30 June 2012, the Corporate Banking division operated through six Corporate Banking units across the UAE (three in Dubai and one each in Abu

Dhabi, Sharjah and Al Ain) to cater for the needs of clientele in different locations. A "Business Banking Unit" has been set up in Dubai to increase the Obligor's business with medium sized enterprises by specifically focusing on their requirements and tailoring products and services accordingly with a specific emphasis on those segments that it is expected will see the most commercial growth such as trade finance and contract financing in the infrastructure, oil and gas sectors.

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

Real Estate

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

On the financing side, the Obligor imposes strong controls and detailed evaluations on its financing against real estate and real estate based projects. The maximum finance-to-construction cost ratio allowable for such financing is 70 per cent. (land is excluded from the calculation of the ratio though included as collateral for such financing) 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 Obligor's exposure to real estate than the taking of security alone. The Obligor 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 Obligor, as at 30 June 2012, owned a property portfolio with a book value of AED 598 million in buildings and AED 522 million in land and buildings under construction.

As at 31 December 2011, the Obligor's overall exposure to real estate, both in direct investment and through its financing activities, was not more than 23 per cent. of its total assets.

Corporate Banking Services

The Corporate Banking Division provides corporate banking services to its customers in the following areas:

- *Contract/Project finance* – providing financing solutions for, *inter alia*, various healthcare, education and trade projects. 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 dedicated to focusing its resources on understanding the mid-market segment and providing high quality products and services to this market. The criteria for the mid-market sector are based on the size of the turnover of the relevant company;
- *Trade finance* – providing letters of credit, letters of guarantee and financing to meet working capital requirements; and
- *Cash management* – the Obligor offers corporate customers electronic banking so that day-to-day transactions can be conducted more efficiently from both the Obligor's 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 Obligor's Corporate Banking Services customers consist of private sector customers, public sector customers and government bodies/agencies. The industries covered by Corporate Banking Services customers comprise, *inter alia*, trade, manufacturing and other industries.

Investments and Syndication

The Obligor's Investments and Syndication department is responsible for implementing the Obligor's investment strategy and undertakes proprietary investment activities for the Obligor's own balance sheet.

It also provides fee based investment arranging/structuring services to the Obligor's clients. In addition, it undertakes treasury and money market operations with other financial institutions and plays an important role in managing the Obligor's liquidity requirements. As at 30 June 2012, the Obligor's investment portfolio classified 'Available for Sale' was AED 2.3 billion.

Subject to credit and *Shari'a* approval, the Obligor's Investments 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 Investments and Syndication department include the following:

- *Structured finance* – the Obligor arranges and participates in financing large transactions through bilateral deals, club deals and syndicated deals. For example, the Obligor has arranged or participated in sukuk issuances for Dubai Ports, Customs and Free Zone Corporation, Nakheel, Amlak and Bukhatir Investments. By using the experience gained on these transactions the Obligor aims to increase its business of arranging structured finance transactions.
- *Collective investment schemes* – the Obligor invests its own funds, as well as clients' funds, in third party and the Obligor's own collective investment schemes such as mutual funds, real estate funds and investment portfolios. The Obligor's own collective investment schemes are managed by Emirates NBD Asset Management Limited, a subsidiary of the Guarantor.
- *Direct investments (equity holdings)* – the Obligor holds strategic stakes in Gulf based companies such as Al Baraka Banking Group, Khaleeji Commercial Bank (Bahrain), Mawarid Finance, Madain Real Estate and Madares.
- *Short term treasury investment* – the Obligor places funds through *wakala* investment products (an agency agreement whereby the financial institution is provided with an investment limit that it can utilise at any time in *Shari'a* compliant investments with banks and other financial institutions).
- *Other investments* – the Obligor also invests in other assets such as foreign property and project finance.

Treasury

The Obligor's Treasury operations are responsible for managing the Obligor'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 Obligor's vision is for the Obligor to be the bank of first choice for investors, customers and staff and to be the leading provider of high standard, *Shari'a* compliant, innovative financial products, quality service and superior value for its customers, shareholders, employees and the communities in which it operates. The Obligor aims to achieve its vision through focusing on its mission statement of excellence in service, strict compliance with *Shari'a* and serving the society (the "**three "S" mission**").

In relation to service, the Obligor places a high emphasis on the quality of service it provides (see "*Competitive Strengths – Quality of service and response time*"). In relation to *Shari'a*, the Obligor adheres very strictly to *Shari'a* principles in accordance with its customers' demands. In relation to society, the Obligor is involved in a number of charitable endeavours including, for example, the Obligor's zakat accounts which support over four hundred families in the UAE by paying them a monthly living allowance as well as their rent, medical treatment and school fees.

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

The Obligor's broad strategic objectives are outlined below:

Growth Strategy

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

In Corporate Banking the Obligor aims to optimise its investment opportunities, provide customer-oriented and innovative *Shari'a* products and to strike an optimal balance between profit-based and fee-based income. The Obligor's objective is to diversify its portfolio amongst various business sectors while continuing to emphasise the delivery of quality service backed by effective relationship management and competitive products. In particular, the Obligor aims to substantially increase its business with medium-sized enterprises and establish a competitive advantage in this area through the recently established Business Banking Unit that is dedicated to the mid-market segment by providing high quality products and services to this market.

Diversify Deposit Base

The Obligor intends to improve its funding base by increasing its share of the domestic deposits market through its extensive retail branch network and customer-focused product offering. In line with this approach, the Obligor has increased the number of branches in the UAE to 35 (as at 30 June 2012) 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 Obligor to further grow its market share.

New Markets

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

The Obligor has taken a strategic 2.27 per cent. stake in Al Baraka Banking Group, which, through its subsidiaries, offers Islamic financial services in over 12 countries, predominantly in the Middle East and Africa. This strategic co-operation gives the Obligor a platform for regional and international expansion. During the final quarter of 2009, the Al Baraka Banking Group launched an Islamic bank in Syria through an initial public offering, which raised U.S.\$100 million of capital. The new Islamic bank commenced operations by opening a branch in Damascus in May 2010 and opened a second branch in Damascus in January 2011.

General

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

The Obligor plans to continue to rely on the Group for the functions and support that it currently provides to the Obligor but, at the same time, supplement this support in certain areas, such as human resources and information technology ("**IT**"), with the Obligor's own personnel.

Competitive Strengths

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

Support from the Group

The Obligor enjoys a high level of support from the 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. For instance, the Obligor utilises the services of its sister companies in the Group such as Network International LLC ("**Network**

International"), a subsidiary of the Guarantor, which handles, *inter alia*, the Obligor's credit card and debit card processing services.

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

Diversified distribution channels

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

Service Quality

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 Obligor considers service quality and quick response time to be the key differentiators in maintaining client and customer satisfaction and loyalty. To this end, the Obligor's employees are trained in client service techniques and new product and market developments. The Obligor believes that the "Tafawouk dashboard", a management reporting system on the performance of individual branches and employees, has played a key part in achieving optimum service quality (see "*Strong information technology base*" below).

Since 2007, the Obligor has used "mystery shopping" to assess the quality of service provided by each of its branches, call centres and sales staff. The Obligor believes that the data obtained from "mystery shopping" has allowed it to target specific areas for improvement and necessary staff training. Further, as part of its commitment to customer service, the Obligor has also established a "Service Quality Unit" with the objective of calling each new customer with a customer satisfaction survey.

Ability to Innovate

The Obligor 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 Obligor 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 Obligor's three "S" mission. To this end, the Obligor has established a *Shari'a* department that supports the *Fatwa*, audit and supervisory functions of the *Shari'a* Board. The *Shari'a* department is staffed with suitably skilled employees who ensure that *Shari'a* principles are applied to all new products and services. This helps to ensure that the Obligor's reputation as a premier Islamic bank is maintained.

Experienced and committed management

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

Comprehensive staff training and development

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

The Obligor also aims to enhance its role in expanding the overall staff knowledge level of banking in general and Islamic banking in particular through its innovative career development programmes. The Obligor believes that the continuous efforts and developmental programmes provided over the past years by the Obligor have contributed to the high level of skill in the industry and has

contributed to the Obligor being seen as an industry leader (see *“Management and Employees – Training”*).

Stable funding base

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

Strong information technology base

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

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

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

The Obligor’s IT investment strategy is focused on continuously improving the cost efficiency and the quality of the services that the Obligor provides to its customers. The Obligor is in the process of implementing a new core banking IT systems to offer enhanced security to its customers, increase operational efficiencies and productivity and create a standard operating system. The Obligor has recently implemented an “Islamic financing system” for front-end Retail Banking which employs workflow technology to control and monitor the various work steps in Islamic finance processing and uses digital imaging technology to reduce the delays and inefficiencies in handling paper documents.

An example of the way in which the Obligor uses IT as a competitive advantage is the Obligor’s use of highly sophisticated management software developed and implemented at the 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 Obligor’s philosophy has been to maintain strong links with the local community and it intends to continue to promote the positive development of society in the UAE. The Obligor sees this as an important feature in maintaining its position as a premier Islamic bank. For example, it has been active in promoting “Emiratisation”, the process of employing and training UAE nationals with a view to encouraging them to participate in and enhance the economy of the UAE.

The Obligor enjoys one of the highest Emiratisation levels in the UAE banking sector due to its innovative initiatives in attracting UAE nationals into the industry and as at 30 June 2012, 31 per cent. of the Obligor’s total employees were UAE nationals. The Obligor’s target Emiratisation level is to achieve 33 per cent. Emiratisation by the end of 2012. The Obligor offers sponsorship contracts to Emirati university students who are allocated mentors to train them until the date of their graduation, whereupon they are hired by the Obligor on a permanent basis. The Obligor also hires UAE nationals with differing levels of education as trainees. The trainees are trained in different departments and branches, attending training courses to improve their skills. Following the completion of the training period, these UAE national trainees are deployed into the Obligor’s different departments.

The Obligor’s Competition

The Obligor faces competition in all of its principal business areas. In its Retail Banking and Corporate Banking businesses, the Obligor’s principal competitors include both banks that are locally incorporated (conventional and Islamic) as well as certain foreign banks operating in the UAE. As at 31 December 2011, there were 51 banks holding full commercial banking licenses in the UAE, of which 23 were locally incorporated. In the Islamic banking market, the Obligor’s direct competitors include Dubai Islamic Bank, Abu Dhabi Islamic Bank, Sharjah Islamic Bank and Noor

Islamic Bank, all of which are incorporated in the UAE. The Obligor's direct competitors also include those international banks which provide Islamic services, such as Citi Islamic, HSBC Amanah and Standard Chartered Saadiq, as well as the Islamic windows of various domestic banks.

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

In the course of its own conversion from a conventional bank to an Islamic bank, the Obligor believes it has developed a considerable amount of expertise and know-how relating to the operational issues surrounding Islamic Banking. This ultimately puts the Obligor 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 Obligor require continuous management of particular risks or combinations of risks. Risk management is the identification, analysis, evaluation and management of the factors that could adversely affect the Obligor's resources, operations and financial results. The main risk factors that concern the Obligor are credit, operational, market, liquidity, legal and currency risks. The Obligor aims to manage its exposure to these risks conservatively.

The responsibility for overall risk management for the Group lies with the board of directors of the Guarantor with oversight function exercised by the Guarantor's General Manager, Risk who has a direct reporting line to the Chief Executive Officer of the Guarantor on the Guarantor's Board Risk Committee ("**Group Risk**").

However, at the Obligor level, risk management is overseen primarily by the Obligor's board of directors. Although the Obligor's risk management infrastructure is within the ambit of Group Risk, the Obligor also has its own independent risk management unit operating under its Head of Risk.

Each department of the Obligor is responsible for:

- identifying and measuring the risks that the Obligor 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 Obligor's board of directors and must have clearance from Group Risk;
- providing direction regarding the Obligor's overall risk philosophy and risk tolerance, including considering whether certain new business proposals referred to the Obligor's 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 Obligor's ALCO level to ensure the appropriate distribution levels taking into account the Obligor's performance, competitor profit distributions and market conditions.

Credit Risk

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

The Obligor manages credit risk by setting limits for individual counterparties, groups of counterparties and geographical and industry segments. The Obligor also monitors credit exposures and continually assesses the creditworthiness of counterparties, taking adequate

security when it determines that the creditworthiness of the customer does not merit an unsecured facility.

The Obligor sets policies and procedures for managing credit risks. Credit exposures are monitored through exception reports, annual reviews of facilities, short-term reviews and periodic revaluations of collateral.

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 Obligor's performance to developments affecting a particular industry or geographical location.

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

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

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

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 Obligor 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 Obligor's board of directors.

The Obligor 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 Obligor's internal audit department. The Obligor follows the operational loss event reporting policy of the 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 Obligor's Operational Risk Unit and updated in an "Operational Risk Loss Event Database" maintained by the Obligor. The Obligor also has a "control risk self assessment" process in place to identify risks associated with the Obligor's strategy/business proposals, new and modified product roll-outs and project roll-outs, in respect of which risk management clearance at the Obligor level is required prior to implementation of the same.

The Obligor also follows the Group policy in relation to compliance with the United States Office of Foreign Assets Control ("**OFAC**") regulations which are in line with international practices and guidelines. The Obligor maintains a "restricted customer" database, which is checked when prospective customers of the Obligor are initially assessed, together with a database managed by World Check (a third party service provider which provides client screening for a multitude of potential risks encompassing financial compliance, anti-money laundering and politically-exposed persons screening, as well as enhanced due diligence and identity authentication checks) and integrated into the Obligor's IT systems.

Market Risk

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

only enters into a limited amount of foreign exchange and currency transactions to hedge its commercial activities.

The Obligor's market risk is managed through, *inter alia*, risk limits set by the Obligor's ALCO and approved by the Obligor's board of directors (under the ultimate supervision of Group Risk). The market risk limits are monitored independently by the Guarantor's Board Risk Committee on a regular basis, and exceptions, if any, are reported to senior management and approved by the Obligor's ALCO.

Liquidity Risk

Liquidity risk is the risk that the Obligor will be unable to meet its maturing obligations to counterparties. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, the Obligor has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. Liquidity is managed by the Guarantor's Treasury department under guidance from the Obligor's ALCO, and is monitored using short-term cash-flow reports and medium-term maturity mismatch reports. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The aforementioned reports do not take into account the effective maturities as indicated by the Obligor's deposit retention history and the availability of liquid funds.

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

Legal Risk

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

Currency Risk

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

The Obligor 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

The UAE Central Bank has traditionally imposed a 10 per cent. minimum on the total capital ratio that has to be maintained by banks in the UAE. However the UAE Ministry of Finance announced on 31 August 2009 that banks operating in the UAE would be required to have a minimum total capital ratio of 11 per cent. by 30 September 2009 and a minimum total capital ratio of 12 per cent. commencing 30 June 2010.

The UAE Central Bank has traditionally imposed a six per cent. minimum on the Tier 1 capital ratio that has to be maintained by banks in the UAE. However, the UAE Ministry of Finance announced on 31 August 2009 that banks operating in the UAE would be required to have a minimum Tier 1 capital ratio of 7 per cent. by 30 September 2009 and a minimum Tier 1 capital ratio 8 per cent. by 30 June 2010.

A bank's Tier 2 capital will only be considered for capital adequacy purposes up to a maximum of 67 per cent. of its core Tier 1 capital. The UAE Central Bank allows general provision, undisclosed reserves, hybrid capital instruments and subordinated term loans to be eligible for inclusion in the calculation of Tier 2 capital.

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

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

As at 31 December 2011, the Obligor was above the UAE Central Bank imposed requirement, with a capital adequacy ratio of 18.53 per cent. and a Tier 1 capital adequacy ratio of 12.82 per cent.

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

The Obligor's capital adequacy ratio is regularly monitored by the Obligor's ALCO, as a part of the Guarantor's internal annual and quarterly capital adequacy assessment process, and managed by the Guarantor's Board Risk Committee. The following table shows the Obligor's risk assets and their risk weighted values for capital adequacy ratio purposes as at 30 June 2012, 31 December 2011 and 31 December 2010, respectively:

	As at 30 June 2012 (Unaudited)	As at 31 December 2011 (Audited)	As at 31 December 2010 (Audited)
		<i>(AED million)</i>	
Capital Base	3.497	3,517	3,919
Credit risk, on balance sheet items (Risk Weighted Assets)	19,661	16,952	20,284
Credit risk, off balance sheet items (Risk Weighted Assets)	2,264	2,030	1,491
Capital Adequacy Ratio (per cent.)	15.95	18.53	18.00

Basel II

The implementation of the Basel II initiative within the UAE is governed by the UAE Central Bank circular 27/2009 of November 17, 2009 ("**Circular 27/2009**") and compliance with the Basel II framework to the satisfaction of the UAE Central Bank is being undertaken at the Group level (see also "*Description of Emirates NBD PJSC – Basel II*"). As at the date of this Base Prospectus, the Guarantor is implementing the internal rating based approaches for credit risk under Basel II and is, following the requirements set out in Circular 27/2009, in negotiations with the UAE Central Bank on the underlying roll-out and migration plan.

Basel III

As at the date of this Base Prospectus, the Obligor's Tier 1 and total capital adequacy ratios are higher than the future targets suggested by Basel III. On 12 July 2012, the UAE Central Bank issued circular 30/2012 ("**Circular 30/2012**") entitled "*Liquidity Regulations at Banks*", which included a set of qualitative and quantitative liquidity requirements for UAE banks which are in line with Basel III.

Credit Approval Procedures

Credit approval matrix

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

Approval of Corporate Banking credit policies is vested with the Obligor's board of directors. These credit policies are prepared by the Credit division and submitted to the Obligor's Board Credit and Investment Committee (the "**Obligor's BCIC**") and Group Risk, if required, for their approval before being presented to the Obligor's board of directors for their ratification.

Approval of Retail Banking credit policies is delegated by the Obligor's board of directors to the Head of Risk 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 Obligor's BCIC and Group Risk.

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 Obligor'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 Risk to review. In certain cases, the Head of Risk 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 the Obligor's Head of Operations.

The credit approval tiers for Corporate Banking are as follows: on the business side, the Head of Corporate Banking has certain approval authorities based on specified credit policies. Business proposals beyond the approval authority of the 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 Risk depending on the limit and nature of the proposal. Proposals may also be submitted to the Chief Executive Officer and Management Credit & Investment Committee ("**MCIC**"), depending on the limit and nature of the proposal. The relevant approval limits are governed by the Obligor's discretionary limits policy which is approved by its board of directors and reviewed on an annual basis. Proposals over MCIC limits are sent to the Obligor's BCIC which is comprised of specified members of the board of directors. Limits are governed under a Discretionary Limits Policy approved by the Obligor's board of directors.

Business proposals of higher amounts must be approved by the Obligor's BCIC. All decisions taken by the Obligor's BCIC are brought to the knowledge of the Obligor's 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 Obligor's board of directors and the UAE Central Bank.

Credit Division

The Obligor 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; and
- Quality Assurance Department.

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

Board Credit and Investment Committee

The Obligor's BCIC approves credit facilities within the parameters prescribed by the Obligor's 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 Obligor's BCIC is comprised of five directors of the Obligor (including the Chairman of the Obligor).

In addition, the following are regular attendees of the Obligor's BCIC meetings:

- Chief Executive Officer;
- Deputy Chief Executive Officer;
- Head of Risk;
- Head of the *Shari'a* Department;
- General Manager, Risk of the Guarantor;
- Chief Financial Officer; and

- Secretary of the Obligor’s BCIC.

Risk Rating System

The Obligor 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 Obligor’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 Obligor’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 Obligor has adopted a rating system in line with the risk rating system adopted by the Group as per international risk rating parameters.

Below is a table showing the risk rating matrix used by the Obligor together with a comparison against the equivalent S&P and Moody’s ratings and UAE Central Bank grade (“**CB Grade**”):

Risk Grade	Description	CB Grade	S&P Rating	Moody’s Rating
1A	Excellent credit quality	1 (Normal)	AAA, AA+, AA	Aaa, Aa1, Aa2
1B			AA-	Aa3, A1, A2
1C				
1D				A3
1E			A+	
1F			A	
2A	Good credit quality		A-	
2B			Baa1	
2C			BBB+	Baa2
2D			BBB	
2E			BBB-	Baa3
2F			BB+	
3A	Acceptable credit quality			Ba1, Ba2
3B			BB	
3C			BB-	
3D				Ba3
3E			B+	B1
3F				B2
4A	Weak credit quality			
4B			B	B3
4C			B-	Caa1
4D				Caa2
4E				Caa3
4F				CCC to C
5A	Near default	3 (Substandard)		
5B	90 days past due			D
5C	Unlikely to pay (180 days past due)	4 (Doubtful)		
5D	Loss (e.g., charge off)	5 (Loss)		

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 Obligor'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 Obligor's BCIC 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 Obligor has formulated what it believes to be a prudent loss provisioning and write-offs policy to ensure the quality of the Obligor's asset portfolio. Since 2010, the Obligor has adopted a more conservative impairment recognition policy in response to regional market volatility. The risk rating criteria set out above and the classification of accounts as substandard (risk grade 5B) and below is used as the basis for the Obligor'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", currently managed by the SLG, 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 Obligor depending on the amount. Additionally, certain "Portfolio Impairment Provisions" are also made against portfolios where defaults are not yet recognised.

