IMPORTANT NOTICE

THIS BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the attached base prospectus following this page (the **Base Prospectus**), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Base Prospectus. In reading, accessing or making any other use of the Base Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Base Prospectus, including any modifications made to them from time to time, each time you receive any information from DIB Sukuk Limited (the **Trustee**) and Dubai Islamic Bank PJSC (the **Bank**) as a result of such access.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE TRUST CERTIFICATES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY TRUST CERTIFICATE TO BE ISSUED HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE TRUST CERTIFICATES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**)) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

The Base Prospectus and any offer of the securities described in the Base Prospectus when made are only addressed to and directed at persons in member states of the European Economic Area (**EEA**) who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) (**Qualified Investors**).

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

The distribution in the UK of the Base Prospectus, any final terms and any other marketing materials relating to the securities is being addressed to, or directed at: (A) if the securities are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the securities are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, 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 (all such persons together being referred to as **Relevant Persons**).

The Base Prospectus must not be acted on or relied on (i) in the UK, by persons who are not Relevant Persons, and (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which the Base Prospectus relates is available only to (i)

in the UK, Relevant Persons, and (ii) in any member state of the EEA other than the UK, Qualified Investors, and will be engaged in only with such persons.

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the Trust Certificates described therein, (1) each prospective investor in respect of the Trust Certificates being offered outside of the United States in an offshore transaction pursuant to Regulation S must be outside of the United States and (2) each prospective investor in respect of the securities being offered in the UK must be a Relevant Person. By accepting this e-mail and accessing, reading or making any other use of the Base Prospectus, you shall be deemed to have represented to Dubai Islamic Bank PJSC, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C. and Standard Chartered Bank (the **Dealers**) that (1) you have understood and agree to the terms set out herein, (2) the electronic mail (or e-mail) address to which, pursuant to your request, the attached Base Prospectus has been delivered by electronic transmission is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (3) in respect of the Trust Certificates being offered in the UK, you are (or the person you represent is) a Relevant Person, (4) you consent to delivery by electronic transmission, (5) you will not transmit the 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 consent of the Dealers and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase of any of the Trust Certificates.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the 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 or disclose the contents of the Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received the Base 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 the 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 a Dealer or any affiliate of the relevant Dealer is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the relevant Dealer or such affiliate on behalf of the Trustee 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 Base Prospectus 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 the final prospectus.

The 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 Dealers, the Trustee, the Bank nor any person who controls or is a director, officer, employee or agent of any Dealer, the Trustee, the Bank 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 each Dealer.

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

BASE PROSPECTUS DATED 2 February 2017

بنك دبي الإسلامي
Dubai Islamic Bank

DIB Sukuk Limited

(incorporated in the Cayman Islands with limited liability)

U.S.$5,000,000,000

Trust Certificate Issuance Programme

Under the U.S.$5,000,000,000 trust certificate issuance programme described in this Base Prospectus (the **Programme**), DIB Sukuk Limited (in its capacities as issuer and as trustee, the **Trustee**), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the **Certificates**) in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Series (as defined in the Conditions) of Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 2 February 2017 entered into between the Trustee, Dubai Islamic Bank PJSC (**DIB**) and Deutsche Trustee Company Limited as delegate of the Trustee (the **Delegate**, which expression shall include any co-Delegate or any successor) and (ii) a supplemental trust deed (the **Supplemental Trust Deed** and, together with the Master Trust Deed, each a **Trust Deed**) in relation to the relevant Tranche (as defined in the Conditions). Certificates of each Series confer on the holders of the Certificates from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the **Trust**) over the Trust Assets (as defined below) which will include, *inter alia*, (i) the relevant Portfolio (as defined herein); and (ii) the relevant Transaction Documents (as defined below).

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

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

This Base Prospectus has been approved by the Central Bank of Ireland (the **Irish Central Bank**) as competent authority under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the **Prospectus Directive**). The Irish Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (**EU**) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc for Certificates issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Main Securities Market**). Such approval relates only to the Certificates which are to be admitted to trading on the Main Securities Market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any member state of the European Economic Area (the **EEA**). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (**MiFID**). This Base Prospectus has been approved by the Dubai Financial Services Authority (the **DFSA**) under Rule 2.6 of the DFSA's Markets Rules (the **Markets Rules**) and is therefore an Approved Prospectus for the purposes of Article 14 of the DIFC Law No.1 of 2012 (the **Markets Law**). Application has also been made to the DFSA for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the **DFSA Official List**) maintained by the DFSA and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