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 that 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 Obligor's risk rating system.

Provisions under the retail portfolio are made as monthly block provisions based upon the applicable risk grades. For Corporate Banking, provisions are based on the International Accounting Standard 39 (*Financial Instruments: Recognition and Measurement*) and regulations stipulated by the UAE Central Bank based on net present value of future cash flows. The exercise is normally conducted at the end of a financial quarter.

In the case of Retail Banking, the Obligor's Central Collection Unit follows-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 Obligor's Credit Division through the business. Accounts which remain overdue after a follow up by the Obligor's Credit Division are transferred to the SLG for further follow-up after being fully provided. Assistance of external collection agencies is also taken in some cases. The Obligor adheres to International Financial Reporting Standards which lay down strict principles and guidelines for the recognition and provisioning of impaired financing receivables. See "*Selected Financial Information of Emirates Islamic Bank PJSC – Financing Receivables – Impairment Allowances*" above for a table summarising the movements in allowances for impairment for financing receivables for the Obligor for the six month periods ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 2010.

Total impaired financing receivables

Total impaired financing receivables as at 30 June 2012 were AED 3,423 million which equated to 21.0 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 13.1 per cent. pertained to the Retail Banking division and the remaining 86.9 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 1,626 million against the total impaired financing receivables of AED 3,423 million as at 30 June 2012 (i.e. 47.5 per cent. of total impaired financing receivables as at 30 June 2012).

Total impaired financing receivables as at 31 December 2011 were AED 2,672 million which equated to 18.7 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 17 per cent. pertained to the Retail Banking division and the remaining 83 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 1,352 million against the total impaired financing receivables of AED 2,672 million as at 31 December 2011 (i.e. 50.6 per cent. of total impaired financing receivables as at 31 December 2011).

Total impaired financing receivables as at 31 December 2010 were AED 1,660 million which equated to 10.7 per cent. of the Obligor's total (gross) financing receivables as at that date. Out of total impaired financing receivables, 23.3 per cent. pertained to the Retail Banking division and the remaining 76.7 per cent. pertained to the Corporate Banking division. Total impairment allowances were made for AED 822 million against the total impaired financing receivables of AED 1,660 million as at 31 December 2010 (i.e. 49.5 per cent. of total impaired financing receivables as at 31 December 2010).

Internal Audit and Compliance

The Obligor's internal audit department functions under a charter approved by the board of directors of the Obligor. The Head of Internal Audit is independent from the other operations of the Obligor and reports directly to its 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 Obligor'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 Obligor provides specialised education for information system auditors. Training requirements are identified annually and are delivered in coordination with the 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 banking, corporate banking, treasury operations, trade finance and related operational and administrative support functions. These reviews provide for an evaluation of the organisational structure in place to manage the business and the control processes adopted in the related functions, against management's control objectives, which ensure that activities are:

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

IT Audits

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

Compliance

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

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

Compliance also oversees the anti-money laundering policy and procedures of the Obligor. These policies and procedures are aimed at ensuring that the Obligor is not being used for the purpose of laundering funds associated with drug trafficking, terrorism and other serious crimes. The Obligor's policy is to not establish relationships with customers whose transaction requirements gives rise to suspicions of involvement in money laundering activities. The Obligor exercises know your client ("**KYC**") requirements whereby prospective customers are required to provide key information regarding their identity, circumstances and expected transactions. The Obligor will terminate any customer relationship where the customer's conduct gives the Obligor reasonable cause to believe or suspect ongoing involvement with illegal activities. Any such termination follows reporting of the suspicion to the appropriate authorities and any further action by the Obligor is taken in consultation with the UAE Central Bank (see "*Anti-Money Laundering Policies*" immediately below).

Anti-Money Laundering Policies

The Obligor has implemented detailed anti-money laundering and KYC policies and procedures. The responsibility for implementation and compliance rests with its risk management unit.

As part of its anti-money laundering policy, the Obligor conducts a KYC check, which is mandatory for all new accounts, including the screening of names through World Check's screening system. A customer profile is created at the time of opening the account and is updated as customer circumstances change during their time at the Obligor. All cash transactions are closely monitored and suspicious transactions are reported to the UAE Central Bank.

A dedicated anti-money laundering reporting officer and compliance manager ("**AMLRO**"), who reports directly to the Obligor's Head of Risk, was appointed by the Obligor in November 2007. The AMLRO is responsible for the Obligor's general compliance responsibilities, policy development, as well as suspicious transaction detection and reporting and responding to staff queries regarding anti-money laundering issues. The AMLRO also serves as the liaison with the UAE Central Bank.

The Obligor has also implemented a "Guidance Paper on Sanctions" that covers doing business with countries that are subject to all sanctions issued by the UAE Central Bank as well as the United Nations ("**UN**"). In addition, the Obligor has a "High Risk Accounts Policy" that covers enhanced due diligence and escalated approval processes for relationships with regards to high risk businesses and customer segments in accordance with the Obligor's internal risk based approach towards money laundering.

All staff are required to be aware of the Obligor's anti-money laundering policy and procedures. The policies and procedures on anti-money laundering are easily accessible and available to all staff through the Obligor's intranet. In addition, the Obligor conducts specific training programmes for customer-facing staff on an annual basis.

Legal Proceedings

The Obligor is not involved in any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and the results of operations and is not aware of any such litigation, arbitration or administrative proceeding that is pending or threatened.

Therefore no material provision has been made as at 31 December 2011 regarding any outstanding legal proceedings against the Obligor.

Information Technology

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

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

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

The Obligor's disaster recovery plan provides for the back-up of its IT systems at its disaster recovery site. A new state of the art operations centre was opened in May 2009.

Subsidiaries

Emirates Islamic Financial Brokerage

Emirates Islamic Financial Brokerage ("**EIFB**") was established in February 2007 and is 100 per cent. owned by the Obligor. EIFB provides *Shari'a* compliant brokerage services to investors in the local stock markets which includes both the Dubai Financial Market and the Abu Dhabi Securities Market. EIFB offers customers the opportunity to trade shares through dedicated brokers as well as online trading. EIFB offers a competitive fee structure, dedicated brokers, customer service representatives and trading rooms for high net worth individuals. EIFB is located within the Obligor's Oud Metha Branch in Dubai.

Ithmar Real Estate Development Co. PSC

Ithmar Real Estate Development Co. PSC ("**Ithmar Real Estate**") was established in June 2008 and is 40 per cent. owned by the Obligor. Ithmar Real Estate has been engaged in real estate development activities since it commenced operations in 2009. Although only holding 40 per cent. of the shares of Ithmar Real Estate, the Obligor currently exercises control over the management of the company through holding the majority of votes of its board of directors and, accordingly, it is classified as a subsidiary of the Obligor.

Industry Regulation and Supervision

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

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

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

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

Shari'a Compliance

All transactions that the Obligor undertakes and all products that it offers are strictly *Shari'a* compliant. The Obligor's objective is to provide the highest standards of Islamic finance and all the Obligor's activities are supervised by the *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 Obligor. Its key task is to supervise the application of different aspects of *Shari'a* within the Obligor and to ensure that all transactions are undertaken in strict compliance with *Shari'a*. The resolutions and pronouncements of the *Shari'a* Board are binding on the management and the directors of the Obligor. The *Shari'a* Board meetings are held periodically and whenever the need arises. However, the Obligor's management retains the authority not to 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 Obligor. As at the date of this Base Prospectus, the three members of the Obligor's *Shari'a* Board are:

Dr. Abdulsattar Abu Gaddah (Chairman & Executive Member)

A well-known scholar in Islamic jurisprudence and Islamic banking. As at the date of this Base Prospectus, he sits on the *Shari'a* Board of several Islamic banks and committees including Dallah Al Baraka, Abu Dhabi Islamic Bank, Al Hilal Bank, Sharjah Islamic Bank, Noor Islamic Bank, Arcapita, AAOIFI (Bahrain) and Islamic Fiqh Academy (Jeddah).

Dr. Hussein Hamid Hassan

A scholar of Islamic economics and a member of the European Council for Fatwa and Research. As at the date of this Base Prospectus, he sits on the *Shari'a* Board of several Islamic banks and committees including Dubai Islamic Bank, Liquidity Management Centre (Bahrain), Ajman Bank, and AAOIFI (Bahrain). He holds a PhD in Islamic Jurisprudence from AlAzhar University (Cairo).

Dr. Mohamed Abdul Rahim Sultan Al Ulama

A professor of Islamic Studies in the Emirates College and Head of Research and Studies for the Dubai Quran Award. As at the date of this Base Prospectus, he sits on the *Shari'a* Board of several Islamic banks and committees including Noor Islamic Bank, Al Hilal Bank, and Muwarid Financing & Shariah Capital. He holds a PhD in *Shari'a* from Umm Al Qurah (Makkah).

MANAGEMENT OF EMIRATES ISLAMIC BANK PJSC

Board of Directors

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

Name	Position
Mr. Hesham Abdulla Al Qassim	Chairman
Mr. Buti Obaid Buti Al Mulla	Vice Chairman
H.E. Abdulla Sultan Mohamed Al Owais	Director
Mr. Shoaib Mir Hashem Khoory	Director
Mr. Mohamed Hamad Obaid Al Shehi	Director
Mr. Mohamed Hadi Ahmad Al Hussaini	Director
Mr. Richard Anthony Pudner	Director

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

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

Senior Management

Name	Position
Jamal Saeed Bin Ghalaita	Chief Executive Officer
Abdulla Showaiter	Deputy CEO, Wholesale Banking
Faisal Aqil	Deputy CEO, Consumer Wealth Management
Zahid Rashid	Head of Risk
Phillip John	Head of Treasury
Wael Ibrahim	GM Corporate Center & Transformation
Mohammad Radwan	Head Finance
Abdulsalam Kilani	Head <i>Shari'a</i>
Faizal Eledath	Head, IT
Abdul Aziz Qazi	Head, Internal Control

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

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

Employees

As at 31 December 2011, the Obligor had a total of 1,059 employees (compared with 1,097 employees as at 31 December 2010). As at 30 June 2012, the Obligor had a total of 1,039 employees.

Training

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

The Obligor has an affiliation with Bradford University (United Kingdom) and offers certain senior staff the opportunity to undertake an MBA at Bradford University. The Obligor also facilitates staff in completing the Institute for Leadership and Management Certification programme, diplomas in business leadership and banking and financial courses offered at the Emirates Institute for Banking and Financial Studies.

Reward and Recognition

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

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

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

Focus on UAE nationals

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

UAE national pension fund

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

Recognition policy

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

The schemes include:

<i>Division</i>	<i>Recognition Scheme</i>
Corporate Banking	Incentives for cross selling products
Ethmar	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 OF EMIRATES NBD 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 (as at and for the years ended 31 December 2011 and 2010 and as at and for the six month period ended 30 June 2012) incorporated by reference into this Base Prospectus and the other information included elsewhere in this Base Prospectus.

The following table sets forth selected financial information of the Guarantor as at and for the six month periods ended 30 June 2012 and 30 June 2011 and as at and for the years ended 31 December 2011 and 31 December 2010 as extracted from the Guarantor's consolidated financial statements for the respective periods.

	<i>As at and for the six months ended 30 June 2012 (Unaudited)</i>	<i>As at and for the six months ended 30 June 2011 (Unaudited)</i>	<i>As at and for the year ended 31 December 2011 (Audited)</i>	<i>As at and for the year ended 31 December 2010 (Audited)</i>
<i>(AED million, except percentages)</i>				
Income Statement Highlights				
Total Operating Income.....	5,185	4,834	9,930	9,721
Total Operating Expenses.....	(3,891)	(3,983)	(8,486)	(6,243)
Operating Profit.....	1,294	850	1,444	3,478
Net Profit.....	1,289	2,157	2,483	2,339
Financial Statement Highlights				
Total Assets.....	298,397	288,086	284,613	286,078
Total Financing (net) ¹	201,848	194,422	196,667	196,224
Islamic Financing & Investment Products.....	27,665	16,276	26,325	19,220
Investments ²	18,739	20,422	19,645	19,015
Customer Deposits.....	167,080	169,245	154,013	159,873
Total Deposits ³	226,707	220,358	219,419	218,829
Shareholders' Equity.....	35,270	35,020	34,981	33,750
Profitability				
Return on average assets (per cent.).....	0.44	0.75	0.87	0.82
Return on average shareholders equity (per cent.).....	10.20	17.70	10.17	10.27
Earnings per Share (AED).....	0.21	0.36	0.41	0.37
Profit per Employee (AED).....	143,461	478,908	277,562	278,187
Capital				
Shareholders' Equity to Total Assets (per cent.)....	11.82	12.15	12.29	11.79
Tier 1 Capital Adequacy Ratio (per cent.).....	12.85	13.40	13.02	12.56
Total Capital Adequacy Ratio (per cent.).....	19.46	21.16	20.53	19.76
Liquidity & Business Indicators				
Due from Banks/Due to Banks (per cent.).....	116.77	88.39	76.04	73.45
Number of Employees.....	8,576	9,008	9,388	8,408

1. Includes Loans & Receivables.

2. Includes investment in securities and properties.

3. Includes customer deposits, Islamic customer deposits and due to banks.

DESCRIPTION OF EMIRATES NBD PJSC

Overview

Emirates NBD PJSC, the Guarantor, was registered as a Public Joint Stock Company on 16 July 2007 under registration number 1013450. The Guarantor is a publicly listed company whose shares are listed on the Dubai Financial Market (the "DFM"). As at 30 June 2012, the Guarantor had 5,557,774,724 shares outstanding held by 1,743 shareholders of record, with a total issued and paid-up capital (equal to that authorised) of AED 5,557,774,724. No shareholder, other than ICD, which is wholly owned by the Government of Dubai and holds 55.64 per cent. of shares of the Guarantor, held more than 10 per cent. of the shares of the Guarantor as at 30 June 2012.

The Guarantor is the largest banking entity in the UAE across a range of metrics, including by shareholders equity and by assets. The Guarantor is also one of the largest banking entities in the GCC by assets, with total assets of AED 298.4 billion as at 30 June 2012. Originally incorporated to serve as the holding company of EBI and NBD during the initial stages of their merger, on 21 November 2009, EBI and NBD were legally amalgamated with the Guarantor. As a result of the amalgamation, all of the assets and liabilities of EBI and NBD (including EBI's obligations under the Programme) were transferred to the Guarantor and EBI and NBD were dissolved.

The Guarantor (including through the operation of its operating subsidiaries) is one of the leading full service banks in the UAE and has branches or representative offices in the Kingdom of Saudi Arabia, Jersey, Qatar, Iran, India, Singapore, China and the United Kingdom. The Guarantor was awarded "Best Bank in the UAE", "Best Trade Finance Bank in the UAE" and "Best Foreign Exchange Provider in the UAE" in 2012 by Global Finance.

The Guarantor has a significant presence in the UAE retail, corporate and commercial banking market. In addition, through its subsidiaries (including the Obligor) and associates, the Guarantor offers Islamic banking services, as well as investment banking, property development and management, asset management, insurance services, credit card facilities and other banking-related services.

As at 31 December 2011, the Guarantor had total assets of AED 284.61 billion and shareholders' funds worth AED 34.98 billion (as at 30 June 2012, the Guarantor had total assets and shareholders' funds of AED 298.40 billion and AED 35.27 billion respectively). For the purposes of reporting its risk-weighted assets in accordance with Basel II, the Guarantor had, as at 31 December 2011, Tier 1 capital of AED 28.91 billion and lower Tier 2 capital of AED 16.69 billion. The Guarantor's net profit for the year ended 31 December 2010 was AED 2.34 billion and AED 2.48 billion for the year ended 31 December 2011.

The Guarantor made a net profit of AED 1.29 billion for the six month period ended 30 June 2012.

General

As at date of the Base Prospectus, the Guarantor has a long term rating of A+ and a short term rating of F1 from Fitch (stable outlook); and a long term rating of A3 for bank deposits and a short term rating of P-2 for bank deposits by Moody's (both with negative outlook).

The Guarantor operates in the UAE under a banking licence issued by the UAE Central Bank. The registered address of the Guarantor is Baniyas Road, Deira, P.O. Box 777, Dubai, UAE and the telephone number of the registered office is +971 4 225 6256.

Ownership Structure

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

The aim of ICD is to assist in establishing the vision for Dubai through devising and implementing the Government of Dubai's investment strategy and managing investments deemed to be of strategic importance to Dubai's long-term development goals.

The investments, diversified across multiple sectors, are considered to be a platform for the future growth of Dubai and include Dubai's most recognised companies including, in addition to the Guarantor, Borse Dubai Limited, Dubai Islamic Bank PJSC, Commercial Bank of Dubai P.S.C., Union National Bank PJSC, HSBC Middle East Finance Company Limited, The Emirates Group

(including the DNATA Group), Dubai Aerospace Enterprise Limited, Dubai Aluminium Limited, Dubai Cable Company Limited, Emirates National Oil Company Limited, Emaar Properties PJSC, Emirates Rawabi Company P.J.S. and Jeema Mineral Water P.S.C.

ICD works closely with its portfolio companies to identify value enhancing acquisition opportunities as well as providing them with strategic support to aid their growth.

The board of directors of ICD is chaired by H.H. Sheikh Mohammed bin Rashid Al Maktoum and is composed of six directors, who include the Chairman of the Guarantor.

Strategy

The Guarantor's vision is to be globally recognised as the leading and most dynamic financial services provider based in the Middle East. The Guarantor has established the following medium – term strategic imperatives which are aimed at strengthening the Guarantor and focusing on accelerated growth: (i) optimise balance sheet and capital allocation, (ii) drive profitability, (iii) enhance platforms, and (iv) undertake measured investments in growth areas. The Guarantor has set specific objectives against the above strategic imperatives, towards which the Guarantor believes it has seen significant success.

Optimise balance sheet and capital allocation

A key objective for the Guarantor is to strengthen its overall balance sheet management practices, optimising the asset to deposit ratio while carefully managing cost of funds. The Guarantor aims to continue its focus on diversifying funding sources. Lending activity will be enhanced by opening up credit appetite and focusing on identified areas of growth such as Mid Corp, SME lending, and consumer finance. Further, the Guarantor aims to review all Group companies (i.e. subsidiaries and associate companies) and decide on divestment opportunities, increasing stakes or complementary acquisitions.

In 2011, the Guarantor completed developing a bank-wide economic profit framework to enable measurement of true profitability across its network. The Guarantor also closed a sale of its 49 per cent. stake in Network International, a controlled subsidiary, to a strategic investor.

Drive profitability

The Guarantor intends to continue to drive profitability across business segments through focused initiatives. In the Consumer Banking and Wealth Management business segment, the Guarantor will focus on boosting fee business revenue, thereby enhancing return on assets; growing cross-sell across the customer base; and continuing to enhance the customer service proposition, while reducing base costs by optimising infrastructure.

In the Wholesale Banking business segment, the Guarantor aims to focus on developing and enhancing the trade finance and cash management capabilities, and driving cross-sell to its clients; and growing the fee business through increasing treasury sales and debt-led investment banking products.

In the Global Markets and Treasury business segment, the Guarantor intends to drive treasury product sales and distribution by hiring experienced staff focusing on sales in the UAE, and in international locations i.e. Saudi Arabia and Singapore.

Enhance platforms

The Guarantor continuously invests in improving its hard and soft infrastructure, i.e. in technology, operations, and people. Enhancing incentives for employees is a key objective within the Guarantor, which will be achieved through identifying and supporting talent growth within the organisation. The Guarantor is implementing a leadership development programme for identified talent in partnership with a leading global business school. In addition to supporting talent development, the Guarantor recognises the need to have best-in-class infrastructure and process capabilities. The Guarantor has been a regional leader in implementing technology solutions, and will continue to invest in upgrading and enhancing its IT platforms. A lean transformation initiative is currently underway, which is aimed at improving the IT platform. Platform enhancements are also planned across group subsidiaries. A core banking system will be implemented in the Obligor, and IT platforms in international subsidiaries will be further strengthened. Continuous efforts will also be made by the Guarantor in driving service excellence across all customer touch points.

All the operational activities of the Guarantor are in the process of being merged into Tanfeeth LLC ("**Tanfeeth**"), a fully owned subsidiary of the Guarantor operating as a business process

outsourcing provider. The Guarantor believes that this will benefit the entire Guarantor group by offering high quality services, with increased efficiency and consistency across all group companies.

The Guarantor intends to invest in enhancing the group wide risk strategy, and realigning policies to its changing risk appetite as local economic conditions improve; while focusing on higher return segments such as mid-market customers.

Undertake measured investments in growth areas

The Guarantor intends to explore international opportunities while continuing to exploit domestic opportunities. Within the domestic market, the Guarantor will continue to implement its growth plans for the private banking business line, and strengthen the SME line. The Guarantor has the largest domestic branch and ATM network in the UAE, and will continue to enhance its distribution network through selecting, and implementing the most optimal channel mix. The Guarantor will focus on increasing its branch network and presence in Abu Dhabi.

Internationally, the Guarantor intends to focus on organic growth in Saudi Arabia, and will consider inorganic expansion opportunities in other regional markets. The Guarantor will continue initiatives for small scale expansion in selected target markets through the opening of representative offices in key locations.

Competitive Strengths

The merger of EBI and NBD capitalised on the strengths of these banks and positioned the Guarantor as a market leader in the GCC, creating a strong platform for domestic and international growth. In particular, the Guarantor believes that its business is characterised by the following key competitive strengths.

A Long History and Established Brand Equity

The legacy banks that make up the Guarantor have a long history in the region. NBD was incorporated by decree of His Highness Sheikh Rashid bin Saeed Al Maktoum, the Ruler of Dubai, on 19 June 1963 and was the first local bank in the UAE and is the oldest locally incorporated bank in the southern Gulf region. EBI was incorporated by decree of His Highness Sheikh Rashid bin Saeed Al Maktoum, the Ruler of Dubai, on 27 March 1977.

Both NBD and EBI were founded with the strong support of the Government of Dubai and have, since their incorporation, supported Dubai in its development as the leading trading and commercial hub in the GCC region.

The long history of EBI and NBD is reflected in the brand recognition of the Guarantor, as well as its loyal customer base.

A Highly-Diversified, Market-Leading Domestic Banking Franchise

The banking market in the UAE has traditionally been relatively fragmented as compared both to other markets in the GCC and to more mature markets in Western Europe. As a result of the abovementioned merger, the Guarantor is now the largest bank in the UAE in terms of total assets, shareholders' equity, customer loans and total deposits and has the largest branch and ATM networks in the UAE. In addition, the Guarantor believes that its current business mix is more diverse than that of many of its regional competitors. The Guarantor believes that the scope of its distribution network and delivery channels, combined with the diversity of its product suite, significantly strengthen its competitive position by providing it with greater opportunities not only to expand its domestic client base, but also to grow with its existing customers through increased cross-selling across its capabilities.

Financial Strength and Scale

As at 30 June 2012, the Guarantor was one of the largest banks in the GCC in terms of total assets and shareholders' equity. The Guarantor meets all its regulatory capital requirements and had a Tier 1 capital adequacy ratio of 13.02 per cent. and a total capital ratio of 20.53 per cent. as at 31 December 2011. The Guarantor believes that the strength of its capital base gives it a competitive advantage over its smaller rivals by lowering its cost of funding while, at the same time, allowing it to arrange financing for larger projects. The Guarantor believes that these advantages strategically position it to capture the growth potential of domestic and regional markets and expand its regional presence.

Experienced Management Team

The Guarantor's senior management team has been together for a number of years, working together at the respective legacy banks, and has extensive experience in the banking industry, both domestically and internationally.

Geography

Dubai has a long and prominent history as a trading centre for the Gulf region and its modern ports and airports make it an attractive base for companies establishing in the Middle East. The Guarantor is well developed to meet the needs of such companies through its electronic trading platform, extensive range of products and services, local market knowledge and experience in providing a full range of financial services to such companies. The Guarantor is well placed to service increasingly important Middle Eastern markets, through its growing network of international offices, its history of providing cross border services and its ability to provide a range of convenient and competitive financial services to exporters and importers dealing in those regions.

High Tech Environment

The Guarantor was one of the first banks in the Gulf region to offer electronic banking services to its customers. The opening of a new operations centre and the implementation of new software including the new core banking system and Calypso, a new accounting and risk monitoring system, means that the Guarantor will be well positioned to cater for its customers' growth needs by leveraging the latest technologies to provide a more dedicated, streamlined and efficient service.

Islamic Banking

The Guarantor offers customers the choice of full service conventional and *Shari'a* compliant (Islamic) banking. Islamic banking is one of the fastest growing sectors in the finance industry and through the Obligor, the Guarantor has already established a strong market presence in this sector, providing *Shari'a* compliant finance products and services to retail and corporate clients since 2004. As at 30 June 2012, the Obligor and Dubai Bank provided such services and products from a domestic network of 56 branches.

Activities of the Guarantor

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

1. Wholesale Banking offers structured financing, current accounts, customer deposits, overdrafts, trade finance, acquisitions, project finance and term loans for corporate, governmental and commercial customers.
2. Consumer Banking and Wealth Management offers current and savings accounts, customer deposits, overdrafts, personal instalment loans, auto loans, mortgages, investment products, foreign currency and trade finance related facilities.
3. Global Markets and Treasury manages interest and foreign exchange rates activities, inter-bank treasury operations, global funding and the Guarantor's proprietary book of investments.
4. Investment Banking offers, through the highly qualified team of investment bankers at Emirates NBD Capital Limited ("**ENBD Capital**"), a product suite that is designed to compete with international banks.
5. Islamic Finance is comprised of the income and fees earned and expenses paid by the Obligor and Dubai Bank PJSC ("**Dubai Bank**").
6. Other operations comprise insurance services, credit card facilities and other banking related services, none of which constitutes a separately reportable segment.

Wholesale Banking

The Guarantor's largest business segment in terms of revenue and assets is that of Wholesale Banking. Wholesale Banking offers a broad suite of products and services to small, medium and large-sized enterprises, including multinationals, local corporate entities, banks and other financial institutions as well as governmental and quasi-governmental organisations and entities, servicing clients throughout the GCC.

Wholesale Banking is divided into three distinct yet complementary business lines, being: (i) Corporate Banking; (ii) Transaction Banking; and (iii) Institutional and International Banking.

During 2012 the Guarantor began a comprehensive strategic review and transformation process for Wholesale Banking, which is expected to be complete in 2013. Management believes that Wholesale Banking will become a leader in the Middle East market, by adopting a dynamic and client-centred approach that is based on superior credit processes, efficient and reliable operations and a high performance culture. Management believes that this culture will lead to enhanced customer relationships that will be beneficial to the Obligor's business. As part of the transformation process, a number of initiatives have been established, each encompassing several individual projects, designed to enhance the Wholesale Banking segmentation and coverage model, realise its international expansion aspirations, improve cross-selling of cash management, trade finance, treasury and investment banking products and streamline operations and credit processes.

Corporate Banking

Corporate Banking offers a broad suite of products and services to small, medium and large sized enterprises, including the Government of Dubai, multinationals and local corporate entities. The products offered by Corporate Banking are diversified across various lending and deposit products, structured trade finance offerings and treasury products. The range of services cover account related services, e-banking, cash management and structured product offerings.

To meet customers' needs within each particular geography in the UAE, the activities of Corporate Banking are centralised into nine corporate banking units, six of which are situated in Dubai, one in Abu Dhabi, one in Al Ain and one in Sharjah. A Large Corporate Unit (the "LCU") has been established to manage the needs of major entities within the UAE. In addition the Guarantor has set up dedicated teams to serve the SME segment to focus on this growth area. A separate unit manages the accounts of the Government of Dubai and its departments and authorities. A corporate banking team also operates in Riyadh to serve the Guarantor's client base in Saudi Arabia.

Asset Composition of Loan Portfolio

A breakdown of the Guarantor's loan portfolio by industry, as at 30 June 2012, is set out below:

<i>Economic Activity</i>	<i>Amount</i>	<i>Percentage</i>
	<i>(AED millions)</i>	<i>(%)</i>
Sovereign	65,843.45	34.1
Real Estate	23,471.68	12.1
Construction	8,085.47	4.2
Banks and Financial Institutions	25,935.96	13.4
Services	17,972.18	9.3
Personal – Retail	19,604.83	10.1
Personal – Corporate	8,522.25	4.4
Manufacturing	6,659.55	3.4
Trade	7,450.96	3.9
Transport and Communications	4,185.20	2.2
Others (rounding)	5,590.55	2.9
Total Customer Advances	193,322.07	100.0

Corporate Banking Distribution Channels

In addition to its conventional branch network, the Guarantor's corporate customers can use the internet banking platform for the Wholesale Banking Group, "SmartBusiness" which allows corporate customers to take advantage of many services electronically and perform financial and non financial transactions, 24 hours a day, 365 days a year, at their convenience. As well as allowing customers to initiate and authorise transactions electronically, view account statements and reports from their desktop, customers can take advantage of other services such as making telecommunication related bill payments and recharging of the local Salik road toll payments.

Transaction Banking

Transaction Banking offers a range of transaction banking services, including trade finance and cash management.

The Guarantor, through the operations of EBI, has over three decades of experience providing trade finance and offers a range of trade related and trade finance products and services to corporate clients and SMEs, including letters of credit, letters of guarantee, confirmation of documentary credits and documentary collections, as well as trust receipts to customers. Trade finance processing is undertaken by ETFS (as defined under “- *Subsidiaries and Associates of the Guarantor*” below), a wholly owned subsidiary of the Guarantor, using a state of the art electronic trade finance platform.

Transaction Banking offers a dedicated e-banking platform with online trade services, direct debt solutions and escrow account services.

Institutional and International Banking

Institutional and International Banking (“**IIB**”) comprises the Financial Institutions Division (“**FID**”) and International Corporates (“**IC**”). IIB’s customer base consists of correspondent banks, global banks, financial institutions and corporate relationships from overseas non-branch locations. IIB’s strategy is to enhance its reach and product offering to become the preferred business partner of its target customers.

FID offers a wide range of banking facilities which includes: bilateral loans; structured facilities; trade based funding; vostro/nostro accounts; payment services and trade services. Payment services include telegraphic transfer arrangements, cash letter clearing services and demand draft/banker’s cheque tie-ups. Trade finance services include: letter of credit advising, confirmation and discounting; letters of guarantee; and export/import finance.

IIB is also responsible for entering into various arrangements with counterparty banks to facilitate remittances and trade business for both the corporate and retail customers of the Guarantor.

Consumer Banking and Wealth Management

Consumer Banking and Wealth Management is a growing contributor to the revenue and profitability of the Guarantor, catering to the needs of individual and SME customers by offering a gamut of financial services including current and savings accounts, customer deposits, overdrafts, personal installment loans, auto loans, mortgages, credit cards, debit cards, investment products, bancassurance, foreign currency and trade finance related facilities.

Consumer Banking and Wealth Management is divided into four distinct and complimentary business lines, being: (i) Retail Banking; (ii) Private Banking; (iii) Asset Management; and (iv) Consumer Finance.

Retail Banking

The Guarantor is one of the leading retail banks in the UAE, providing retail banking products and services through a domestic network of 105 branches as at 30 June 2012.

The Guarantor has the largest network of ATMs (inclusive of cash deposit machines and smart deposit machines) in the UAE, with 580 ATMs, cash deposit machines and smart deposit machines spread across the seven emirates, as at 30 June 2012.

Retail Banking provides a wide range of services including general banking, personal and secured lending and mortgage finance. Retail Banking also operates the Guarantor’s large credit card and debit card business, with approximately 500,000 credit cards and approximately 2,000,000 debit cards in issue as at 30 June 2012.

Retail Banking divides its customers into segments according to earnings and functional needs, with products and services packaged for each particular segment, either “**affluent**”, “**mass market**” or “**SME**”. The affluent segment includes individuals with a significant monthly income, the mass market segment addresses the needs of individuals for standard products and the SME segment is designed to cater for the needs of SMEs and their owners. One of the key strategies of the Guarantor is to capture a greater market share of its key customer segments through more focused products and marketing.

The retail banking division consistent customer-centric based model and dedicated customer service was recognised with the receipt of the “*Best Bank Brand*” award from the Arab Achievement Awards 2012 and “*Best Customer Attraction*”, “*Best Online Experience*”, “*Best Customer Impressions and Interactions*” and “*Best Overall Customer Experience*” at the Customer360ME Summit and Awards 2012.

Asset Composition of Retail Loan Portfolio

Retail loans are governed by strict policy parameters which are uniformly and consistently applied to the relevant customer segments and businesses based on the policy lending rules. A breakdown of the retail loan portfolio of the Guarantor by type of customer advance, as at 30 June 2012, is set out below.

Asset Composition of Retail Loan Portfolio

Retail loans are governed by strict policy parameters which are uniformly and consistently applied to the relevant customer segments and businesses based on the policy lending rules. A breakdown of the retail loan portfolio of the Guarantor by type of customer advance, as at 30 June 2012, is set out below.

Product Type	Amount	Percentage
	<i>(AED millions)</i>	<i>(%)</i>
Personal Loans.....	7,575	38.6
Mortgages.....	3,212	16.4
Auto.....	2,090	10.7
Credit Cards.....	2,871	14.6
Overdrafts.....	1,360	6.9
Others.....	2,498	12.7
Total Customer Advances.....	19,605	100.0

Retail Distribution Channels

The Guarantor is dedicated to making banking as easy as possible for its customers and offers the most extensive utility and bill payment gateway in the UAE. In addition to enabling customer access to the largest number of ATMs in the UAE, the Guarantor has a wide range of distribution channels and provides extensive electronic banking options to its customers including internet banking, phone banking and mobile (SMS) banking.

The Guarantor's internet banking platform allows customers to access their accounts securely and reliably to view account statements and balances (including credit and charge cards), transfer funds between certain accounts, pay utility, telephone and credit card bills, as well as open new accounts, order cheque books and obtain product information.

The Guarantor'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 Guarantor also provides SMS banking, 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 payments.

Private Banking

Private Banking was established by the Guarantor in 2001 to meet the needs of high net worth individuals and provides a full range of banking, wealth management and investment services for the clients of the Guarantor through approximately 70 relationship managers, backed by the bank's infrastructure including its well diversified branch and representative office network.

By leveraging its brand and financial expertise, the Guarantor believes that it can become a leader within the GCC in the servicing of this segment. The Guarantor was awarded "Best Local Private Bank" by Euromoney in 2009, 2010 and 2011.

Consumer Finance

The Guarantor has a consumer finance offering through its wholly owned subsidiary Emirates Money Consumer Finance LLC, which offers personal and business loans to self employed and salaried customers, therefore allowing the Guarantor to provide financial services across multiple market segments. Since its launch in 2008, the business has continued to grow steadily, with product lines now expanded to include business loans, mortgages, personal loans and vehicle loans.

Asset Management

The asset management business of the Guarantor is conducted through its subsidiary, Emirates NBD Asset Management Limited. Emirates NBD Asset Management Limited manages significant assets in a wide range of both conventional and *Shari'a* compliant funds.

Global Markets and Treasury

Global Markets and Treasury provides hedging and investment solutions to both corporate and high net worth clients through a dedicated sales team.

Global Markets and Treasury offers a wide range of products and services including market making in UAE dirham and U.S. dollar deposits as well as on UAE dirham based foreign exchange forward products, providing foreign exchange products in the UAE for domestic, GCC and G10 currencies and currency swaps. In addition to maintaining a trading book, Global Markets and Treasury provides the clients of the Guarantor with prices for local, regional and global bonds, as well as marketing a range of structured investment products.

Traditionally having a strong position in cash products (both loans and deposits as well as foreign exchange spot rate transactions) Global Markets and Treasury has built on this foundation and has been increasingly successful in providing special commission rate hedging solutions (swaps and options) as well as foreign exchange hedging products (forwards and options) to the clients of the Guarantor.

The objective of Global Markets and Treasury is to retain its strong client focus, while increasingly acting as a provider of sophisticated risk management and investment solutions to its clients. These solutions are typically expected to be structured foreign exchange and special commission rate derivatives (or combinations thereof), sometimes in a *Shari'a* compliant form.

Centralised trading in the Guarantor's head office maximises revenues from trade and information flows, while facilitating risk monitoring and management. A sales advisory desk in the Kingdom of Saudi Arabia provides for close proximity to clients in this key target market for the Guarantor.

The Guarantor's funding needs are centralised through specialist desks within Global Market and Treasury (see "*Description of Emirates NBD PJSC – Funding*").

Investment Banking

The Guarantor provides Investment Banking services through its subsidiary, ENBD Capital. ENBD Capital provides both conventional and Islamic finance investment banking services, advising on and arranging a wide variety of transactions including securitisations, debt and equity capital markets transactions and leveraged finance transactions, as well as providing corporate finance and advisory services.

The unit executed several notable transactions during the year to date in 2012, which included mandated lead arranger and / or bookrunner roles for an AED 1.14 billion conventional and Islamic facility for Palm District Cooling LLC, an AED 173.75 million term loan facility for IFA Hotels and Resorts FZE, a syndicated term loan facility for Sampath Bank with a transaction size of U.S.\$ 62.5 million, a U.S.\$ 1.04 billion dual tranche syndicated financing facility for Dubai International Financial Centre Investments LLC, U.S.\$ 290 million loan facilities for MAF Properties LLC, a U.S.\$ 201 million and EUR 96.5 million Syndicated Dual Currency Murabaha financing facility for Bank Asya (the largest Participation Bank in Turkey) and a U.S.\$ 72 million Syndicated Islamic facility for Horizon Emirates Terminals Limited. The unit also acted as joint lead arranger for the 5 year U.S.\$ 500 million Sukuk and the 5 1/2 year U.S.\$ 500 million Sukuk issued under the Programme, as well as executing the role of joint lead arranger and bookrunner for the Guarantor's CNH 1 billion 3 year and U.S.\$ 1 billion 5 year bonds issued during the period.

ENBD Capital works closely with the Guarantor to leverage its existing corporate and institutional relationships in the MENA region and to target family offices and high net worth individuals already banking with the Guarantor.

Islamic Finance

Islamic banking is one of the Group's fastest growing business sectors and contributes to an increasing proportion of the revenue of the Guarantor. Through the Obligor and Dubai Bank, the Guarantor offers a range of *Shari'a* compliant financial services to its retail and corporate customers with the objective of conforming to the strictest standards of Islamic finance. All of the

activities of the Obligor and Dubai Bank are conducted in accordance with their respective *Fatwas* and under the supervision of their *Shari'a* Boards, each comprising several prominent *Shari'a* scholars.

The business of the Obligor is further described under "*Description of Emirates Islamic Bank PJSC*" above.

Other Operations

The Guarantor has a number of other operations, which comprise property development and management, insurance services, credit card facilities and other banking related services, none of which constitutes a separately reportable segment.

Overseas Operations

The Guarantor has branches in the United Kingdom, the Kingdom of Saudi Arabia, Singapore and Jersey and a representative office in each of Qatar, India, China and Iran. As at the date of this Base Prospectus, the Guarantor's representative office in Iran does not undertake any banking business.

Subsidiaries and Associates of the Guarantor

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

(a) Listed subsidiaries

Emirates Islamic Bank PJSC

The business of the Obligor is further described in "*Description of Emirates Islamic Bank PJSC*" above.

Dubai Bank PJSC

Pursuant to the decree issued on 11 October 2011 by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, in his capacity as the Ruler of Dubai, the Guarantor acquired the entire outstanding share capital of Dubai Bank, a provider of *Shari'a* compliant banking services in the UAE. This follows a consistent strategy of the Government of Dubai in carefully monitoring the banking sector in the Emirate and taking measures necessary to ensure the continued viability of financial institutions operating in Dubai.

The acquisition of Dubai Bank (a wholly owned subsidiary of the Guarantor) was completed in the last quarter of 2011 (the effective date being 11 October 2011), the cash consideration for which represented fair value for Dubai Bank. As on the effective date of the acquisition, the acquisition had no impact on the Guarantor's net profit or its non-performing loans ratio.

Through Dubai Bank's network of branches located throughout the UAE, the Guarantor has expanded the range of *Shari'a* compliant financial products and services which it is able to offer to its retail and corporate customers (and which is additional to those offered by the Obligor).