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

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

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Trustee and DIB. The DFSA has also not assessed the suitability of the Certificates to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Sharia*-compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Notice of the aggregate face amount of Certificates, the issue price of the Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the **applicable Final Terms**) which will be delivered to the Irish Central Bank and, with respect to Certificates to be listed on the Irish Stock Exchange, the Irish Stock Exchange and, with respect to Certificates to be listed on Nasdaq Dubai, the DFSA and Nasdaq Dubai. Copies of Final Terms in relation to Certificates to be listed on (i) the Irish Stock Exchange will also be published on the website of the Irish Central Bank and (ii) Nasdaq Dubai will also be published on the website of the DFSA .

The Certificates have not been nor will be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) nor with any securities regulatory authority of any state or other jurisdiction of the United States and the Certificates may not be offered or sold 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 (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Accordingly, Certificates may be offered or sold solely to persons who are not U.S. persons (as defined in Regulation S) outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

DIB has been assigned long term ratings of "A" by Fitch Ratings Limited (**Fitch**) with a "stable" outlook and "Baa1" by Moody's Investors Service Cyprus Ltd. (**Moody's**) with a "positive" outlook. The United Arab Emirates has been assigned a credit rating of "Aa2" with a "negative" outlook by Moody's Investors Service Singapore Pte. Ltd. Moody's Investors Service Singapore Pte. Ltd. is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The rating has been endorsed by Moody's Investors Service Limited in accordance with the CRA Regulation. Each of Fitch, Moody's and Moody's Investors Service Limited is established in the European Union and is registered under the CRA Regulation. As such, each of Fitch, Moody's and Moody's Investors Service Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A Series to be issued under the Programme may be rated or unrated. Where a Series is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Fatwa and Sharia Supervisory Board of DIB, The Executive Shariah Committee of HSBC Saudi Arabia Ltd and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Sharia* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Sharia* principles.

Arrangers and Dealers

Dubai Islamic Bank | **HSBC**

National Bank of Abu Dhabi P.J.S.C. | **Standard Chartered Bank**

The date of this Base Prospectus is 2 February 2017.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Prospectus Directive. This Base Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules.

Each of the Trustee and DIB accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche issued under the Programme. To the best of the knowledge of each of the Trustee and DIB (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.

Certain information under the headings "*Risk Factors*", "*Description of Dubai Islamic Bank PJSC*", "*Overview of the United Arab Emirates*" and "*The United Arab Emirates Banking Sector and Regulations*" has been extracted from information provided by: (i) Colliers International, in the case of "*Risk Factors*"; (ii) the UAE and Dubai governments, and the UAE Central Bank (the **Central Bank**), in the case of "*Description of Dubai Islamic Bank PJSC*"; (iii) the UAE Federal Competitiveness and Statistics Authority (formerly the UAE National Bureau of Statistics), the International Monetary Fund (**IMF**), the Organisation of Oil Exporting Countries (**OPEC**), the Central Bank, and the UAE and Dubai governments, in the case of "*Overview of the United Arab Emirates*"; and (iv) the Abu Dhabi Securities Exchange, the Dubai Financial Market and the Central Bank, in the case of "*The United Arab Emirates Banking Sector and Regulations*", and, in each case, the relevant source of such information is specified where it appears under those headings.

Each of the Trustee and DIB confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms.

No person is or has been authorised by the Trustee or DIB to give any information or to make any representation not contained in or not consistent with this Base Prospectus in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, DIB, the Dealers (as defined under "*Overview of the Programme*"), the Delegate, the Agents (each as defined herein) or any other person. Neither the delivery of this document nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of 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 Trustee or DIB at any point, including during the life of the Programme, or to advise any investor in Certificates issued under the Programme of any information coming to their attention.

None of the Dealers, the Delegate or the Agents has 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 any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by DIB in connection with the Programme.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF CERTIFICATES GENERALLY

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates is (i) intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Trustee, DIB, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and DIB. None of the Dealers, the Trustee, the Delegate or the Agents accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and DIB in connection with the Programme.

The Certificates of any Series may not be a suitable investment for all investors. Each potential investor in Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any applicable supplement;

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

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

(d) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and

(e) is able to evaluate 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 (1) Certificates are legal investments for it, (2) Certificates can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, DIB, the Dealers, the Delegate or the Agents represents that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, DIB, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any

jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA (including the United Kingdom), the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar, Singapore, Hong Kong, Malaysia and the People's Republic of China, see "*Subscription and Sale*".