On 22 October 2012, the Guarantor announced that Dubai Bank would be rebranded as Emirates Islamic Bank. This process is expected to be completed by year end 2012.

(b) Listed associates

National General Insurance Company PJSC

National General Insurance PJSC ("**National General Insurance**") was established in 1980 as a limited liability company, and became a public joint stock company in 2001. National General Insurance is listed on the DFM and as at 30 June 2012, the Guarantor held 36.7 per cent. of its issued share capital.

National General Insurance is licensed by the UAE Ministry of Economy and offers a range of general and specialist insurance products including healthcare and life insurance. The company underwrites large and medium sized risks in property, construction, engineering, manufacturing, banking and other service industries.

National General Insurance has a suite of Bancassurance products that are exclusively tailored for the clients of the Guarantor and which are marketed and offered through the Guarantor's branch network.

National General Insurance also has 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 ("**Union Properties**"), one of the largest property development, management and investment companies in the UAE, started as Union Property Private Limited in 1987 and registered as a public limited company in 1993. It is listed on the DFM and, as at 30 June 2012, the Guarantor held 47.6 per cent. of its issued share capital.

Union Properties' principal activities include property investment and development, property management, facilities management, project management, interior design and fit-out, and mechanical, electrical and plumbing contracting. These activities are mostly carried out through subsidiaries and joint ventures.

As a consequence of the downturn in the local real estate market during 2008, 2009 and 2010, Union Properties, among other companies operating in the Dubai real estate market, found its cash flows stretched. Union Properties incurred a loss of AED 1,570 million during 2011.

For the six month period ended 30 June 2012, Union Properties generated revenues of AED 1,004 million, as compared to AED 2,249 million for the six month period ended 30 June 2011, when Union Properties recognised the revenue on the sale of its Index Tower and Limestone House properties in the DIFC. Union Properties' operating profit for the six month period ended 30 June 2012 amounted to AED 5.7 million, as compared to AED 156.9 million for the six month period ended 30 June 2011. Union Properties made a net profit of AED 106 million for the six month period ended 30 June 2012, as compared to a net loss of AED 438.6 million in the six month period ended 30 June 2011.

(c) Unlisted subsidiaries

Emirates NBD Asset Management Limited

Emirates NBD Asset Management Limited (formerly known as Emirates Investment Services Limited) was established in 2007 and offers a broad spectrum of investment products and services. It is wholly owned by the Guarantor and operates from the Dubai International Financial Centre (the "**DIFC**") and is regulated by the Dubai Financial Services Authority (the "**DFSA**").

Emirates NBD Securities LLC

Formerly known as Emirates International Brokerage, this wholly owned subsidiary of the Guarantor was established in 2002. It specialises in the provision of securities trading and brokerage services to investors who wish to trade in locally listed equity and debt securities. The company is a registered broker with the DFM, the Abu Dhabi Securities Exchange and NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) and is one of the leading brokerage businesses in the UAE.

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 MENA region. ETFS uses technologies such as imaging and workflow to automate the full range of trade finance activities, providing a paperless and scalable trade services platform that enables internet access to transaction data and document images.

Emirates NBD Capital Limited

ENBD Capital is a wholly owned subsidiary of the Guarantor. ENBD Capital was incorporated in the DIFC in 2006 (see also "*Investment Banking*" above).

Tanfeeth LLC

Upon incorporation, Tanfeeth was the GCC's first shared services company. Tanfeeth delivers cost efficient operations and high levels of service to its clients. As at the date of this Base Prospectus, Tanfeeth's operational scope includes Retail Credit Centre and Call Centre processes for the Guarantor.

Following the integration of eight Guarantor back office operating units in the first quarter of 2012, Tanfeeth completed the integration of the Guarantor's HR Services, Finance and Accounting and Collections back office units during the second quarter of the year. In addition, Tanfeeth has

commenced the integration of the Guarantor's Trade Finance operating unit, the latest unit to move from the Guarantor to Tanfeeth.

Further information on the abovementioned subsidiaries can be found in the audited annual consolidated financial statements of the Guarantor for the year ended 31 December 2011, which are incorporated by reference into this Base Prospectus.

(d) Jointly controlled subsidiary

Network International LLC

Established in 1994, Network International is a jointly controlled subsidiary of the Guarantor (which retains a 51 per cent. shareholding in Network International following the completion of the sale by the Guarantor of 49 per cent. of the share capital of Network International to a strategic investor on 31 March 2011 for a net consideration of AED 1,366 million) and is one of the leading card payment services providers in the MENA region focused on meeting the needs of banks, financial institutions and retailers. It is a principal member of both Visa Inc. and MasterCard International, offering customers a comprehensive range of products and services in both the issuing and merchant acquiring segment of the card industry in the MENA region.

In addition to the processing and management services offered, Network International also provides consultancy services ranging from planning and designing to the development of new products and services and providing sponsorship with Visa Inc. and MasterCard International.

To date, Network International provides credit and debit card processing services, ATM sharing and ATM management services to more than 40 banks in the MENA region.

As a merchant acquirer in the UAE, Network International has a market share of more than 65 per cent. through its network of electronic funds transfer at point of sale (EFTPOS) terminals. Network International has also established merchant acquiring, processing and recruitment partnerships with third party customers (including American Express, Diners Club, JCB International and eCompany for e-commerce merchant services).

The Guarantor's Competition

The Guarantor faces competition in all of its principal business areas and the Guarantor'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 2012 there were 51 banks holding full commercial banking licenses in the UAE, of which 23 were locally incorporated. The following table shows rankings for banks operating in the UAE by total assets and equity as at 30 June 2012 and by net profits for the six month period ended 30 June 2012 (Source: *each bank's published financial statements*).

Ranking by Total Assets

Ranking	Bank	Amount
		<i>(AED millions)</i>
1	Emirates NBD	298,396.85
2	National Bank of Abu Dhabi	269,997.65
3	Abu Dhabi Commercial Bank.....	180,797.12
4	First Gulf Bank.....	162,939.16
5	Dubai Islamic Bank	93,883.55

Ranking by Net Profits

Ranking	Bank	Amount
		<i>(AED millions)</i>
1	National Bank of Abu Dhabi	2,087.04
2	First Gulf Bank.....	1,951.43
3	Abu Dhabi Commercial Bank.....	1,535.14
4	Emirates NBD	1,288.57
5	Union National Bank	934.42

Ranking by Equity

Ranking	Bank	Amount
		<i>(AED millions)</i>
1	Emirates NBD	35,269.58
2	National Bank of Abu Dhabi	28,281.52
3	First Gulf Bank.....	27,241.46
4	Abu Dhabi Commercial Bank.....	22,734.53
5	Union National Bank	13,576.61

Risk Management

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

The responsibility for overall risk management for the Guarantor lies with the board of directors of the Guarantor with an oversight function exercised by its General Manager, Risk who has a direct reporting line to the Chief Executive Officer and the Guarantor's Board Risk Committee.

Each department within the Guarantor is responsible for:

- identifying and measuring the risks that the Guarantor 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 significant risk management policies must be approved by the board of directors of the Guarantor;
- providing direction regarding the Guarantor's overall risk philosophy and risk tolerance, including considering whether certain new business proposals referred to, for example, its Assets and Liabilities Committee (the "**Guarantor's ALCO**") or its Board Credit and Investment Committee (the "**Guarantor's BCIC**"), 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 of the Guarantor for review, approval and/or ratification.

In addition to its internal procedures and systems, the Guarantor is required to comply with the guidelines and regulations of the UAE Central Bank.

The Guarantor has a full-time Compliance Officer, whose role is to establish standards of ethics, confidentiality, privacy, KYC policies and other hallmarks of good governance, such as avoidance of conflicts of interest. The Compliance Officer provides training to new and existing staff in respect of these issues. Compliance is an independent unit within the Guarantor's risk management infrastructure and is responsible for compliance throughout the Guarantor and its operating companies.

Credit Risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in a financial loss to the Guarantor. The Guarantor is exposed to credit risk through traditional lending

to corporate, retail and institutional customers and transactions involving settlements with counterparties, including other financial institutions. These include direct loans, commitments to extend credit and settlement exposures.

The Guarantor manages credit risk by setting limits for individual borrowers, groups of borrowers, and geographical and industry segments. The Guarantor also monitors credit exposures and continually assesses the creditworthiness of counterparties and considers it appropriate to obtain security where it determines that the creditworthiness of the customer does not merit an unsecured facility or where it determines that such security is necessary to mitigate the credit risk. In addition, the Guarantor enters into master netting arrangements and collateral arrangements with counterparties and limits the duration of exposures.

The Guarantor sets policies and procedures for managing its credit risks. Credit exposures are monitored through exception reports, annual review of facilities, short-form reviews and periodic revaluation of collateral.

The Guarantor has developed a suite of risk scorecards for all retail products including personal loans, credit cards, home loans and auto-loans. In addition to providing critical inputs for Basel II capital adequacy and economic capital computations, these scorecards are used for all underwriting related activities. Customer level behaviour scorecards are extensively used in cross selling and collection activities. Specialised scorecards are used in the evaluation of spending patterns of customers in their current and saving accounts to assess their credit worthiness while skip scorecards predict customers' flight risk. The performance of all scorecards is regularly monitored by a team that is independent to the model's development team.

Development of a robust internal rating model for the Guarantor's wholesale portfolios has remained a challenge for a number of reasons, namely the traditionally low number of defaults in the UAE, the small number of customers in the portfolio as well as the limited availability of financial and other market based information for customers. To overcome these challenges, the Guarantor has adopted an expert panel approach. A comprehensive early warning framework complements the expert panel model to assess customers' risk profiles on an ongoing basis. As at the date of this Base Prospectus, the Guarantor is in the last stages of finalising a second generation wholesale model. This model uses actual default information and is expected to improve the Guarantor 's ability to assess the risk in its wholesale portfolio.

The Guarantor has also developed an internal rating model for the financial institutions portfolio using the "Shadow Ratings" approach which aims to mimic the external ratings of the financial institutions assigned by top tier external rating agencies. A robust early warning framework complements the rating model and ensures efficient monitoring and updating of the internal ratings on an ongoing basis. The Guarantor has also developed and implemented an internal probability of default model for SMEs.

All internal models and scorecards are independently validated by an external third party annually.

The Guarantor's BCIC provides the strategic framework to govern the extension of credit, manage the risk of the loan portfolio, ensure sufficient returns on the portfolio, and authorise individual or group credits within established guidelines.

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

Market Risk

Market risk includes foreign exchange rate risk, interest rate risk, equity price risk, commodity price risk and credit spread risk. Market risk management is designed to limit the amount of potential losses on open positions that may arise due to unforeseen changes in foreign exchange rates, interest rates, equity prices, commodity prices or credit spread. The Guarantor is exposed to diverse financial instruments including fixed income securities, foreign currencies, equities and commodities and deals in both the physical product and derivative instruments.

The Guarantor pays considerable attention to market risk and uses independently validated pricing and risk models, in accordance with standard market practice, for the valuation of its positions and receives regular market data from independent market data providers in order to measure and monitor its market risk.

Additionally, the Guarantor has established a global risk appetite limit as measured by Value-at-Risk (“**VaR**”) as well as individual asset class (i.e. foreign exchange, interest rate, commodity, equity) VaR limits to ensure the portfolio is not overly concentrated in one type of risk.

The policies, procedures and trading limits are set to ensure the implementation of its market risk policy in day-to-day operations. These are reviewed periodically to ensure that they remain in line with the Guarantor’s general market risk policy.

Foreign Exchange Rate Risk

The Guarantor uses hedging strategies to ensure foreign exchange positions are maintained within established limits. The Guarantor believes that it has a conservative policy towards such risks and has set limits on positions by currency and exchange rate movement. Exchange rate risk is measured using position reports showing the net long or short position for currencies, which are monitored on a real-time basis using Reuter’s Kondor plus system. Exchange rate risk is actively managed using spot and forward foreign exchange contracts.

Foreign exchange positions and profit and loss for foreign exchange, are reviewed on a daily basis by Global Markets and Treasury and on a weekly basis by the Chief Financial Officer. All positions are marked to market daily.

Interest Rate Risk

The Guarantor manages the risk of changes in interest rates affecting future profitability or the fair values of financial instruments through risk management strategies. Interest rate risk is measured using an interest rate re-pricing report that includes period and cumulative gap analysis. An interest rate sensitivity position (PV01) is reported, based on contractual re-pricing dates, as well as on a behavioural basis.

Interest rate risk is actively managed using derivative instruments (including, for example, interest rate swaps and forward rate agreements). Positions are reviewed on a daily basis by Global Markets and Treasury which addresses on-balance sheet and off-balance sheet mismatches and action taken or planned to reduce any significant mismatches. The Guarantor’s ALCO monitors structural mismatches on a monthly basis.

Trading Policy

The Guarantor believes that it has a conservative trading policy. New products are authorised only if an adequate infrastructure has been assured and approved by senior management.

Treasury trading limits for foreign exchange, bonds, equities, commodities and derivatives are reviewed and set annually and approved by the Guarantor’s Board. Global Markets and Treasury is responsible for managing trading risk exposure within the global trading risk limits. There are systems and procedures in place to monitor and report positions and the related exposure on a daily basis. Additionally, there are daily, monthly and annual stop-loss limits that constrain the amount a desk can lose. These stop-loss limits are accompanied by early warning triggers to Global Markets and Treasury and senior risk management staff.

Liquidity Risk

Liquidity risk is the risk that the Guarantor may be unable to meet its funding requirements, which can be caused by political uncertainty, market disruptions or deterioration in its credit ratings. The Guarantor considers its liquidity risk to be low relative to other regional banks, due to the liquid nature of its balance sheet.

The Guarantor has over the years built up a strong liquidity base by building up “Liquidity Asset Buffers” through the core fixed income book, which is invested in highly-rated (“A” and above) and liquid, international and domestic fixed income securities/UAE Central Bank certificates of deposit.

As at 31 December 2011 and 30 June 2012, the Guarantor’s loans to deposit ratio stood at 105 per cent. and 100 per cent. respectively. Liquidity for the Guarantor is managed actively by Global Markets and Treasury and is overseen by the Guarantor’s ALCO on a monthly basis or more frequently when needed.

The Guarantor has been able to adequately deal with liquidity or funding stresses in the past and has structured its assets in such a way that funding is reasonably assured, thereby regulating its refinancing risk. It has adopted a diversification strategy in an attempt to prevent over-exposure to any particular market.

The quality of the Guarantor's investment portfolio ensures its liquidity and, together with its own funds and "sticky" customer deposits, forms a stable funding source. Even under the adverse conditions prevailing in 2008, 2009 and early 2010, the Guarantor was able to access the funds necessary to cover customer needs and to meet its funding requirements.

The Guarantor prepares a maturity gap analysis, which helps identify potential liquidity risks in advance.

Liquidity in UAE dirhams is available through the sale of U.S. dollar denominated securities and subsequent sale of the U.S. dollar proceeds to the inter-bank market (or to the UAE Central Bank) on a same-day basis if required. Liquidity can be easily switched from U.S. dollars to UAE dirhams and vice versa due to the fixed nature and narrow spread of the foreign exchange peg.

Operational Risk

Operational risk is the risk resulting from inadequate or failed internal processes and methodologies, human error, systems or from external events.

In each of the Guarantor's business units, the divisional head is responsible for the effective management of these risks, including identification, assessment and overview. These business managers are supported by a framework consisting of a governance structure, a suite of risk-mitigating policies and skilled operational risk professionals employed throughout the Guarantor.

The Guarantor's risk management division monitors operational risk issues on a regular basis, reports major deviations from approved parameters and prepares regulatory risk related reports. The risk management division reviews and approves all bank documentation, new products and any variations to existing products before they are finalised and implemented. The risk management division also reviews new sections and amendments to existing sections of the policies and procedures manuals before they are released. The risk management division also manages the group's insurance portfolio and proposes group-wide risk mitigation strategies to the executive management.

The Guarantor regularly carries out operational risk reviews. The main objectives of these reviews are to identify the risks inherent in each area, analyse them in terms of their severity and likelihood, and develop mitigation strategies for these risks. The Guarantor agrees key risk indicators during these review sessions in order to facilitate ongoing monitoring of risks.

Legal Risk

Legal risk is the risk that a customer or counterparty will commence proceedings against the Guarantor, or one of its operating companies.

The Guarantor has an internal legal department which deals with both routine and more complex legal issues. Situations of particular complexity and sensitivity are referred to external law firms, either in the UAE or overseas, as appropriate.

Credit Approval Procedures

Credit Exposure

The lending policy of the Guarantor is guided by its credit policy, which is reviewed from time to time in light of market conditions. At all times, the Guarantor strictly adheres to and observes the individual and aggregate percentage limits regulating large exposures stipulated by the UAE Central Bank. Such limits may be exceeded provided that the UAE Central Bank's prior approval is sought. The Guarantor's lending limit for large exposures is calculated quarterly on its capital base as published in its annual accounts.

Retail Banking Credit Approval Procedures

The Guarantor's retail lending policy sets forth clear guidelines for specific retail loan products such as personal loans, auto loans, credit cards and home loans. The Guarantor's retail lending policy is recommended by the Head of Group Retail Credit and is jointly approved by the Head of Consumer Banking and Wealth Management as well as the General Manager – Risk. All credit policy changes and launch of new products are approved by the Guarantor's BCIC. Annual reviews and portfolio updates are presented to the Guarantor's BCIC as and when required.

The retail credit policies are dynamic and are amended based on the prevailing market situation to ensure that products have marked to market offering and to ensure risk containment measures

are in place. The policy, for example, was significantly amended in November and December 2008 in order to ensure responsible lending and control portfolio growth.

Retail lending is normally restricted to salaried individuals and, on a selective basis, to self-employed individuals. Generally, retail loans are secured by an assignment of salary, mortgages or liens over property (in respect of home loans) and liens on vehicles (in respect of auto loans).

Discretionary lending authorities have been delegated to lower management levels, however escalations to senior authorities are required depending on the severity of any exceptions required. Every application for a retail loan facility must first be recommended by the sales force and reviewed and approved by the retail credit department. Retail Lending is centralised through the retail credit centre, which handles underwriting and disbursements.

Group Retail Credit carries out monthly portfolio health checks at each product level, reviewing income segments, nationality, company categories, vehicle types (if applicable) and salary multiples. This allows strategic guidance to be given to product teams in terms of sourcing and asset growth in the approved customer segments.

Corporate Banking Credit Approval Procedures

The Guarantor maintains and updates its corporate credit policy and a related credit procedures manual from time to time as market conditions warrant and new products enter the market. Together these two documents set forth the types of business and sectors that the Guarantor is willing to participate in, its policy on security, details of its credit facility application processes, guidelines on credit authorities, borrower risk grading, identification of impaired credits and provisioning.

The Guarantor's corporate credit policy consists of concise and specific business guidelines and rules that allow its management to attain and maintain its preferred portfolio of good quality counterparty risk exposures firmly in line with its underlying business strategy and objectives. The policy is designed to ensure that lending officers deal with key credit issues, give relationship officers specific guidance on the policy so that they can use their marketing time most effectively and give credit officers specific guidance on what business proposals comply with this credit policy and how credit policy exceptions should be handled. These procedures also ensure that appropriate controls exist at all stages of the credit process.

The Guarantor has in place a formal application process for corporate credit approval and all credit proposals originate from the individual business unit, with the primary responsibility for credit facilities resting with the executives recommending the facility. The individual business unit has a small delegated authority to approve credit facilities and credit approvals above the delegated authority of the business unit are referred to the Head Office Group Credit Department ("**GCD**"), where risk assessment managers evaluate the proposals and provide their recommendations. The senior management comprising of General Manager – Risk, Group Head, Wholesale Banking, the Chief Executive Officer and GCD have delegated authority limits to approve credit facilities. Credit facilities above this delegated authority limit are recommended for approval to the Management Credit and Investment Committee ("**MCIC**") or the BCIC. All facilities approved by the individual business units are reported to GCD for hindsight review on a monthly basis or immediately upon approval, depending on the sanctioned amount.

In order to ensure further control and subject to some exceptions (such as fully cash secured facilities), the Guarantor's BCIC reviews and notes all credit facilities above a certain threshold even if the credit facilities have been approved within the delegated limits.

Any credit facility not recommended by an appraiser cannot be approved by the authority at the next level, even if the proposed limits are within his/her delegate authority. Such credit facilities can only be approved by the authority at the level above (i.e. the two levels above the initial appraiser who did not recommend the credit facility).