This Base Prospectus has been prepared on a basis that would permit an offer of Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Certificates in any Member State of the EEA (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Certificates. Accordingly any person making or intending to make an offer of Certificates in that Relevant Member State may only do so in circumstances in which no obligation arises for the Trustee, DIB 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, in each case, in relation to such offer. None of the Trustee, DIB or any Dealer have authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Trustee, DIB or any Dealer to publish or supplement a prospectus for such offer.

None of the Dealers, the Trustee, DIB or the Delegate makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

The financial statements relating to DIB included in this document are as follows:

- audited consolidated financial statements as at and for the financial year ended 31 December 2016 (the **2016 Financial Statements**); and
- audited consolidated financial statements as at and for the financial year ended 31 December 2015 (the **2015 Financial Statements** and, together with the 2016 Financial Statements, the **Financial Statements**).

DIB's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. Each of the Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (the **IASB**). The Financial Statements have been audited in accordance with International Standards on Auditing by KPMG Lower Gulf Limited, without qualification as stated in their reports appearing therein.

DIB publishes its financial statements in UAE dirham.

PRESENTATION OF UAE STATISTICAL INFORMATION

The statistical information in the section entitled "*Overview of the United Arab Emirates*" has been accurately reproduced from a number of different identified sources. All statistical information provided in that section may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. GDP data is not final and may be subject to revision in future periods and certain other historical GDP data set out in that section may also be subject to future adjustment.

PRESENTATION OF OTHER INFORMATION

In this document, references to:

- **Group** are to DIB and its consolidated subsidiaries and associates taken as a whole;
- **Abu Dhabi** and **Dubai** are to the Emirate of Abu Dhabi and the Emirate of Dubai, respectively;
- the **UAE** are to the United Arab Emirates;
- the **GCC** are to the Gulf Co-operation Council;
- the **MENA region** are to the Middle East and North Africa region;
- **U.S.$**, **USD** or **U.S. dollars** are to the lawful currency of the United States;
- **euro** and **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **dirham**, **UAE Dirham** and **AED** are to the lawful currency of the UAE and references to **fil** are to the sub-unit of the dirham;
- **CNY, Renminbi** and **RMB** are to the lawful currency of the People's Republic of China (**PRC**) which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan; and
- a **billion** are to a thousand million.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00. All U.S.$ translations of dirham amounts appearing in this Base Prospectus have been translated at this fixed exchange rate. Such

translations should not be construed as representations that dirham amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments. For the purposes of calculating certain figures and percentages, the underlying numbers used have been extracted from the relevant financial statements rather than the rounded numbers contained in the Base Prospectus. Accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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

Information contained in any website referred to herein does not form part of this Base Prospectus.

ALTERNATIVE PERFORMANCE MEASURES

A number of the financial measures presented by DIB in this Base Prospectus are not defined in the IFRS accounting standards. However, DIB believes that these measures provide useful supplementary information to both investors and DIB's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined in the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined in the IFRS and not included in DIB's financial statements incorporated by reference into this Base Prospectus:

- provision coverage ratio: provision for impairment / non-performing investing and financing assets;
- overall coverage ratio: aggregate of provision for impairment and discounted value of collateral / non-performing investing and financing assets;
- impaired ratio: impaired financing and investing assets / gross financing and investing assets, and investments in bilateral sukuk;
- return on equity: net profit attributable to equity holders / average shareholders' equity;
- return on assets: net profit for the group / average total assets;
- cost to income ratio: total operating expenses / net income;
- net profit margin: net funded income (gross income from financing and investing transactions less depositors and sukuk holders' share of profit) / average earning assets (aggregate of financing and investing assets, investment in Islamic sukuk, due from banks and financial institutions and international murabaha with Central Bank); and
- financing / customer deposits: net Islamic financing and investing assets / customer deposits.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, DIB, the Arrangers, the Delegate, the Agents or the Dealers, or any of their

respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning DIB's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of Dubai Islamic Bank PJSC*" and other sections of this Base Prospectus. DIB has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although DIB believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which DIB has otherwise identified in this Base Prospectus, or if any of DIB's underlying assumptions prove to be incomplete or inaccurate, DIB's actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Description of Dubai Islamic Bank PJSC*" and "*The United Arab Emirates Banking Sector and Regulations*", which include a more detailed description of the factors that might have an impact on DIB's business development and on the industry sector in which DIB operates.