The Guarantor has an automated system for due dates for facility reviews. This automated system highlights when a due date has past, as well as highlighting when limits have been exceeded. Whilst excesses are monitored daily by Independent Credit Administration Units and reported to GCD, any cases of non-conformance with the terms of the facility are also monitored on a monthly basis by GCD and escalated up to the General Manager, Wholesale Banking.

Security Procedures

The Guarantor has a standard set of security documentation, which is used in various combinations depending on the facilities granted. In a limited number of cases documents are prepared or reviewed by external law firms appointed by the Guarantor. These documents are also reviewed by the Guarantor's in-house legal team.

The Guarantor requires that all documentation is completed before any facilities are drawn. The post-approval processes and documentation are handled by Credit Administration Units. All documents are reviewed by the individual business units before being passed on to Credit Administration Units for final review, whereupon they are stored in a fire proof environment.

The security required for a particular facility is actually held by the Guarantor and verified and confirmation of the fact is given independently by the relevant Credit Administration Unit, at least once a year. Following this confirmation of security documentation held, any additional security required is formalised and approval sought.

All security documents of corporate credit facilities of over AED 5 million are reviewed by the Guarantor's legal department prior to disbursement.

Impaired Loans

IFRS sets forth strict principles for the recognition and provisioning of impaired loans and advances. The Guarantor has therefore established and maintained regular procedures for the recognition of actual and potential bad debts, identification of non-serviced, unearned or overdue interest and for methodical assessment of potential loan losses.

The primary responsibility for recognising and reporting adverse credit features on any borrowing account lies with the business unit responsible for recommending the lending and for day-to-day management and monitoring of that account. When potential problem credit facilities are identified, they are transferred to a "watch list" and are monitored closely. The credit facilities may be transferred to the "watch list" for a number of reasons, such as any security given not adhering to approval terms or being overdue for review by 90 days.

In line with UAE Central Bank requirements, the Guarantor classifies those accounts where recovery is considered doubtful and ensures provisions are made accordingly. Delinquent accounts are broadly classified as Substandard, Doubtful or Loss.

Those accounts where agreed payments of principal and/or interest are more than 90 consecutive days in arrears are classified as "Substandard accounts". The accrued interest remains suspended while a minimum provision of 25 per cent. of the net exposure amount is made.

Those accounts where partial loss of principal is expected and full recovery of interest and fees is not expected are classified as "Doubtful accounts". The accrued interest is suspended from the date that accounts are so classified and a minimum provision of 50 per cent. of the net exposures is made.

Those accounts where a full loss of principal and interest is expected and where the Guarantor has exhausted all recourse to recovery are classified as "Loss accounts". 100 per cent. of the net exposure amount is provided in such cases.

All accounts classified as "Doubtful accounts" and "Loss accounts" constitute a "bad and doubtful debt" and, unless it is believed that the debt can be recovered by the business units, the debt is then transferred to the Special Loans Group (the "**SLG**"), a unit that specialises in remedial management. The remedial management of accounts and the booking of provisions for accounts not transferred to the SLG continue to be the responsibility of the individual business unit.

The Guarantor generally waits until all legal and other remedies are exhausted before writing-off fully provisioned loans.

For the year ended 31 December 2011, the Group's net profit was AED 2.48 billion and consequently approximately AED 0.14 billion (6.2 per cent.) higher as compared to the year ended 31 December 2010. This was due primarily to a higher net interest margin and increased allowances for impairments during the period. The impaired loan ratio, excluding impaired investment securities, increased to 13.8 per cent. by 31 December 2011 from 10.0 per cent. reported as at 31 December 2010. The impairment allowance on financial assets in respect of 2011 grew to AED 12.9 billion compared to AED 8.3 billion in 2010. This increase was driven by

specific impairments across corporate and retail portfolios and the addition of AED 1.6 billion to portfolio impairment provisions as a measure of prudence in the then prevailing economic environment.

For the six month period ended 30 June 2012, the Group's net profit was AED 1.29 billion and consequently approximately AED 0.87 billion (40.2 per cent.) lower as compared to the corresponding six month prior period ended 30 June 2011. However, this was primarily due to the AED 0.96 billion net gain realised by the Guarantor on the disposal of a partial stake (49 per cent.) in Network International (see "*Subsidiaries and Associates of the Guarantor – Jointly controlled subsidiary*" above for further information on this disposal). Notwithstanding the decrease in net profit, Group operating profit was AED 1.29 billion for the six month period ended 30 June 2012, which was approximately AED 0.44 billion (52 per cent.) higher as compared to the corresponding six month prior period in 2011. This increase in operating profit was due primarily to a reduction in allowances for impairments during the period. As at 30 June 2012, the impairment allowance on financial assets grew to AED 14.8 billion in response to continuing market volatility. The AED 2.05 billion net impairment loss on financial assets (principally loans and receivables, Islamic financing and investment products) for the six month period ending 30 June 2012 was AED 0.3 billion lower than the net impairment loss in the comparable period in 2011 (AED 2.34 billion).

The Guarantor continues to pro-actively manage credit quality and delinquencies and impaired loans across its corporate and retail portfolios have increased within expected levels. The following table summarises the movements in allowances for impairment for loans and receivables for the Guarantor for the six month periods ended 30 June 2012 and 30 June 2011 and the years ended 31 December 2011 and 31 December 2010.

<i>Movement in allowances for impairment</i>	<i>30 June 2012 (Unaudited)</i>	<i>30 June 2011 (Unaudited)</i>	<i>31 December 2011 (Audited)</i>	<i>31 December 2010 (Audited)</i>
	<i>(AED million)</i>			
Balance of allowances for impairment as at 1 January	12,897	8,322	8,322	5,948
Allowance for impairment made during the period.....	2,252	2,486	5,473	3,210
Recoveries made during the period	(271)	(263)	(779)	(363)
Amount written off during the period.....	(64)	(4)	(14)	(473)
Interest unwind on impaired loans	(41)	—	(107)	—
Exchange and other adjustments	—	8	2	—
Balance of allowances for impairment as at the end of the period.....	14,773	10,549	12,897	8,322

Legal and Internal Audit

Industry Regulation and Supervision

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

The principal source of banking regulation in the UAE is the UAE Central Bank. The UAE Central Bank provides prudential supervision (see also "*The UAE Banking and Financial Services System*") of each bank's capital adequacy, liquidity and anti-money laundering controls and its general banking activities. Monitoring by the UAE Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission of data including, but not limited to, deposited funds, loans and mortgage business, liquidity status and anti-money laundering measures. The Guarantor submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the UAE Central Bank. In addition, the Guarantor's Memorandum and Articles of Association and any amendments thereto, its audited financial statements, its distribution of dividends and certain other documents are all approved by the UAE Central Bank.

The SCA is the predominant authority controlling the operation and governance of public joint stock companies generally, while the Department of Economic Development has a very wide jurisdiction in relation to issues such as the incorporation of companies and the regulation of internal and external trade.

The Guarantor's business units and subsidiaries are engaged in a wide range of banking and investment activities which also fall within the jurisdiction of a variety of other regulatory regimes located both within the UAE and abroad. In the UAE, ENBD Capital is regulated by the DFSA. The Guarantor's activities conducted in countries other than the UAE fall under the jurisdiction of other regulators and include the following: the Capital Markets Authority and the Saudi Arabian Monetary Authority in Saudi Arabia; the Monetary Authority of Singapore in Singapore; the Central Bank of Qatar and the Qatar Financial Centre Regulatory Authority in Qatar; the Reserve Bank of India in India; the Jersey Financial Services Commission in Jersey; and the Financial Services Authority in the United Kingdom.

The Guarantor has an excellent track record in meeting applicable regulatory standards and neither the UAE Central Bank nor any other regulatory authority has raised any material breaches of applicable regulatory standards or imposed sanctions in respect of the Guarantor.

Internal Audit

Operating under a mandate from the board of directors of the Guarantor, Group Internal Audit provides internal auditing services across all the Guarantor and its subsidiary companies. Group Internal Audit has a principal reporting line to the Board Audit Committee (the "**BAC**"), a body composed of non-executive directors. Planned audit activities are subject to review and approval by the BAC, which also evaluates and approves the level of resources available to Group Internal Audit for such activities.

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

The primary objective of Group Internal Audit is to independently assess the adequacy and effectiveness of the control framework through which the activities of the Guarantor are conducted. Group Internal Audit uses a risk-profiling methodology to assess the relative degree of risk in each of the auditable business units and for selecting the business units for audits and obtains approval from the BAC for its audit plan.

Group Internal Audit is organised into specialist teams aligned with the group's primary business and support areas. Group Internal Audit focuses on the employment of professionally qualified individuals with industry specific experience.

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

Real Property

The book value of freehold land and property owned by the Guarantor as at 30 June 2012 was AED 1,612 million.

Capital Expenditure

The Guarantor does not expect to incur capital expenditure outside its ordinary course of business. For the year ending 31 December 2011, the Guarantor incurred approximately AED 467 million of capital expenditure, compared to approximately AED 513 million for the year ended 31 December 2010. For the six month period ending 30 June 2012, the Guarantor incurred approximately AED 131 million of capital expenditure. In respect of the second half of 2012, the Guarantor expects to undertake additional capital expenditure in an amount similar to that incurred in the first six months of 2012, principally for investment in infrastructure, including the opening of new branches, increasing the number of ATMs, upgrading office premises as well as investing in new technology.

Capital Adequacy

The UAE Central Bank has traditionally imposed a 10 per cent. minimum total capital ratio to be maintained by banks in the UAE, however, as a result of the global economic slowdown, the UAE

Ministry of Finance announced on 31 August 2009 that banks operating in the UAE would be required to have a minimum total capital ratio of 11 per cent. by 30 September 2009 and a minimum total capital ratio of 12 per cent. by 30 June 2010.

The UAE Central Bank has traditionally imposed a 6 per cent. minimum on the Tier 1 capital ratio that has to be maintained by banks' in the UAE. However, the UAE Ministry of Finance also announced on 31 August 2009 that banks operating in the UAE would be required to have a minimum Tier 1 capital ratio of 7 per cent. from 30 September 2009 and a minimum Tier 1 capital ratio of 8 per cent. by 30 June 2010. A bank's Tier 2 capital will only be considered for capital adequacy purposes up to a maximum of 67 per cent. of its core Tier 1 capital. The UAE Central Bank allows general provisions, undisclosed reserves, hybrid capital instruments and subordinated term loans to be eligible for inclusion in the calculation of Tier 2 capital.

While the calculation of capital adequacy ratios in the UAE follows the BIS guidelines, claims on or guaranteed by GCC central governments and central banks are risk weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent.

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

In June 2009, EBI issued AED 4 billion of Tier 1 securities to ICD (the Guarantor's main shareholder) in order to help satisfy its UAE Central Bank requirements (as a result of the amalgamation, the Guarantor is now considered to be the issuer of the securities). This follows the action taken by the government of Abu Dhabi in February 2009 to boost the capital of its five main banks using similar instruments (see *"The UAE Banking and Financial Services System – Recent Developments – Capital Adequacy"* below).

The Guarantor's capital was increased in March 2009 by the conversion of AED 12.6 billion of deposits from the UAE Federal Government into longer-term subordinated debt, which is classified as Tier 2 capital.

As at the date of this Base Prospectus, the Guarantor is above the UAE Central Bank imposed requirement, with a total capital adequacy ratio of 19.46 per cent. and a Tier 1 capital adequacy ratio of 12.85 per cent. as at 30 June 2012.

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

Distributions of Profit

Distributions of profit to shareholders are subject to a comprehensive risk management system that is reviewed at the management level and the Guarantor's ALCO level to ensure the appropriate distribution levels taking into account the Guarantor's performance, competitor profit distributions and market conditions. The Guarantor has historically pursued a conservative dividend policy, preferring to build its capital and use such capital to preserve shareholder value.

Basel II

The Guarantor has implemented the standardised approaches for credit risk under Basel II, and complies with the corresponding requirements as set out by Circular 27/2009. Under Circular 27/2009, the main UAE banks are expected to migrate to the Foundation Internal Ratings Based approach in due course. The UAE Central Bank is in direct contact with the concerned banks about the corresponding guidelines and about the migration on a case by case basis. The UAE Central Bank has published draft guidelines and reporting standards (as of October 2010) on its website; final guidelines and reporting standards have yet to be published.

The Guarantor has implemented the required systems, models and reports (based on the draft guidelines and reporting standards) and is in communication with the UAE Central Bank on the migration to the Foundation Internal Ratings Based approach.

Basel III

The Guarantor's current Tier 1 and total capital adequacy ratios are higher than the future targets suggested by Basel III. On 12 July 2012, the UAE Central Bank issued Circular 30/2012 ("**Circular 30/2012**") dated 12 July 2012 entitled "*Liquidity Regulations at Banks*", which includes a set of qualitative and quantitative liquidity requirements for UAE banks which are in line with the Basel III Accord ("**Basel III**") (see further, "*United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Liquidity*").

Anti-Money Laundering Policies

The Guarantor has implemented detailed anti-money laundering and KYC policies and procedures. The responsibility for implementation and monitoring adherence to the policies rests with Group Compliance.

As part of its anti-money laundering policy, the Guarantor conducts a KYC check, which is mandatory for all new accounts. A customer profile is created at the time of account opening and is updated as customer circumstances change and develop during their time with the Guarantor.

The Guarantor has appointed an AMLRO who reports to the Compliance Officer. The AMLRO is responsible for policy development and awareness, as well as suspicious transaction detection and reporting, responding to staff queries regarding anti-money laundering issues and implementation of an automated anti-money laundering system. Transactions are monitored and suspicious transactions are reported to the relevant regulatory authority. The Guarantor has sanctions guidelines that cover doing business with countries that are subject to sanctions issued in compliance with regulations by the UAE Central Bank and the UN. In addition, the Guarantor has a "High Risk Accounts Policy" that covers enhanced due diligence and escalated approval processes for relationships with regards to high risk businesses and customer segments as covered by UAE Central Bank regulations and in accordance with the Guarantor's internal risk based approach towards money laundering.

All staff are required to be aware of the Guarantor's anti-money laundering policy and procedures. The policies and procedures on anti-money laundering are easily accessible and available to all staff through the Guarantor's intranet. In addition, the Guarantor conducts specific training programmes for customer-facing staff.

Funding

Global Markets and Treasury manages the overall short-term and long-term liquidity of the Guarantor, guided by the overriding principle of prudent liquidity management and with frequent reporting and instruction from the Guarantor's ALCO.

The majority of the Guarantor funding is provided by customer deposits. The interbank market is used for residual funding purposes and term funding is used to lengthen the maturity profile and diversify the client base. The current liquidity position of the Guarantor is considered to be good. To mitigate future liquidity risks (e.g. associated with market events), Global Markets and Treasury maintains a liquidity buffer, which is designed to be of a size sufficient to deal with all foreseeable liquidity events.

The Guarantor and its operational companies also raise money through the international capital markets. All capital markets debt raising activity by the Guarantor and its operational companies is controlled by the Group Funding Desk of Global Markets and Treasury.

The Guarantor, through EBI, first accessed the international debt markets in April 1999 and has since become one of the most active Middle Eastern banks in employing the debt capital markets to support its funding needs. With regard to the foregoing, in anticipation of the severity of the approaching liquidity crisis, EBI returned to the syndicated loan market in October 2007 after an absence of four years and raised U.S.\$1.5 billion from a group of 15 banks. That facility was repaid on 9 October 2012.

For short-term funding, EBI established a U.S.\$4 billion Euro Commercial Paper programme (the "**ECP Programme**") under which the equivalent of U.S.\$184.5 million was outstanding as at 31 August 2012, as compared to U.S.\$17.1 million as at 31 December 2011. Following the amalgamation of EBI and NBD with the Guarantor in November 2009, the Guarantor is now the issuer under the ECP Programme and is responsible for all series of commercial paper issued by EBI and outstanding under the programme.

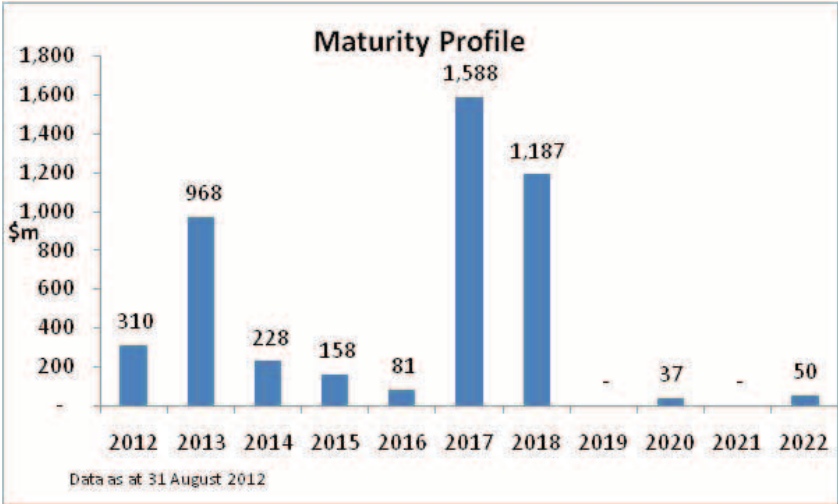
The Guarantor does from time to time buy back its own debt (senior and subordinated) in the open market.

In June 2009, EBI raised AED 4 billion of Tier 1 debt securities. The sole investor was ICD (which is wholly owned by the Government of Dubai), the majority shareholder of the Guarantor. These securities are perpetual, subordinated and unsecured and for the first five years have an annual 6.45 per cent. fixed rate coupon, after which they carry a floating rate coupon linked to EIBOR plus a margin of 4 per cent. The UAE Central Bank has approved the qualification of these securities for Tier 1 Regulatory Capital purposes. Further, as mentioned above, the Guarantor’s capital was increased in March 2009 by the conversion of AED 12.6 billion of deposits from the UAE Federal Government into longer-term subordinated debt, which is all currently classified as Tier 2 capital.

In August 2010, the Guarantor completed an asset backed securitisation of approximately AED 1,018 million worth of its UAE auto loan portfolio, the first such deal from the Middle East and by the Guarantor. These auto loans were sold to Emirates NBD Auto Finance Limited, which issued ¥19 billion notes due in 2022 carrying a floating rate coupon linked to the London interbank offered rate for one month Japanese Yen deposits plus a margin of 1.8 per cent. The transaction provided the Guarantor with term match funding at competitive pricing levels. The transaction was well received by the market and highlights the Guarantor’s ability and willingness to break new ground in the market in the Middle East.

As at 31 August 2012, the Guarantor and its main operational companies had, since July 2002, launched 132 bond issues with a total value of U.S.\$12,627 million on seven exchanges: Luxembourg, London, Dublin, NASDAQ Dubai, Singapore, Sydney and Bangkok. As at 31 August 2012, outstanding issuance for the Guarantor and its main operational companies totalled U.S.\$4,968.5 million with U.S.\$3,265 million in new issuance for the nine month period ending 30 September 2012. The Guarantor’s objective has always been to diversify and deepen its investor base, reduce the maturity mismatch between assets and liabilities and to manage maturities, thereby reducing the quantum of refinancing risk.

The following table shows the maturity profile of all of the Group’s bonds outstanding as at 31 August 2012:



Information Technology

The Guarantor’s Information Technology (“IT”) division is focused on utilising the most advanced IT systems to secure the Guarantor’s customers and ensure that customers’ data is well protected and secured against unauthorised entry. The Guarantor envisages the role of information technology to be significant in ensuring that the Guarantor remains responsive and flexible to the competitive and dynamic forces of the environment within which it operates. Accordingly the Guarantor continues to invest in IT to ensure that it is resourced in line with modern banking requirements. The Guarantor spent AED 292 million on IT expenditure during 2011 and AED 158 million during the six month period ended 30 June 2012. The Guarantor’s total IT spend for 2010 was AED 345 million.

A new core banking IT system was rolled out across the Guarantor's branch network in November 2009. Having successfully done so across the UAE, the Guarantor is now finalising the implementation of its core banking IT platform at its international sites to offer enhanced security to its customers, increase operational efficiencies and improve productivity.

The Guarantor has also implemented Calypso, an accounting and risk monitoring system for treasury, which enables the Guarantor to handle higher transactional volumes while saving on labour costs; and FINNONE, a system for retail lending which will consolidate all front office, middle office and back office systems for retail finance into a single platform, thereby improving efficiency and productivity, as well as allowing for identification and reduction in revenue loss and reducing key risks on the financial portfolio by reviewing exposure to common customers.

The Guarantor utilises a call centre for 24 hour phone banking and provides online and mobile banking platforms for both retail and corporate 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 Guarantor 's IT services is protected by the use of a disaster recovery site at a remote premise that can be activated in the case of any incident affecting the Guarantor 's IT systems to ensure that critical systems and data continue to be fully operational. ENBD's disaster recovery plan enables for regular testing of recovery operations.

The Guarantor 's IT department carries out daily and other periodic data back-ups which are also stored at a remote location. The Guarantor 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.

In 2009 a state-of-the-art operations centre was opened which continues to support the core of the group's IT services.

Insurance

The Guarantor has various insurance policies in place, including directors and officers insurance, third party liability insurance and bankers blanket bond insurance. The Guarantor believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which the Guarantor may be exposed.

Litigation

The Guarantor is not involved in any litigation, arbitration or administrative proceedings relating to claims which could have a material adverse effect on its financial condition and the results of operations and is not aware of any such litigation, arbitration or administrative proceeding that is pending or threatened.

Therefore no material provision has been made as at 31 December 2011 regarding any outstanding legal proceedings against the Guarantor.

Fiscal Year

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

MANAGEMENT OF EMIRATES NBD PJSC

Board of Directors

The Guarantor is managed by a board of directors, which is comprised of up to twelve members elected by its shareholders 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 Base Prospectus, the board of directors is comprised of the nine directors listed below.

Name	Position
H.H. Sheikh Ahmed bin Saeed Al Maktoum	Chairman
Mr. Hesham Abdulla Al Qassim	Vice Chairman
H.E. Khalid Juma Al Majid	Director
H.E. Abdulla Sultan bin Mohamed Al Owais	Director
Mr. Hussain Hassan Mirza Al Sayegh	Director
Mr. Buti Obaid Buti Al Mulla	Director
Mr. Mohamed Hamad Obaid Khamis Al Shehi	Director
Mr. Mohamed Hadi Ahmad Abdulla Al Hussain	Director
Mr. Shoaib Mir Hashem Khoory	Director

H.H. Sheikh Ahmed bin Saeed Al Maktoum was appointed Chairman of the Guarantor in June 2011. His Highness holds a Bachelors degree from the University of Denver, Colorado, USA and he is a Fellow of The Royal Aeronautical Society, a recipient of the Commandeur de l'Ordre de la Legion d'Honneur (the Legion of Honour) of France and a recipient of the Verfassungsportugaleser of Germany. In addition to his position at the Guarantor, His Highness is also Chairman of the SFC (as defined below in "*– Overview of the UAE and the Emirate of Dubai*"), Supreme Council of Energy, British University of Dubai, Noor Investment Group LLC, Noor Takaful PJSC, Emirates Airlines and Group, Dubai Airport Free Zone Authority, Dubai Airports, Dubai World, Flydubai and Dubai Aerospace Enterprise, Deputy Chairman of Dubai Executive Council, Vice Chairman of Dubai World Trade Centre, President of the Dubai Civil Aviation Authority (since 1985) and a director of each of ICD, the UAE General Civil Aviation Authority and the Dubai Council for Economic Affairs.

Mr. Hesham Abdulla Al Qassim was appointed Vice Chairman of the Guarantor in June 2011. Mr Al Qassim is also Chairman of the Obligor and a director of Dubai Bank, International Humanitarian City, Dubai Mercantile Exchange Ltd., Dubai Real Estate Corporation, Gulf Finance, Marfin Popular Bank and Amlak Finance.

H.E. Khalid Juma Al Majid has served as a director of the Guarantor since March 2010. He is also the Vice Chairman of the Juma Al Majid Group of Companies and the UAE Central Bank, a director of the Dubai Chamber of Commerce and Industry and a member of the board of trustees of the Emirates Nationals Development Programme.

H.E. Abdulla Sultan bin Mohamed Al Owais has served as a director of the Guarantor since July 2007, having served as a director and as Vice Chairman of EBI from September 2007 until the amalgamation. He is also currently Vice Chairman of United Foods Company and Arab Company for Crops Production Ltd., as well as being a Director of the Sharjah Chamber of Commerce, Al Rawabi Emirates Co, the Obligor and Dubai Bank. He was formerly a director of NBD.

Mr. Hussain Hassan Mirza Al Sayegh has served as a director of the Guarantor since July 2007, having served as a director of EBI from September 2007 until the amalgamation. He is also currently Deputy Chairman of Oilfield Supply Centre Ltd., Chairman, Jotun UAE, Deputy Chairman of Dubai Natural Gas Company, director of Emirates National Oil Co., Chairman of Jotun Powder Coatings and a director of Al Nasr Leisureland, Emirates Petroleum Products Company, Al Maktoum Foundation, the National Bank of Fujairah and Marsh Inesco.

Mr. Buti Obaid Buti Al Mulla has served as a director of the Guarantor since July 2007, having served as a director of NBD from July 2007 until the amalgamation. He is also currently Vice Chairman of the Obligor, Chairman of Dubai Insurance Co., Vice Chairman of Emirates Investment Bank and director of Dubai Bank.

Mr. Mohamed Hamad Obaid Khamis Al Shehi was appointed a director of the Guarantor in June 2011. Mr Al Shehi is also Secretary of the SFC, a Member of the Dubai Executive Council,

Coordinator for the Coordination Council for Fiscal Policy of the UAE Ministry of Finance, a director of each of Dubai Real Estate Corporation, Galadari Brothers Co. LLC, the Obligor and Dubai Bank, and the Deputy Director General of the Department of Finance of the Government of Dubai.

Mr. Mohamed Hadi Ahmad Abdulla Al Hussaini was appointed a director of the Guarantor in June 2011. Mr Al Hussaini is also Chairman of Dubai Bank and director of Dubai Refreshments Company, Economic Zones World FZE, the Obligor and Dubai Real Estate Corporation.

Mr. Shoaib Mir Hashem Khoory was appointed a director of the Guarantor in June 2011. Mr Khoory is also Chairman of MAHY Khoory, Group International Institute Management (GIIM), Vice Chairman of Dubai Bank, Managing Director of Mir Hashim Khoory LLC and director of Jebel Ali Cement Factory, Emirates Telecommunications Corporation, the Obligor and Dubai Real Estate Corporation. He is also the Chairman of Lycee Francais International De Dubai.

The business address for each of the Guarantor’s directors is c/o Emirates NBD PJSC, Baniyas Road, Deira, P.O. Box 777, Dubai, United Arab Emirates.

No member of the Guarantor’s board of directors has any actual or potential conflict of interest between his duties to the Guarantor and his private interests or other duties.

Senior Management

The day-to-day management of the Guarantor is conducted by the following senior managers (the “Senior Managers”).

<i>Name</i>	<i>Position</i>
Rick Pudner	Chief Executive Officer
Abdullah Qassem	Group Chief Operating Officer
Surya Subramanian	Chief Financial Officer
Rajan Khetarpal	General Manager, Risk
Aazar Ali Khwaja	Group Treasurer
Anthony John Bush	Managing Director, Global Funding & Principal Investments
Giel – Jan Van Der Tol	General Manager, Wholesale Banking
Kevin Flannery	General Manager, International
Husam Al Sayed	General Manager, Human Resources

Rick Pudner, Chief Executive Officer

Rick Pudner has served as Chief Executive Officer of the Guarantor since July 2007, having joined EBI as Chief Executive Officer in April 2006. Prior to joining EBI, he worked for over 24 years at HSBC in a number of senior roles, including as Chief Executive Officer of HSBC South Korea and Head of Corporate Banking HSBC Middle East. He is also a director of the Obligor, Emirates NBD Asset Management Limited, of Emirates Fund Managers (Jersey) and of Emirates Financial Services. He has previously served as Chairman of the Foreign Investors Advisory Council for the Mayor of Seoul and the European Union Banking Committee in Korea, as well as Vice Chairman of the Foreign Bankers Group in Korea. He has over 28 years’ experience in the banking industry.

Abdullah Qassem, Chief Operating Officer

Abdullah Qassem has served as Chief Operating Officer of the Guarantor since May 2009 and has overall responsibility for IT, Operations and Administration at the Guarantor. Prior to this he was General Manager, IT and Operations of the Guarantor since July 2007. He has over 21 years’ experience in the IT industry, having joined EBI in May 1988 as a programmer after completing his studies in computer science and business administration at St. Edwards University in Austin, Texas, becoming General Manager, Information Technology and Operations at EBI in 1996. He is currently also the Chairman of Network International LLC.

Surya Subramanian, Chief Financial Officer

Surya Subramanian has served as Chief Financial Officer of the Guarantor since September 2010. He is a Chartered Accountant with more than 25 years’ experience in banking and finance in India, Pakistan and Singapore. He has experience in business roles in finance across country, regional and group structures with some of the world’s leading financial institutions. More recently, prior to his appointment as Chief Financial Officer of the Guarantor, Surya was working with the Ministry of Finance and the Accounting and Corporate Regulatory Authority in Singapore to support the

promulgation of accounting standards as well as financial reporting oversight for all companies registered in Singapore.

Rajan Khetarpal, General Manager, Risk

Rajan Khetarpal has served as General Manager, Risk of the Guarantor since May 2009, having previously served as Deputy General Manager, Global Debt Capital Markets and Overseas Corporates of the Guarantor since July 2007. Rajan Khetarpal joined EBI in 1997 and has over 32 years of experience in the banking industry. In 2005 he was responsible for setting up the Structured Finance & Syndications Department of EBI and he was also previously the Head of Corporate Banking (Dubai) for EBI.

Aazar Khwaja, Treasurer

Aazar Khwaja has served as the Treasurer of the Guarantor since joining in September 2012. He has more than 20 years' of experience in treasury and global markets across a number of geographies. He has a successful track record in leading large teams of professionals to achieve record treasury revenues and objectives. Prior to joining the Guarantor, he was the Regional Treasurer for Emerging Markets/Africa with Barclays Bank Plc, during which he also served as Chairman of Barclays' regional Asset and Liability Management Committee (ALCO). His previous roles included Managing Director and Head of Fixed Income Currency and Commodities in Citigroup's Central and Eastern European division, Group Treasurer for Saudi Hollandi (ABN AMRO) Bank in Saudi Arabia, Managing Director of Treasury for ABN AMRO/K&H Bank in Hungary, General Manager of Treasury for ABN AMRO in Romania, as well as Country Treasurer for Citibank NA in Pakistan.

Anthony Bush, Managing Director, Global Funding

Anthony (Tony) Bush has served as Managing Director, Global Funding of the Guarantor since 2008. He joined EBI in 1996, established the medium term funding programme in 1999 and prior to becoming Managing Director, Global Funding had a number of roles in EBI, with responsibilities including loan syndications, correspondent banking, project finance, international business and commercial banking. Prior to joining EBI he was employed by Arab Banking Corporation where he held positions as the bank's Senior Credit Officer and Head of Commercial Banking. He has worked in the Middle East for 31 years and has spent close to 40 years in the banking industry.

Giel-Jan Van Der Tol, General Manager, Wholesale Banking

Giel-Jan Van Der Tol joined the Guarantor in December 2011, having assumed the overall responsibility for the Wholesale Banking activities within the group upon joining. Prior to this he was CEO of Dubai Bank. He served 23 years with ABN AMRO Banking Group and entities in various senior management roles, including that as CEO/Managing Director of Saudi Hollandi Bank in Riyadh; Global Head HR Advisory of ABN AMRO Global Financial Markets in Amsterdam and London; Country Manager ABN AMRO, Aruba; Deputy Country Manager ABN AMRO Lebanon; Global Relationship Manager for the telecoms industry (Amsterdam); and Vice President, Corporate Banking at ABN AMRO in the USA. Giel-Jan holds a Masters degree in International Management from the Thunderbird School of Global Management, Phoenix, Arizona (USA).

Kevin Flannery, General Manager, International

Kevin Flannery has served as General Manager, International of the Guarantor since July 2007, having served as General Manager, International of EBI since 1999. Kevin Flannery joined EBI in 1985 and has over 35 years' experience in the banking industry. Prior to becoming General Manager, International for EBI, he served as the Country General Manager for Pakistan, where EBI had its largest overseas operations and he has also served the bank in senior management capacities in Kenya and Nigeria.

Husam Al Sayed, General Manager, Human Resources

Husam Al Sayed has served as Group General Manager of Human Resources of the Guarantor since September 2011. Previously, he served as the General Manager of Human Resources at NBD prior to the amalgamation and continued as Group General Manager of Human Resources of the Guarantor until 2009. Prior to this, he worked for Emirates National Oil Company (ENOC), as the Group Manager, Human Resources. He has 27 years of experience and knowledge in the field

of people management and has a Masters in Public Administration (MPA) from the University of Toledo, USA.

The business address for each of the Senior Managers is Emirates NBD PJSC, Baniyas Road, Deira, P.O. Box 777, Dubai, UAE.

No Senior Manager has any actual or potential conflict of interest between his duties to the Guarantor and his private interests or other duties.

Committees

The Guarantor has established a number of committees, which include the following:

Board Audit Sub-Committee

The Board Audit Sub-Committee ("**BASC**") is responsible for reviewing all the internal audit and management compliance reports that are produced by the Guarantor and providing direction to the management on rectifying weaknesses or shortcomings highlighted in such reports. The BASC is also responsible for receiving and evaluating management letters issued by external auditors and reports of regulatory bodies. The members of BASC comprise the Chairman of the board of directors, the Vice Chairman of the board of directors, the Head of Internal Audit, the Company Secretary as well as other directors. The committee meets once every two months.

Board Credit and Investment Committee

The Guarantor's BCIC advises management on the Guarantor's strategic objectives and reviews its progress. It continually reviews the composition of the Guarantor's credit portfolios, reviewing investments and recommending changes to investment policies, including the establishment of limits, broad asset allocation parameters and performance benchmarks. The Guarantor's BCIC also reviews investment proposals, as well as asset management and business initiatives proposed by the Guarantor's management. The members of the Guarantor's BCIC comprise the Chairman of the board of directors and at least two other directors as well as the Chief Executive Officer and other members of management. The committee meets every week.

Executive Committee

The Executive Committee (the "**EXCO**") is headed by the Chief Executive Officer. The main role of the EXCO is to collectively monitor the performance of the Guarantor and make decisions within the authority limits delegated to it by the board of directors. The EXCO makes specific recommendations to the board of directors on decisions that fall outside its delegated authority limits. The EXCO comprises the Chief Executive Officer, the Chief Financial Officer, the General Manager, Risk, the Head of Wholesale Banking, the Head of Consumer Banking & Wealth Management, the Head of Information Technology and Operations, the General Manager, Global Markets and Treasury and the Chief Executive Officer of the Obligor. The committee meets once every two weeks.

Assets and Liabilities Committee

The Guarantor's ALCO is responsible for dealing with market risk exposures such as liquidity, interest rates, investment and economic capital management. The Guarantor's ALCO manages the structure and composition of the Guarantor's investment portfolio, structural interest rates, exchange rate positions and maturity gaps, as well as its capital adequacy position. The Guarantor's ALCO comprises the Chief Executive Officer, the Chief Financial Officer, the General Manager, Risk, the Head of Wholesale Banking, the Head of Consumer Banking and Wealth Management, the General Manager, Global Markets and Treasury and other senior executives. The committee meets once a month in the normal course of business and more often if needed.

Management Investment Committee

The Management Investment Committee is responsible for approving the Guarantor's investments and ensuring that an appropriate balance is achieved between risks and rewards. The Management Investment Committee manages the Guarantor's reputation risk by setting and enforcing investment guidelines. The committee comprises members from Global Markets and Treasury, Risk and other senior management. The committee meets monthly.

Employees

As at 31 December 2011, the Guarantor employed almost 9,000 staff, the majority of whom were full-time employees and approximately 270 of whom were employed in the Guarantor's overseas operations. As at 30 June 2012, the Guarantor had a total of 8,576 employees. The Guarantor has no history of industrial disputes and considers its relationship with its employees to be good.

Training

The Guarantor treats training as an integral part of staff development. The GTC provides training to various categories of staff within the Guarantor. The training covers a broad range of financial services (including *Shari'a* compliant finance). In addition various management, sales and service-based training is also provided to staff members, as required. 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 certification and these are well recognised in the region.

Remuneration Policy

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

The Guarantor has a variable pay scheme for middle and senior management under which performance bonuses are awarded based on annual performance appraisals. The bonus awarded is dependent on individual performance, the performance of the respective business unit and the performance of the Guarantor.

The Guarantor also pays sales staff incentives for achieving sales and revenue targets to its frontline sales and operations staff in retail sales and in the branches. These sales incentives are administered by Retail Finance with oversight by HR. The incentive plan is flexible and changes in the plan are initiated based on business trends and requirements.

Emiratisation

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

The Guarantor's UAE nationalisation committee is charged with the responsibility of developing existing UAE staff, attracting talent and working to the needs of the community.

In 1999, UAE nationals comprised 20 per cent. of the staff of EBI and as at the date of this Base Prospectus, this proportion is approximately 25 per cent. The Guarantor plans to continue to increase the percentage of employees who are UAE nationals in line with the "Emiratisation" policy. Training and recruitment of nationals for managerial positions is a major objective of the Guarantor. The Guarantor continues to support the training and sponsorship of students in local universities and colleges.

Related Parties

The Guarantor enters into transactions with its major shareholders, subsidiaries, directors, executive management and their related concerns in the ordinary course of its business and at commercial interest and commission rates. As at 31 December 2011, the Guarantor had made loans and advances to related parties totalling AED 73.59 billion and had received customer deposits from related parties totalling AED 5.54 billion.

OVERVIEW OF THE UAE AND THE EMIRATE OF DUBAI

The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The federal budget is principally funded by the Emirate of Abu Dhabi.

The UAE as a whole extends along the West coast of the Arabian Gulf, from the coast of the Kingdom of Saudi Arabia near the base of the State of Qatar peninsula in the West to the Emirate of Ras Al Khaimah in the North and across the Mussandum peninsula to the Gulf of Oman in the East, covering an area of approximately 83,700 square kilometres in total.

The federation is governed by the Supreme Council of the Rulers which 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). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to data published by the IMF in 2011, the UAE is the third largest economy in the Gulf region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran, based on nominal GDP. It has a more diversified economy than most of the other countries in the Gulf Co-operation Council (the "GCC"). According to OPEC data, at 31 December 2010, the UAE had approximately 6.7 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world), generating, according to data produced by the UAE National Bureau of Statistics, 31.4 per cent. of the UAE's GDP in 2010. Based on IMF data (extracted from the World Economic Outlook (April 2011)) real GDP growth in the UAE increased by 3.2 per cent. in 2010 after having decreased by 3.2 per cent. in 2009 and increased by 5.3 per cent. in 2008, 6.5 per cent. in 2007, 8.8 per cent. in 2006 and 8.6 per cent. in 2005.

On 19 July 2011, Moody's reaffirmed the UAE's long term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by the Emirate of Abu Dhabi. The UAE is not rated by the other rating agencies.

The Emirate of Dubai

The Emirate of Dubai is the second largest emirate in the UAE after the Emirate of Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of 3,885 square kilometres and, except for a tiny enclave in the Hajar Mountains at Hatta, the Emirate of Dubai comprises one contiguous block of territory. The Ruler of Dubai is Sheikh Mohammed bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

The Emirate of Dubai started as a pearl diving and fishing village in the first half of the eighteenth century. The growth of the Emirate began in the early part of the nineteenth century when members of the Bani Yas tribe, led by H.H. Sheikh Maktoum Bin Butti, left the Emirate of Abu Dhabi and migrated north to found an independent sheikhdom in the area now known as Dubai.

In the nineteenth century, Dubai, split by a 14 kilometre long creek that leads into a natural harbour, established itself as a centre for the import and re-export of merchandise and this trade activity, along with the pearling industry, were the most important pillars of Dubai's economic activity during the nineteenth century.

In the early part of the twentieth century, to counter the loss of economic activity from the decline in the pearling industry following the First World War, Dubai sought to attract traders through its liberal business policies and low taxes, enabling the Emirate to establish itself as a centre for trade in gold bullion, textiles and consumer durables.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi and, in 1966, oil was first discovered by the Dubai Petroleum Company at Fateh, which lies 92 km off the

coast of Dubai. Over the years, oil revenues have been used to create and develop the economic and social infrastructure of the Emirate. In addition, as a regional trading hub, Dubai was well-placed to capitalise on the increase in Middle East business activity that came with oil exports.

Since the establishment of the UAE in 1971, the Emirate of Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals. To support, maintain and develop this status, the Government of Dubai intends to focus on: (i) achieving comprehensive development and building human resources; (ii) promoting economic development and government modernisation; (iii) sustaining growth and prosperity; (iv) protecting UAE nationals’ interests, the public interest and well-being; and (v) providing an environment conducive for growth and prosperity in all sectors.