The risks and uncertainties referred to above include:

- macro-economic and financial market conditions and, in particular, the global financial crisis;
- credit risks, including the impact of a higher level of credit defaults arising from adverse economic conditions (in particular in relation to the real estate sector), the impact of provisions and impairments and concentration of DIB's portfolio of Islamic financing and investing assets;
- liquidity risks, including the inability of DIB to meet its contractual and contingent cash flow obligations or the inability to fund its operations; and
- changes in profit rates and other market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

These forward-looking statements speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws, DIB expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based. Given the uncertainties of forward-looking statements, DIB cannot assure potential investors that projected results or events will be achieved and DIB cautions potential investors not to place undue reliance on these statements.

NOTICE TO UK RESIDENTS

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

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the

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

Potential investors in the United Kingdom in any Certificates which are not 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 Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

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

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

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

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 the Certificates under the laws of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of person set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia (*CMSA*), as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or DIB and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF CERTIFICATES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT CERTIFICATES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF THE CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF THE CERTIFICATES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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RISK FACTORS

The purchase of any Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Base Prospectus.

Each of the Trustee and DIB believes that the factors described below represent the principal risks inherent in investing in Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and none of the Trustee or DIB represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or DIB or which the Trustee or DIB currently deems immaterial, that may impact any investment in Certificates.

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 "Structure Diagram and Cashflows", "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.

FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME

The Trustee will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Certificates, including its right to receive payments under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates of each Series will primarily be dependent upon receipt by the Trustee of all amounts due from DIB under the relevant Transaction Documents. Therefore the Trustee is subject to all the risks to which DIB is subject to the extent that such risks could limit DIB's ability to satisfy in full and on a timely basis their respective obligations under the Transaction Documents to which they are a party. See "*Risks Relating to DIB*" below for a further description of these risks.

FACTORS THAT MAY AFFECT DIB'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY

Risks Relating to DIB

General

Investors should note that DIB is a UAE company and is incorporated in, and has its operations and the majority of its assets located in, the UAE. Accordingly, DIB may not have sufficient assets located outside the UAE to satisfy in whole or part any judgment obtained from a foreign court relating to amounts owing under the Certificates. If investors were to seek enforcement of a foreign judgment in the UAE or to bring proceedings in relation to the Certificates in the UAE, then certain limitations would apply (see "– *Risks relating to enforcement*").

Majority of business in the UAE

As at 31 December 2016, approximately 89 per cent. of DIB's assets were located in the UAE and accordingly its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

The UAE and Middle East markets, being emerging markets, are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves

whether, in light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

Political, economic and related considerations

DIB's business is, and will continue to be, affected by economic and political developments in or affecting the UAE and the Middle East and North Africa (**MENA**) region and investors' reactions to developments in one country may affect securities of issuers in other markets, including the UAE. As at 31 December 2016, approximately 89 per cent. of DIB's operations and assets were located in the UAE, with a particular focus on Dubai. In the period between 2008 and 2012, there was 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 and to a lesser extent in Abu Dhabi. Consequently, certain sectors of the GCC economy, such as financial institutions, that had benefitted from previous high rates of growth, were materially adversely affected during that period. The IMF estimates in its October 2016 World Economic Outlook Database that many countries within the GCC also experienced a slowdown in their rates of growth in 2016. Given that DIB has the majority of its operations in the UAE, its operations have previously been and may continue to be affected by economic and political developments impacting the UAE, in particular, the level of economic activity in the UAE, see "– *Financial performance is affected by general economic conditions*".

Although Dubai and the UAE enjoy domestic political stability and generally healthy international relations, as they are located in the MENA region, there is a risk that regional geopolitical instability could impact them. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Iran, Iraq, Libya, Oman, Saudi Arabia, Syria, Tunisia, Turkey and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and has given rise to increased political uncertainty across the region. In addition, DIB's wholly-owned subsidiary, DIB Pakistan Ltd., and its associate, the Bank of Khartoum, are, in common with all other industries in the Islamic Republic of Pakistan and Sudan, respectively, affected by the ongoing political uncertainty and civil unrest in those countries. Whilst DIB's business has not been directly impacted by any political unrest to date, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that DIB would be able to sustain its current profit levels if adverse political events or circumstances were to occur in the UAE or any other country in which it had material operations at the time.

As at the date of this Base Prospectus, the prevailing macroeconomic climate has prompted reduced fiscal budgets and public spending plans for in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices (which were approximately 50 per cent. lower in December 2016 as compared to June 2014, according to the monthly OPEC basket price of oil), the effects of the risks posed by an economic downturn in emerging markets generally, and the PRC in particular, and the broader impact this may have on global debt and equity markets, and the current uncertainty surrounding levels of interest rates across global markets (including the decision of the U.S. Federal Reserve in December 2015 to raise interest rates for the first time since 2006, followed by a second increase in December 2016). These challenging market conditions have resulted, at times, in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. DIB could be adversely affected in the future by any deterioration of general economic conditions in the markets in which it operates, as well as by United States, European and international trading market conditions and/or related factors.

Investors should also note that DIB's business and financial performance could be adversely affected by political, economic or related developments both within and outside the MENA region because of interrelationships within the global financial markets.

The economic and/or political factors which could adversely affect DIB's business, financial condition, results of operations and prospects include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;

- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- a material increase in costs of funds in the UAE resulting from a material reduction in liquidity in the UAE financial markets;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- an increase in inflation and the cost of living;
- cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use and foreign ownership;
- arbitrary, inconsistent or unlawful government action;
- changing tax regimes, including the imposition of taxes in tax favourable jurisdictions such as the UAE;
- difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones; and
- inability to repatriate profits or dividends.

There can be no assurance that either the economic performance of, or political stability in, the countries in which DIB currently operates, or may in the future operate, can or will be sustained. To the extent that economic growth or performance in these countries or the MENA region as a whole slows or begins to decline, or political conditions deteriorate materially in any of those countries, DIB's business, financial condition, results of operations and prospects may be adversely affected.

Financial performance is affected by general economic conditions

Risks arising from changes in credit quality and the recoverability of amounts due from customers and counterparties are inherent in banking and financial institution businesses. In common with other banks and financial institutions in the GCC region, DIB suffered a deterioration in its financing portfolio (in DIB's case between 2008 and 2012), principally manifested in the form of increases in the level of non-performing financings as a result of such adverse economic conditions (see "– *Business Risks – Credit risk*"). As at 31 December 2016, approximately 89 per cent. of DIB's assets were in the UAE and, consequently, its operations have been and may continue to be affected by economic developments impacting the UAE, in particular, the level of economic activity in the UAE. Moreover, while the UAE federal government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. Traditionally, the oil and gas industry has been the basis of the development in the GCC regional economy, which means that economic development has been impacted by the general level of oil and gas prices.

DIB uses different hedging strategies to minimise risk, including collateral and insurance (*Takaful*) that are intended to bring the credit risk level to within its strategy and risk appetite. However, there can be no guarantee that such measures will continue to eliminate or reduce such risks and, consequently, DIB's business, financial condition, results of operations and prospects may be adversely affected.

Impact of regulatory changes

DIB is subject to the laws, regulations, administrative actions and policies of the UAE and each other jurisdiction in which it operates. These regulations may limit DIB's activities and changes in supervision and regulation, particularly within the UAE, could affect DIB's business, the products or services offered,

the value of its assets and its financial condition. In particular, DIB has been and expects to continue implementing both Basel II and Basel III related guidelines issued by the Central Bank. No assurance can be given that the UAE federal government (or the government of any other jurisdiction in which DIB operates) will not implement regulations, fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on DIB's business, reputation, financial condition, results of operations and prospects and thereby affect its ability to make payments in respect of any Certificates.

Business Risks

Risk is inherent in DIB's activities but is managed through a process of ongoing identification, measurement and monitoring, the imposition of risk limits and other controls. DIB is exposed to a number of business-related risks including credit risk, market risk (which can be subdivided into trading and non-trading risks), liquidity risk and legal and operational risk. Any failure by DIB to manage and/or mitigate such risks and/or predict unexpected market events that are beyond the control of DIB could have an adverse effect on its business, financial condition, results of operations and prospects and, consequently, its ability to fulfil its obligations under the Transaction Documents.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and is inherent in a wide range of DIB's businesses. Credit risks could arise from a deterioration in the credit quality of specific counterparties of DIB, from a general deterioration in local or global economic conditions or from systemic risks with the financial system, all of which could affect the recoverability and value of DIB's assets and require an increase in DIB's provisions for the impairment of its assets and other credit exposures which could have a material adverse effect on DIB's business, financial condition, results of operations and prospects.