In 2007, the Government of Dubai adopted a set of guiding principles for the various sectors of the economy, comprising the Dubai Strategic Plan 2015, with the aim of ensuring an understanding of the Government of Dubai’s vision for these sectors among all government entities and a common framework for the operations of these entities. The Dubai Strategic Plan 2015 focuses on the core areas of economic and social development, security, justice and safety, infrastructure, land and development and government excellence. The Dubai Strategic Plan 2015 envisages trade and transport to be among the key industries for Dubai’s growth and the importance of these sectors was reaffirmed during the reassessment of the Dubai Strategic Plan 2015 in 2011.

Population

The population of the UAE, based on a census carried out in 2005 and according to the UAE National Bureau of Statistics (the “NBS”) was approximately 4.1 million, of whom approximately 1.3 million resided in Dubai. The NBS has re-estimated the population of the UAE to be ca. 8.3 million mid – 2010, a planned official census that year being cancelled. The Dubai Statistics Centre has estimated the population of Dubai to be 2.00 million at the end of 2011.

The populations of both the UAE and Dubai have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed. The table below illustrates this growth using official census data since 1975 for the UAE:

Population of UAE:

	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1995</u>	<u>2005</u>
Total population	557,887	1,042,099	1,379,303	2,411,041	4,106,427
Dubai population	183,187	276,301	370,788	689,420	1,321,453

Sources: Official UAE Census Data

Estimated Population of Dubai:

The table below sets out the estimated population of Dubai at the end of each of the periods indicated:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total population, Dubai	1,529,792	1,645,973	1,770,978	1,905,476	2,003,170

Source: Dubai Statistics Centre

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. Approximately 77 per cent. of the population is estimated to be male and 23 per cent. female, reflecting the large male expatriate workforce unaccompanied by family members.

The number of ‘active individuals’ present during the day in Dubai are estimated at considerably more (approximately 3 million at year-end 2011), many of whom work within Dubai yet reside outside of it.

Governance, Legislation and Judiciary

The UAE

UAE Constitution

The original constitution of the UAE (the “**Constitution**”) was initially provisional and provided the legal framework for the federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996.

The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft and a number of other matters including labour relations; banking; the delimitation of territorial waters; and the extradition of criminals. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Defence, Economy, Finance, Foreign Affairs and Justice. Although most of the federal government ministries are based in the Emirate of Abu Dhabi, many also maintain offices in the Emirate of Dubai. The UAE’s monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The individual Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, the Emirate of Dubai has elected to assume responsibility for its own education, judicial and public health systems. The natural resources and wealth in each Emirate are considered to be the public property of that Emirate.

Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

Federal Supreme Council

The UAE is governed by the Supreme Council of the Rulers of all the Emirates (the “**Supreme Council**”). 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 of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates, provided that the votes of both the Emirate of Abu Dhabi and the Emirate of Dubai are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

The then Ruler of the Emirate of Abu Dhabi, H.H. Sheikh Zayed bin Sultan Al Nahyan, was elected in 1971 as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. The then Ruler of the Emirate of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, was elected in 1971 as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. H.H. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son H.H. Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council. H.H. Sheikh Mohammed bin Rashid Al Maktoum became the Ruler of Dubai in January 2006 upon the death of his elder brother H.H. Sheikh Maktoum bin Rashid Al Maktoum who had ruled Dubai since 1990. He was also nominated by the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, to be the next Prime Minister and Vice-President of the UAE in January 2006. The members of the Supreme Council accepted the President’s nomination shortly thereafter.

Federal Council of Ministers

The Federal Council of Ministers (the “**Cabinet**”) is described in the Constitution as the executive authority for the federation and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the federation. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Based in the Emirate of Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Federal National Council is a parliamentary body which comprises 40 members who are UAE nationals. Half of the members are appointed by their respective rulers and the other half is elected under an electoral process. Each Emirate appoints members for a particular number of seats based on such Emirate’s population and size. The Emirates of Abu Dhabi and Dubai have eight members each, the Emirates of Ras Al Khaimah and Sharjah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members’ legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the Federal National Council has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

The inaugural Federal National Council elections were held in December 2006, following reforms to enhance public participation in the electoral process. Under these reforms, the Ruler of each emirate selected an electoral college numbering approximately 100 times the number of Federal National Council members for the relevant emirate. The members of each electoral college elected half of the Federal National Council members for their emirate, with the remainder being appointed by the Ruler.

The most recent Federal National Council elections were held in September 2011, following the issuance of new electoral guidelines by the National Election Commission in May 2011, addressing the methods of selection of representatives to the Federal National Council, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process. On 24 September 2011, 468 candidates stood for election to the 20 elected positions on the Federal National Council, with a voter turnout across the UAE of 35,877, or 27.8 per cent. of an expanded electoral college of 129,274.

Legal and Court System

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven Emirates); (ii) local laws and decrees (i.e. laws and regulations enacted by the Emirates individually); and (iii) the *Shari’a* (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each Emirate can apply his or its own rules, regulations and practices.

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

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

Emirates. The judicial system in Dubai is comprised of: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation.

Emirate of Dubai

The laws of Dubai are passed by Decree of the Ruler, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice-President and Prime Minister of UAE. The Crown Prince of Dubai is Sheikh Hamdan bin Mohammed Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed Al Maktoum.

The key entities in the structure of the Government of Dubai are: (i) the Ruler's Court; (ii) the Supreme Fiscal Committee (the "**SFC**"); and (iii) the Executive Council (the "**Executive Council**"). The Dubai Department of Economic Development (the "**DED**") and the Dubai Department of Finance (the "**DOF**") are administrative bodies. All five of these entities have distinct roles:

The Ruler's Court: Except in relation to applicable federal laws, His Highness the Ruler of Dubai is the sole legislator for the Emirate and all Dubai laws are passed by His Highness after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of His Highness the Ruler of Dubai are channelled through the Ruler's Court.

Supreme Fiscal Committee: The SFC was established in November 2007 to formulate the fiscal policies of the Government of Dubai and to regulate Government of Dubai borrowings. The SFC is authorised to approve borrowings by the Government of Dubai and Government of Dubai-owned entities on behalf of the Government of Dubai. The SFC also aims to improve coordination between various Government of Dubai entities, and to enable government entities to meet their respective development targets in a cost efficient manner.

Executive Council: The Executive Council seeks to ensure coordination amongst Government of Dubai departments such as the courts, the police, the Health Authority, the Land Department, the Department of Civil Aviation, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Government of Dubai, while considering the requirements and strategies of each particular department. In addition, the Executive Council works with the DOF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the Emirate and federal levels.

Department of Economic Development: The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate Government of Dubai policy in relation to economic planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority.

Department of Finance: The DOF is the local ministry of finance and treasury for the Government of Dubai. All revenues of the Government of Dubai are collected within the DOF and all Government of Dubai authorities are funded through the DOF. In addition, the DOF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

Economy of the UAE

The UAE is the second largest economy in the GCC after Saudi Arabia. According to OPEC data, as at 31 December 2010, the UAE had approximately 6.7 per cent. of proven global oil reserves (giving it the sixth largest oil reserves in the world). According to the UAE Ministry of Economy, the UAE's crude oil and natural gas sector accounted for approximately 30.5 per cent and 31.3 per cent. of the UAE's GDP in real terms in 2011 and 2010 respectively and approximately 28.3 per cent. of its export earnings (including re-exports) in 2010 (source: UAE Central Bank).

The NBS has estimated on a preliminary basis that real GDP in the UAE for 2011 was AED 981.7 billion and in 2010 was AED 942.4 billion, representing a real GDP growth rate of 4.2 and 1.3 per cent. respectively, reflecting the general economic recovery in the wake of the global economic crisis and the increase in oil prices during 2011 and 2010. In 2009, the NBS estimated that real GDP in the UAE was AED 930.5 billion, representing a real GDP growth rate of minus 4.8 per cent.

The table below shows the UAE's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	2008	2009	2010	2011
UAE Nominal GDP (<i>AED millions</i>).....	1,154,820	953,871	1,042,682	1,243,839
UAE Nominal GDP growth rates (%).....	21.9	(17.4)	9.3	19.3
UAE Real GDP (<i>AED millions</i>).....	977,430	930,475	942,397	981,659
UAE Real GDP growth rates (%).....	3.2	(4.8)	1.3	4.2

Sources: UAE National Bureau of Statistics and Ministry of Finance, preliminary estimates

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

Economy of Dubai

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 3.4 per cent. in 2011 and 2.8 per cent. in 2010 after the effects of the global economic recession led to a decline in real GDP in 2009. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil related, the Emirate's reliance on oil has decreased significantly, with the oil sector accounting for 2.2 per cent. of GDP in 2010.

Reflecting Dubai's strategic geographic location, rising levels of international trade and the Government of Dubai's long-standing strategy of positioning the Emirate as a trading centre, the wholesale and retail trade and repairing services sector is the principal component of GDP, accounting for 31.2 per cent. of Dubai's GDP in 2010 at current prices. The wholesale and retail trade and repairing services sector grew by 5.8 per cent. in 2011 and 4.5 per cent. in 2010, both in real terms.

Other significant growth sectors for Dubai in recent years have been manufacturing, transport, storage and communications and electricity and water. The manufacturing sector grew by 11.7 per cent. in real terms in 2011 and 10.1 per cent. in real terms in 2010. The transport, storage and communications sector grew by 2.7 per cent. in real terms in 2011 and 9.2 per cent. in real terms in 2010 as a result of improved foreign trade and port related activities, in addition to increased demand for shipping and related services. The electricity and water sector grew by 2.5 per cent. in real terms in 2011 and 7.1 per cent. in real terms in 2010 as a result of increased generation and consumption of electricity and water. In addition, each of these sectors has benefitted from the Government of Dubai's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government of Dubai and the establishment of a range of specialised free zones designed to attract new companies and investment.

In addition, other supply side factors supporting Dubai's longer term economic growth have included the availability of labour and land for real estate development, significant levels of liquidity prior to 2008 and increasing consumer wealth in the GCC.

The Government of Dubai continues to focus on economic diversification and in this respect is targeting the travel and tourism, financial services, professional services, transport and logistics, trade and storage.

Since the middle of 2008 and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in the UAE as a whole and a significant slowdown in construction activity.

The Government of Dubai has taken steps to stabilise the real estate sector. On 25 March 2010 Nakheel PJSC ("**Nakheel**") announced a recapitalisation plan pursuant to which the Government of Dubai, acting through the Dubai Financial Support Fund (the "**DFSF**"), has committed to provide, subject to the approval of a restructuring plan, U.S.\$8 billion of additional funds to Nakheel to fund operations and settle outstanding liabilities, including payments to Nakheel's contractors and suppliers (see "*The Government of Dubai's Support of Strategic Government Related Entities*" below).

The table below shows Dubai's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Dubai Nominal GDP (<i>AED millions</i>).....	310,056	342,900	293,228 ⁽¹⁾	300,832 ⁽¹⁾
Dubai Nominal GDP growth rates (<i>per cent.</i>)	28.6	10.6	(14.2)	2.3
Dubai Real GDP (<i>AED millions</i>).....	284,577	293,752	286,617	293,601 ⁽¹⁾
Dubai Real GDP growth rates (<i>per cent.</i>)	18.1	3.2	(2.4)	2.8

Sources: Dubai Statistics Centre, NBS

Note:

(1) Does not include non-profit organisations sector.

Dubai's real GDP increased by 3.2 per cent. in 2008, decreased by 2.4 per cent. in 2009 and increased by 2.8 per cent. in 2010. The Dubai Statistics Centre estimated that Dubai's real GDP increased by 3.4 per cent. in 2011.

In Dubai, no single economic sector accounted for more than a third of total GDP in 2010, with the largest sector being the wholesale and retail trade and repairing services sector which accounted for 31.2 per cent. of the Emirate's GDP at current prices in 2010. Other significant components of GDP in 2010 include the transport, storage and communications sector, which accounted for AED 43.3 billion, or 14.4 per cent., of GDP, the real estate and business services sector, which accounted for AED 39.1 billion, or 13 per cent., of GDP, and the manufacturing sector, which accounted for AED 37.1 billion, or 12.3 per cent., of GDP. Two other sectors, construction and financial corporations, each accounted for between 10 and 11 per cent. of GDP in 2010. Together, these six sectors accounted for 92.0 per cent. of total GDP in 2010. By contrast, the government sector accounted for 5.4 per cent. and the mining, quarrying and oil and gas sector accounted for 2.2 per cent. of GDP in 2010.

Foreign Direct Investment and Free Zones

In addition to several free zones which seek to attract foreign direct investment, as further described below, both local and foreign investors can establish a business presence in Dubai outside of the free zones. According to the DED, it issued 13,817 business licences in 2010, recording growth of approximately 17 per cent. as compared to 2009. Also according to the DED, 20 per cent. of the licences issued by it were for businesses active in the professional sector, 17 per cent. for those in the commercial sector, 12 per cent. for those in the industrial sector and 10 per cent. for companies active in the tourism sector. In the first quarter of 2011, the DED issued 3,224 business licences, which was an increase of approximately 6 per cent. over the first quarter of 2010.

There are many incentives for foreign corporate entities to set up in one of the free zones in Dubai. Foreign corporate entities can freely operate in the free zones and free zone entities can be 100 per cent. foreign owned, unlike entities registered elsewhere in the UAE which require various degrees of local participation. Free zone entities are exempt from paying corporate tax for 15 years, renewable for an additional 15 years, and individuals are exempt from paying income tax. There are no currency restrictions levied on the capital or the profits of free zones entities and 100 per cent. of their capital and/or profit can be repatriated. The ability to import into the free zones and to export abroad without any import duties, taxes or currency restrictions being levied on the free zone entity is a strong incentive for foreign corporate entities wishing to carry on such activities from and into the Middle East region to set up in one of the free zones.

The incentives to set up in a free zone include an easily available and relatively inexpensive workforce, no restrictions on the issuance of work permits and residence visas, availability of plots of land, prebuilt warehouses and offices on an annual lease basis, affordable workers' accommodation and minimal legal and administrative procedures to commence operations.

Each free zone in Dubai is governed both by federal law as well as the laws of Dubai. In addition, each free zone is authorised to adopt and administer regulations which pertain to entities operating and licensed in that individual free zone. The Dubai Free Zones Council was established in 2011 in order to increase coordination amongst the various Dubai free zones and to assist them in unifying the rules and regulations governing free zone companies, in particular the rules related to registration and licensing. In addition, Law No. 13 of 2011, introduced by the Government of Dubai

in September 2011, provides an additional incentive to establish free zone companies in Dubai by clarifying the ability of free zone companies to conduct business onshore in the Emirate. The law includes provisions which formalise a licensing regime which will enable such free zone companies to operate onshore after registering with the Dubai Department of Economic Development.

Dubai has a number of free zones, of which the most important are the Jebel Ali Free Zone, the Dubai Technology and Media Free Zone, the Dubai International Financial Centre and the Dubai Airport Free Zone.

In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Healthcare City, Dubai Textile City, Dubai Outsource Zone and Dubai Gold and Diamond Park.

The Government of Dubai's Support of Strategic Government Related Entities

The Government of Dubai owns, or has significant investments in, strategic Government-related entities ("GREs") which have played a significant role in supporting and facilitating the Government of Dubai's strategic development plan. Certain GREs have incurred indebtedness, including indebtedness from international financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in the Emirate of Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and have also experienced liquidity issues. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government of Dubai announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence and protect stakeholders.

On 25 March 2010, in light of the severe financial difficulties faced by Dubai World and its subsidiaries and Nakheel, the Government of Dubai, Dubai World and Nakheel publicly announced proposals for the restructuring of the liabilities of Dubai World and its subsidiaries and Nakheel. It confirmed that the proposals followed a comprehensive analysis of the circumstances facing each company, and were developed in the interests of all stakeholders, including customers, contractors, employees and creditors.

The Government of Dubai's announcement further explained that the DFSF would support the restructuring proposals with significant financial resources, including additional funding of up to U.S.\$9.5 billion over the restructuring period, sourced from: (i) U.S.\$5.7 billion, which was remaining from a loan previously made available by the Government of Abu Dhabi; and (ii) internal Government of Dubai resources.

Dubai World Restructuring

On 23 March 2011, Dubai World signed a final agreement with each of its lenders to restructure its financing facilities, amounting to U.S.\$24.9 billion in debt. Under the terms of the two-tranche debt repayment plan, creditors will receive \$4.4 billion in five years while the second tranche will involve \$10.3 billion over eight years at a fixed interest rate of 2.4 per cent. per annum.

Nakheel Restructuring

On 24 August 2011, Nakheel completed a restructuring of its business and financial obligations. Pursuant to Nakheel's restructuring, the Government of Dubai, acting through the Dubai Financial Support Fund, provided over U.S.\$10 billion of additional funds to Nakheel to fund operations and settle outstanding liabilities. Following the successful completion of Nakheel's restructuring, the company is now owned by the Government of Dubai.

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

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

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

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate.

Characteristics of the Banking System

Lack of Consolidation

The UAE may be seen as being over-banked with 51 different banks (comprised of 23 locally-incorporated banks and 28 foreign banks) licensed to operate inside the UAE (excluding the Dubai International Financial Centre (the "DIFC")), serving a population estimated to be in the region of approximately 8 million people. Traditionally there has been little impetus for consolidation. However, mergers in the past have tended to come as a result of banks facing financial difficulties and some commentators suggest that the recent financial crisis has created more favourable conditions for consolidation. The federal structure of the 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.

The relatively small size of most UAE banks has sometimes hindered 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 information technology system development. The advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, possibly even creating banks with pan-Gulf franchises.

Domestic Focus

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

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

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

Limited Foreign Ownership

In 1987, the Federal Government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to allow market access to banks of GCC state origin in line with continuing efforts in regional integration. The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

Exposure to the Oil Sector

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

Islamic Banking

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

Legal Environment

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

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 UAE Central Bank. The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the Government of Abu Dhabi would ultimately stand as *de facto* defender of the currency and the "lender of last resort".

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

The UAE dirham is linked to the International Monetary Fund's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in reality, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices.

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

The UAE further strengthened its legal authority to combat terrorism and terrorist financing, by passing Federal Law No. 1 of 2004 on Combating Terrorism Offences, which provided for the

establishment of a National Anti-Terror Committee (the “**NATC**”). The NATC serves as a UAE inter-agency liaison.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the Abu Dhabi Securities Exchange (both of which were established in 2000), have grown rapidly over recent years, such growth has been affected by the recent global financial crisis.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In December 2009 the Dubai Financial Market announced its intention to acquire the NASDAQ Dubai, with completion of the acquisition having occurred in July 2010.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to 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 employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the country has been an increasing concern for the UAE Federal Government and as part of a policy of “Emiratisation”, banks were instructed, in 1999, to increase UAE nationals on their payroll to 40 per cent. by 2009. Generally, banks have been moving closer to, or have met, this target, providing better training and compensation for UAE nationals.

Accounting Standards

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

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as “National” banks, of which there are currently 23, are required to be public shareholding companies with a minimum share capital of AED 40.0 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there are currently 28, need to demonstrate that at least AED 40.0 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses “financial institutions” (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers).

Recent Trends in Banking

Profitability

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

However, much of this growth focused on the real estate sector and equity financing which, in the context of the global financial crisis, may represent a risk to the UAE banking system. Equity prices declined generally in the UAE in 2008 but, more recently, have rebounded with the Abu Dhabi Securities Exchange's Abu Dhabi index declining from 2,743.6 at 31 December 2009 to 2,719.9 at 31 December 2010 and to 2,402.3 at 31 December 2011 before increasing to 2,447.6 at 28 June 2012, and the Dubai Financial Market index declining from 1,803.6 at 31 December 2009 to 1,630.5 at 31 December 2010 and to 1,353.4 at 31 December 2011 before increasing to 1,451.9 at 28 June 2012. During 2008 to 2010, a number of banks have also been affected by the impact of mark to market accounting rules on their international investment portfolios. However, 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.

Liquidity

The UAE 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, as well as contingency plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. Together, these deposits constituted approximately 64.6 per cent. of total deposits of the UAE banking sector as at 31 December 2011. The UAE Federal Government and the public sector contributed approximately 22.6 per cent. as at 31 December 2011. Non-resident and other sources contributed approximately 12.8 per cent. as at the same date.