DIB attempts to control credit risk by implementing a credit risk strategy, monitoring credit exposures (in particular, in relation to those counterparties falling within higher risk rating bands), limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. In addition to monitoring credit limits, DIB manages the credit exposure relating to its trading activities by entering into collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure.

DIB has also established a credit quality review process intended to identify at an early stage any possible changes in the creditworthiness of its counterparties. Counterparty limits are established by the use of a credit risk classification system (see "*Description of Dubai Islamic Bank PJSC – Risk Management*"), which assigns each counterparty a risk rating. Such risk ratings are subject to regular revision. The credit quality review process allows DIB to assess any potential loss as a result of the risks to which they are exposed. However, there can be no assurance that such measures will continue to eliminate or reduce credit risk and, should any of these measures fail to operate as intended, DIB's business, financial condition, results of operations and prospects may be adversely affected.

See also "*– DIB's business is subject to concentration risk*" for a description of certain credit risks arising from a concentration of DIB's counterparties in certain economic sectors and, geographically, within the UAE.

Market risk

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. DIB's management of market risk is designed to limit the amount of potential losses on open positions which may arise due to unforeseen changes in profit rates, foreign exchange rates or equity prices. DIB uses appropriate models, in accordance with standard market practice, for the valuation of its positions and receives regular market information in order to regulate its market risk. DIB's policies and procedures and its trading limits are set to ensure the implementation of DIB's market risk policy in its day-to-day operations and such operations are reviewed periodically to ensure compliance with internal policies. However, there can be no assurance that such measures will

continue to eliminate or reduce market risk and, should any of these measures fail to operate as intended, DIB's business, financial condition, results of operations and prospects may be adversely affected.

Liquidity risk

Liquidity risk is the risk that DIB may be unable to meet its payment obligations when they fall due under normal and stressed circumstances. Liquidity risks could arise from the inability of DIB to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on DIB's ability to meet its obligations when they fall due. As is the normal practice in the UAE banking industry, DIB accepts deposits from its customers which are short-term in nature. However, it is also normal in the UAE banking industry for these short-term deposits to be rolled over on their maturity such that, in practice, a significant portion of them have actual maturities of longer duration. By contrast, DIB's financings have more diversified maturities. Accordingly, there is a risk that, if a significant number of DIB's customers did not choose to roll over their deposits at any time, DIB could experience difficulties in repaying those deposits. In addition, DIB only has limited *Sharia*-compliant products that could be used for short-term liquidity management.

An inability on DIB's part to access funds or to access the markets from which it raises funds may lead to DIB being unable to finance its operations adequately. A dislocated credit environment compounds the risk that DIB will not be able to access funds on favourable commercial terms (including profit payable thereon) (see "– *Political, economic and related considerations*"). These and other factors could also lead creditors to form a negative view of DIB's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds.

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

All of the above-mentioned factors relating to liquidity risk could have an adverse effect on DIB's business, financial condition, results of operations and prospects.

Legal and operational risk

Legal risk is the risk of losses occurring due to legal or regulatory action that invalidates or otherwise precludes performance by DIB or any of its respective counterparties under the terms of its contractual agreements. Additionally, DIB may face certain legal risks from private actions brought against it. DIB seeks to mitigate this risk through the use of properly reviewed standardised documentation and obtaining appropriate legal advice in relation to its non-standard documentation. However, generally, as a participant in the regulated financial services industry, it is likely that DIB may experience, from time to time, a level of litigation and regulatory scrutiny related to its businesses and operations which may, if adversely determined, have an impact on DIB's business, reputation, financial condition, results of operations and prospects.

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 or conduct of business rules, failure of internal systems, equipment and external systems (including those of DIB's respective counterparties or vendors) and the occurrence of natural disasters. DIB has developed a detailed operational risk framework which clearly defines the roles and responsibilities of individuals and units across different functions of DIB that are involved in performing various operational risk management tasks. The operational risk management framework established by DIB is also aimed at ensuring that operational risks within those areas are properly identified, monitored, managed and reported. DIB will, when appropriate, insure itself against operational risks. Notwithstanding insurance against operational risks, DIB might nonetheless be subject to losses arising from operational risk as a result of inadequate insurance coverage and delays in claim settlement.

There can be no assurance that such measures will continue to eliminate or reduce legal and operational risk and, should any of these measures fail to operate as intended, DIB's business, financial condition, results of operations and prospects may be adversely affected.

Competition

DIB faces competition in all of its business areas from locally incorporated and foreign banks operating in the UAE. DIB also faces competition from both Islamic banks and conventional banks. According to the Central Bank, there were, as at 30 September 2016, 49 different banks (comprising 23 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE (excluding the Dubai International Financial Centre). There are also an increasing number of institutions offering Islamic financial products and services within the UAE. As at 31 December 2016, there were seven Islamic banks, in addition to a number of other financial institutions, offering Islamic products and solutions. Other financial institutions may also consider offering *Sharia*-compliant products in the future.

The financial institutions market in the UAE has generally been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation, the GCC or any other similar entities, this would likely lead to a more competitive environment for DIB and other domestic financial institutions and could have an adverse effect on DIB's business, financial condition, results of operations and prospects.

Any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham at a fixed exchange rate to the U.S. dollar will expose DIB to U.S. dollar foreign exchange movements against the UAE dirham

DIB maintains its accounts, and reports its results, in UAE dirham. The UAE dirham has been 'pegged' at a fixed exchange rate to the U.S. dollar since 22 November 1980. However, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects DIB's results of operations and financial condition. Any such de-pegging, particularly if the UAE dirham weakens against the U.S. dollar, could have an adverse effect on DIB's business, results of operations, financial condition and prospects.

Dependence on key personnel

DIB's operations depend, in part, on the continued service of senior executives and other qualified personnel as well as its ability to recruit and retain skilled employees. The competition for such employees, especially at the senior management level, in the UAE is intense due to a disproportionately low number of available qualified and/or experienced individuals compared to current demand. If it were unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have a material adverse effect on the operations of DIB. The loss of any member of the senior management team may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives. These adverse results could, among other things, reduce potential revenue, which could adversely affect DIB's business, reputation, financial condition, results of operations and prospects.

9/11 Litigation

In 2003, DIB was named as a defendant in eight civil lawsuits filed in various federal district courts in the United States that relate to the terrorist attacks on 11 September 2001. The plaintiffs in these lawsuits include victims of the terrorist attacks, the families or estates of deceased victims, the leaseholders of the World Trade Center properties, and certain insurance companies that suffered losses as a result of the attacks. In total, the lawsuits named over 520 defendants. The defendants included, among other entities and organisations, Islamic charities, other major financial institutions in the Middle East (including National Commercial Bank, Al Rajhi Bank, Arab Bank plc and Samba), and individuals, including members of the royal family of the Kingdom of Saudi Arabia. The complaints filed in these lawsuits made substantially identical allegations against DIB, including that DIB provided material support and assistance to Al Qaeda and that all defendants knew or should have known they were providing material support, aiding and

abetting, and enabling the terrorists that perpetrated the attacks. The plaintiffs have not enumerated all of their alleged damages that they are seeking to recover in these cases.

In December 2003, the United States Judicial Panel on Multi-District Litigation consolidated the actions against DIB and the other defendants and transferred those actions to the Federal District Court in the Southern District of New York (the **New York Federal Court**). In May 2005, DIB filed a motion to dismiss all eight actions with the New York Federal Court. In June 2010, the New York Federal Court denied DIB's motion to dismiss due to the allegations by the plaintiffs that DIB intentionally and knowingly provided support to Al Qaeda.

Subsequently, the plaintiffs in two of the civil lawsuits against DIB have abandoned their claims against DIB (one in August 2010 and the other in March 2011). Six civil lawsuits against DIB remain pending as of the date of this Base Prospectus. DIB is currently in the discovery phase of this litigation. During the first part of the discovery phase, the document discovery phase, the parties exchanged relevant documents (the documentary discovery process having been completed by DIB in late 2012) and this document discovery phase concluded on 15 December 2014. However, the document discovery phase was subsequently extended as the plaintiffs then asked for further documentation, and DIB is currently in the process of providing this further documentation. The current extension to the document discovery phase is due to end in March 2017. The next step is the deposition phase where the parties identify and take testimony of relevant witnesses in depositions under oath. Once discovery is completed, DIB can seek its dismissal from all of the civil lawsuits by moving for summary judgment. To obtain such summary judgment, DIB must show that it is entitled to dismissal because the evidence uncovered during discovery would not permit a fact finder to hold DIB liable for damages.