In response to the global financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a CD repo facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, the UAE Federal Government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier 2 capital in order to enhance capital adequacy ratios. A number of banks in the UAE have converted the UAE Federal Government deposits made with them into Tier 2 capital.

During 2008, Abu Dhabi government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance) subscribed, in aggregate, a sum of AED 16.0 billion in subordinated Tier I Capital Notes issued by the five largest Abu Dhabi banks: National Bank of Abu Dhabi, Abu Dhabi Commercial Bank, FGB, Union National Bank and Abu Dhabi Islamic Bank. ICD similarly subscribed for AED 4 billion Tier 1 notes issued by the Guarantor in June 2009.

A press statement issued by the Department of Finance of the Government of Dubai on 25 February 2009 announced that it had established a U.S.\$20.0 billion funding programme and that the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of four per cent. per annum, had been issued in its entirety to the UAE Central Bank. In November 2009, the Department of Finance of the Government of Dubai announced that a second

U.S.\$5.0 billion tranche was fully subscribed equally by National Bank of Abu Dhabi and Al Hilal Bank.

In line with Basel III Accord (“**Basel III**”) requirements, the UAE Central Bank issued Circular 30/2012 (“**Circular 30/2012**”) dated 12 July 2012 entitled “Liquidity Regulations at Banks”, which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in Circular 30/2012 elaborate on the responsibilities of a UAE bank’s board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee for Banking Supervision recommendations and international best practices. These requirements include the following:

- Responsibilities of the board of directors:
 - to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
 - to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and
 - to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank’s objectives, strategy and risk appetite.
- Responsibilities of Senior Management:
 - to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
 - to review the UAE bank’s strategy and to report to the board of directors on regulatory compliance on a regular basis; and
 - to manage liquidity risk in a prudent manner using all available liquidity risk management tools.
- Liquidity risk framework:

Circular 30/2012 requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

 - sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
 - a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
 - regular stress testing of portfolio for a variety of scenarios; results to be communicated to the board of directors and the UAE Central Bank on request;
 - incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
 - establishment of a forward looking funding strategy with effective diversification of funding sources and tenors;
 - setting of formal contingency funding plan;
 - establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against range of liquidity stress scenarios; and
 - a transfer pricing framework developed to reflect the actual cost of funding.

The quantitative requirements set out in Circular 30/2012 are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III Liquidity Coverage Ratio and Net Stable Funding Ratio come into effect. These include the following:

Interim ratios	Liquid Asset Ratio (LAR >= 10%)	1 January 2013 – December 2014
	Uses to Stable Resources Ratio (USRR < 100%)	1 June 2013 – December 2017
Basel III ratios	Liquidity Coverage Ratio (LCR > 100%)	January 2015 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The Liquid Assets Ratio (the “**LAR**”) is an interim ratio designed to apply until the LCR comes into effect (as described below). Under the LAR, UAE banks are required to hold an amount equivalent to 10 per cent. of their liabilities in high quality liquid assets (including cash held with UAE Central Bank, UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments). The Uses (of funds) to Stable Resources Ratio (the “**USRR**”) is an interim ratio designed to prepare UAE banks for the implementation on NSFR (as described below). The USRR identifies key uses of funds as well as different types of funding sources used by banks. It assigns stability factors to sources of funds and required stable funding (usage) factors to asset classes.

Liquidity Coverage Ratio (“**LCR**”): The LCR represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III Accord requires that this minimum is 100 per cent. Circular 30/2012 describes in detail eligible liquid assets for this purpose.

Net Stable Funding Ratio (“**NSFR**”). This is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR mirrors the Basel III NSFR standard.

The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding (“**ASF**”) factors to the sources of funds and required stable funding (“**RSF**”) (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Position of Depositors

There is no formal deposit protection scheme in the UAE While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE Federal Government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE Following therefrom, in May 2009 the UAE’s National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central

Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 1 January 2008. Since 1993, the UAE Central Bank has imposed a 10 per cent. minimum total capital ratio. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to their capital adequacy requirements stating that UAE banks were required to have total capital adequacy ratios of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009 and at least 12 per cent., with a Tier 1 ratio of not less than 8 per cent., by 30 June 2010. Thereafter through its circular dated 17 November 2009, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Ratings Based approach of Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a capital adequacy ratio at a minimum of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent.

Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit Controls

Banks are required to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

Large Exposures

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

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

On 4 April 2012, the UAE Central Bank published a circular (the "**2012 Large Exposures Limits Circular**") amending certain of the large exposure limits set out above. The 2012 Large Exposure Limits Circular is effective as of its date and UAE banks had until 30 September 2012 to meet the revised limits set out therein. The 2012 Large Exposure Limits Circular introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such borrower. Set out below

is a table showing a summary of the changes introduced by the 2012 Large Exposure Limits Circular (defined as a percentage of the bank's capital base calculated under Basel II):

	New Limit		Old Limit	
	Individual	Aggregate	Individual	Aggregate
UAE Federal Government and their non-commercial entities.....	Exempt	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities.....	25%	100%	Exempt	Exempt
Commercial entities of federal government and UAE local government.....	25%; max 15% funded	100%	25%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20%; max 10% funded	50%; max 25% funded	7%	None
Exposure to bank's subsidiaries and affiliates	10%	25%	20%	60%
Board members (funded and unfunded)	5%	25%	5%	25%

In addition, the aggregate of the items set out in the table above is not permitted to exceed 800 per cent. of the relevant bank's capital.

Exposures above these limits are subject to UAE Central Bank approval.

In addition, the UAE 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 bank's own funds; and
- no bank is permitted to grant loans or advances for the purpose of funding commercial or residential real estate construction in an amount exceeding 20 per cent. of its total deposits, unless it has prior authorisation from the UAE Central Bank as an institution specialising in this type of business.

Provisions for Loan Losses

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

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

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 Obligor and will, in the case of *ijara* contracts, represent obligations of lessees and obligors in the UAE. The Obligor 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 relevant Supplemental Purchase Contract. 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, the Delegate 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 is entered into on ● 2012 between the Obligor, the Guarantor, the Issuer, the Trustee and the Delegate 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, in relation to a particular 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 Obligor 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 Obligor and the Guarantor under the Master Trust Deed, the Purchase Undertaking Deed and any other Transaction Document to which the Obligor 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;
- (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 Obligor and the Guarantor under the Master Trust Deed, the Purchase Undertaking Deed and any other Transaction Document to which the Obligor or the Guarantor, as the case may be, is a party;
- (d) it will, upon receipt from the Principal Paying Agent of a copy of any valid Put Notice in respect of any Series of Trust Certificates where Condition 11.4 (*Redemption at the Option of the Certificateholders*) is specified to be applicable, exercise its rights under clause 3.1(d) of the Purchase Undertaking Deed; and
- (e) if, in respect of any Series of Trust Certificates where Condition 11.4 (*Redemption at the Option of the Certificateholders*) is specified to be applicable, any Trust Certificates are to be redeemed pursuant to that Condition it shall take all such steps as are necessary to enforce the obligations of the Obligor and the Guarantor under the Master Trust Deed and the Purchase Undertaking Deed.

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 Obligor 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 an Optional Redemption Date following exercise of the option set out in Condition 11.4 (*Redemption at the Option of the Certificateholders*), to the Principal Paying Agent in or towards payment of the Optional Redemption Amount in redemption of the relevant Trust Certificates to be redeemed;
- (d) *fourth*, 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
- (e) *fifth*, only if such payment is made on the Maturity Date, any Dissolution Date or the Final Optional Redemption Date, the excess, if any, 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 Obligor under the Transaction Documents and the due and punctual performance and observance by the Obligor of each of the other provisions of the Transaction Documents to be performed or observed by the Obligor.

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:

- (a) 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;
- (b) 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 Relevant Subsidiaries, as provided in its most recent audited accounts;
- (c) 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; or
- (d) 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:

- (a) 75 per cent. or more of the issued capital of which is beneficially owned, directly or indirectly, by the Guarantor; and
- (b) 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 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
 - (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 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 U.S.\$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 U.S.\$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 ● 2012 between the Obligor 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 Obligor 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 Obligor 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 Obligor 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 initial face amount of the relevant Series of Trust Certificates.

Records

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

Representations and Warranties

The Obligor 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 Obligor

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

Management Agreement

The Management Agreement is entered into on ● 2012 between the Issuer (including in its capacity as trustee) and the Obligor, 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 Obligor 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:

- (a) will 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) will 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) will use its best endeavours to procure that any service agent appointed by the Obligor in respect of the Leased Co-ownership Assets carries out the duties that it has contracted to perform;
- (d) will 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) will maintain each Collection Account in accordance with the Management Agreement;
- (f) will 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) may 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;
- (h) will, upon receipt of confirmation from the Principal Paying Agent under clause 7.3 of the Agency Agreement of the aggregate face amount of any Trust Certificates which are to be redeemed by the Issuer pursuant to Condition 11.4 (*Redemption at the Option of the Certificateholders*), within three days, provide the Issuer and the Delegate with details of the specified portion of the Issuer's co-ownership interest in the Co-ownership Assets to be sold to the Obligor pursuant to the applicable Sale Agreement to be entered under clause 3.1(d) of the Purchase Undertaking Deed, such portion to be (i) determined by the Managing Agent (in its absolute discretion) on behalf of the Issuer; and (ii) at least equal in value to the aggregate face amount of those Trust Certificates which are being redeemed pursuant to Condition 11.4 (*Redemption at the Option of the Certificateholders*); and
- (i) will 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 Obligor shall be entitled to receive a fee for acting as Managing Agent which will comprise a fixed basic fee of U.S.\$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 Obligor 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 Obligor 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 Obligor's appointment as Managing Agent may be terminated without notice upon the occurrence of any Obligor 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 an Obligor 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 ● 2012 between the Obligor and the Issuer (including in its capacity as trustee) and is governed by English law.

The Obligor will irrevocably undertake in favour of the Issuer (including in its capacity as trustee) to purchase all or (following a redemption of Trust Certificates under Condition 11.4 (*Redemption at the Option of the Certificateholders*) only) a specified portion, as the case may be, of the Issuer's co-ownership interest in the Co-ownership Assets of each Series of Trust Certificates on the relevant Maturity Date, Dissolution Date (as defined in the Conditions) or Optional Redemption Date (as defined in the Conditions), as the case may be, of the relevant Series of Trust Certificates. The price (the "**Exercise Price**") payable by the Obligor shall, save as set out in the next sentence, 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 (as specified in the applicable Final Terms), together with the amount of payable but unpaid Periodic Distribution Amounts on the relevant Maturity Date or Dissolution Date (as the case may be). If the Obligor is to purchase a specified portion of the Issuer's co-ownership interest in the relevant Co-ownership Assets in connection with a redemption of some or all of any Series of Trust Certificates pursuant to Condition 11.4 (*Redemption at the Option of the Certificateholders*), the Exercise Price shall be calculated as the aggregate face amount of the Trust Certificates then being redeemed under that Condition, together with the amount of payable but unpaid Periodic Distribution Amounts (in respect of such Trust Certificates then being redeemed) on the relevant Optional Redemption Date(s).

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 Obligor on the relevant Maturity Date, Dissolution Date or Optional Redemption Date, as the case may be, 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 Obligor will undertake (in the event that the Obligor 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 Obligor or any of its Subsidiaries unless the Obligor 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 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 Certificateholders; or
- (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 Obligor has agreed that each of the following events will constitute an **“Obligor Event”**:

- (a) the Obligor 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 Obligor 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 Obligor 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 an Obligor 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 U.S.\$5,000,000; or
- (d) the Obligor takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Obligor save for the purposes of reorganisation on terms approved by an Extraordinary Resolution; or
- (e) the Obligor 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 Obligor shall not be deemed in any event to be an Obligor Event for the purposes of this sub-paragraph; or
- (f) the Obligor 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 Obligor or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Obligor; or
- (h) the Obligor fails to comply with or pay any sum which amount shall not be less than U.S.\$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 Obligor of notice requiring the same to be paid/remedied; or
- (i) by or under the authority of any government, (A) the management of the Obligor is wholly or partially displaced or the authority of the Obligor in the conduct of its business is wholly or partially curtailed or (B) all or a majority of the issued shares of the Obligor 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 Obligor 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 Obligor 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 Obligor.

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

Costs Undertaking Deed

Pursuant to a Costs Undertaking Deed given by the Obligor 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 Obligor and/or the Guarantor is a party, the Obligor 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 Obligor 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 Obligor 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 Cayman Islands, United Arab Emirates and EU 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 countries of their respective citizenship, residence or domicile of acquiring, holding and disposing of Trust Certificates and receiving payments 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.

Dubai and the United Arab Emirates

*The following is a general summary of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("**Dubai Law**") and does not constitute legal or tax advice. Prospective investors in the Trust Certificates are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase ownership or disposition of the Trust Certificates or any interest therein.*

Under existing Dubai Law, although an income tax decree has been enacted in Dubai, which provides for tax to be imposed on the taxable income of all bodies corporate which carry on a trade or business, the regime is not currently enforced. In practice, only companies engaged in the production of oil or gas, some service industries and branches of foreign banks have been required to pay tax. There are currently no withholding taxes required to be levied under Dubai Law in respect of payments on debt securities (including Periodic Distribution Amounts, any Dissolution Amounts or Optional Redemption Amounts in relation to the Trust Certificates). In the event of the imposition of any withholding, the Issuer has undertaken to gross-up any payments subject as described in Condition 12 (*Taxation*).

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

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

Cayman Islands

The following discussion of certain Cayman Islands income tax consequences of an investment in the Trust Certificates is of a general nature. The discussion is based in the laws presently in force in the Cayman Islands and is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- (i) payments under the Trust Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments made to any holder of the Trust Certificates, nor will gains derived from the disposal of the Trust Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (ii) no stamp duty is payable in respect of the issue or transfer of the Trust Certificates although duty may be payable if Trust Certificates are executed in or brought into the Cayman Islands; and
- (iii) certificates evidencing the Trust Certificates, in registered form, to which title is not transferable by delivery, should not attract Cayman Islands stamp duty. However, an instrument transferring title to such a Trust Certificate, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands in substantially the following form:

The Tax Concessions Law (1999 Revision) Undertaking as to Tax Concessions

In accordance with the provision of Section 6 of the Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with EIB Sukuk Company Ltd.:

- (a) that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to EIB Sukuk Company Ltd. or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of EIB Sukuk Company Ltd.; or
 - (ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from the date on which the undertaking is granted.

EU Savings Directive

Under the EU Savings Directive, 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, or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (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 and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional adviser.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 24 October 2012 (the "**Programme Agreement**"), agreed with the Issuer, the Obligor 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 Obligor 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.

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 Obligor, the Guarantor, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Obligor, 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.

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, and each further Dealer appointed under the Programme will be required to represent and agree, 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 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 any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (b) at any time to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an “**offer of 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, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

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

- (a) in relation to any Trust Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Trust Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Trust Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Trust Certificates in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer, the Obligor or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Trust Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Trust Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **"Saudi Investor"**) who acquires any Trust Certificates pursuant to an offering should note that the offer of Trust Certificates is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **"KSA Regulations"**), through a person authorised by the Capital Market Authority (**"CMA"**) to carry on the securities activity of arranging and following a notification to the CMA under the Regulations.

The Trust Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Trust Certificates to a Saudi Investor will comply with the KSA Regulations.

Investors are informed that Article 17 of the Regulations place restrictions on secondary market activity with respect to the Trust Certificates, including as follows:

- (a) a Saudi Investor (referred to as a **"transferor"**) who has acquired Trust Certificates pursuant to a private placement may not offer or sell Trust Certificates to any person (referred to as a **"transferee"**) unless the offer or sale is made through an authorised person where one of the following requirements is met:
 1. the price to be paid for the Trust Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
 2. the Trust Certificates are offered or sold to a sophisticated investor; or
 3. the Trust Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes.
- (b) if the requirement of paragraph (a)(1) above 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 private placement, the transferor may offer or sell the Trust Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Trust Certificates if he/she sells his entire holding of Trust Certificates to one transferee; and
- (d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Trust Certificates.

Kingdom of Bahrain

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, 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 be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules of the DFSA; and
- (b) made only to persons who meet the “Professional Client” criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Malaysia

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

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia; and
- (b) accordingly, the Trust Certificates have not been and will not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), Schedule 8 (or Section 257(3)) and Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Trust Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Trust Certificates as aforesaid without the necessary approvals being in place.

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) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) (the “SFO”) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap.32) of Hong Kong (the “CO”) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (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.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Trust Certificates or cause such Trust Certificates to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Trust Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor pursuant to Section 274 of the SFA; (ii) to a relevant person under Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Trust Certificates are acquired by persons who are relevant persons specified in Section 275 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the securities (as defined in Section 4A of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred for six months after that corporation or that trust has acquired the Trust Certificates pursuant to an offer made under Section 275 of the SFA except:
 - (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(b)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law; or
 - (4) pursuant to Section 276(7) of the SFA.

Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver, directly or indirectly, any Trust Certificates in the State of Qatar, except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

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, and has not made, any invitation or offer to the public in the Cayman Islands to subscribe for any Trust Certificates.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer dated 6 June 2007. The update of the Programme and issue of Trust Certificates thereunder was authorised by a resolution of the board of directors of the Issuer passed on 22 October 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Trust Certificates.

The entry into the Transaction Documents to which it is a party was authorised, by the directors of the Obligor on 14 May 2007.

The entry into the Transaction Documents to which it is a party was approved by the directors of the Guarantor on 17 October 2010.

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 26 October 2012.

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 Obligor in respect of the financial years ended 31 December 2011 and 31 December 2010. The Obligor 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 2011 and 31 December 2010. The Guarantor currently prepares audited consolidated accounts on an annual basis;
- (d) the unaudited condensed consolidated interim financial statements of the Obligor for the six month period ended 30 June 2012 together with any review report prepared in connection therewith and the unaudited condensed consolidated interim financial statements of the Obligor for the nine month period ended 30 September 2012 together with any review report prepared in connection therewith;
- (e) the unaudited condensed consolidated interim financial statements of the Guarantor for the six month period ended 30 June 2012 together with any review report prepared in connection therewith and the unaudited condensed consolidated interim financial statements of the Guarantor for the nine month period ended 30 September 2012 together with any review report prepared in connection therewith;
- (f) most recently published consolidated unaudited interim financial statements (if any) of the Obligor. The Obligor currently prepares unaudited consolidated interim accounts on a quarterly basis;
- (g) 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;
- (h) 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;

- (i) 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;
- (j) a copy of this Base Prospectus; and
- (k) 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.

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 relevant Supplemental Trust Deed.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

There has been no significant change in the financial or trading position of the Obligor and its subsidiaries since 30 September 2012 and there has been no material adverse change in the financial position or prospects of the Obligor and its subsidiaries since 31 December 2011.

There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries since 30 September 2012 and there has been no material adverse change in the financial position or prospects of the Guarantor and its subsidiaries since 31 December 2011.

Litigation

None of the Issuer, the Obligor (or its subsidiaries) or the Guarantor (or its subsidiaries) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, the Obligor or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Obligor (or its subsidiaries) or the Guarantor (or its subsidiaries).

Auditors

The Issuer has not prepared any audited financial statements to date, is not required by Cayman Islands law to do so and does not intend to publish audited financial statements.

The independent auditors of the Obligor are Messrs KPMG, Chartered Accountants, of P.O. Box 3800, Emirates Towers, Sheikh Zayed Road, Dubai, UAE who have audited the Obligor's accounts, without qualification, in accordance with International Standards on Auditing for each of the financial years ended on 31 December 2011 and 31 December 2010. KPMG has also reviewed the Obligor's quarterly financial statements to date for 2012. The auditors of the Obligor have no material interest in the Obligor.

The independent auditors of the Guarantor are Messrs KPMG, Chartered Accountants, of P.O. Box 3800, Emirates Towers, Sheikh Zayed Road, Dubai, UAE who have audited the Guarantor's accounts, without qualification, in accordance with International Standards on Auditing for each of the financial years ended on 31 December 2011 and 31 December 2010. KPMG has also reviewed

the Guarantor's quarterly financial statements to date for 2012. The auditors of the Guarantor have no material interest in the Guarantor.

KPMG is regulated in the UAE by the UAE Ministry of Economy which has issued KPMG with a licence to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, KPMG is not a member of a professional body in the UAE. All of KPMG's audit professionals and partners are members of the institutes from where they received their professional qualification.

Dealers transacting with the Obligor 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 Obligor (and its affiliates) and/or the Guarantor (and its affiliates) in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Obligor, the Guarantor, or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Obligor and the Guarantor routinely hedge their credit exposure to the Obligor and the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Trust Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Trust Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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