In addition to the civil lawsuits mentioned above, DIB has recently been made aware of five additional civil lawsuits under the Justice Against Sponsors of Terrorism Act (JASTA) relating to the terrorist attacks on 11 September 2001, where DIB understands it is being named as a co-defendant. However, DIB has not formally been served with any details of the clams but expects that the basis of any such claims will be as is set out above.

DIB believes that it has meritorious defences to these claims, has defended itself and intends to continue to defend itself vigorously. No provision has been made in respect of any outstanding 9/11 legal proceedings against DIB as professional advice indicates that it is unlikely that any significant or material costs or loss, other than legal costs in connection with the defence, are expected to be incurred, although U.S. litigation is by its nature uncertain and it is therefore not always possible to accurately predict any outcome in terms of withdrawals, dismissal or ultimate liability.

Adverse publicity in relation to the 9/11 claims could affect DIB's reputation, particularly outside the UAE. In addition, if such claims, either in aggregate or individually, were to be successful, and substantial damages and/or penalties were to be assessed against DIB, these could have a material adverse effect on DIB's business, results of operations, financial condition and prospects.

Plantation Holdings Litigation

In a number of transactions over a period of time, a group of financiers (including DIB) extended financing amounting to approximately U.S.$501 million to a German company, CCH GmbH (**CCH**), and other related entities (together, the **Customers**). In 2007, the Customers entered into a restructuring agreement with the financiers (including DIB) to settle the outstanding financing. As part of this restructuring, certain assets and rights held by Plantation Holdings (FZ) LLC (**Plantation Holdings**), a company based in Dubai which is part-owned by one of the principal Customers, were offered to the financiers (including DIB) as security for the outstanding financing. In 2008, the financiers (including DIB) determined there had been a breach of the restructuring agreement by the Customers and exercised their respective rights of enforcement against such security. In 2013, pursuant to the enforcement provisions in the restructuring agreement, DIB (on behalf of the financiers) was successful in obtaining an English high court judgment against the Customers for an amount of U.S.$432 million (being the outstanding amount of the financing). In 2015, two members of the Customer group applied to the Court of Appeal for permission to appeal the English high court judgment. Following the Court of Appeal's consideration and ultimate dismissal of these applications, the English high court judgment became final in January 2017.

In April 2014, Plantation Holdings filed a separate claim against DIB claiming damages of U.S.$2 billion. Under this separate claim, Plantation Holdings alleged that, among other matters (i) DIB had incorrectly declared an event of default against Plantation Holdings pursuant to the restructuring agreement and (ii) DIB's purported exercise of its rights of enforcement against the security had resulted in certain losses to Plantation Holdings. In April 2014, Plantation Holdings applied to the English high court for summary judgment in respect of its claim and this summary judgment application was dismissed in February 2015. Subsequently, Plantation Holdings decided to take its claim to full trial. Trial hearings commenced in October 2016 and concluded in December 2016. The judgment is expected in March 2017.

If judgment in favour of Plantation Holdings were to be granted, and substantial damages were to be assessed against DIB, these could have a material adverse effect on DIB's business, results of operations, financial condition and prospects.

DIB's business may be influenced by a principal beneficial shareholder

DIB's principal beneficial shareholder is the Government of Dubai, holding 28.3 per cent. of DIB's share capital as at 31 December 2016. By virtue of this shareholding, the Government of Dubai has the ability to influence DIB's business significantly through its ability to control certain actions that require shareholder approval. If circumstances were to arise where the interests of the Government of Dubai or any future major shareholder conflicts with the interests of the Certificateholders, Certificateholders could be disadvantaged by any such conflict.

DIB's business is influenced by growth in its portfolio of Islamic financing and investing assets

DIB's Islamic financing and investing assets and investments in bilateral *sukuk* after netting of impairment provisions, have grown from AED 54.8 billion (U.S.$14.9 billion) as at 31 December 2011 to AED 118.2 billion (U.S.$32.2 billion) as at 31 December 2016.

The increase in DIB's Islamic financing and investing assets portfolio size during this period has increased its credit exposure. In addition, DIB's strategy of continuing to grow its core banking activities organically within the UAE by offering a wider range of products (in particular in relation to its retail businesses) may also increase the credit risk exposure in DIB's Islamic financing and investing assets portfolio. Whilst DIB has adopted a more prudent and risk averse strategy in respect of new financings since late 2008 (by running-off its corporate real estate portfolio), any failure to manage growth and development successfully and to maintain the quality of its assets could have an adverse effect on DIB's business, financial condition, results of operations and prospects.

DIB's business is subject to concentration risk

Concentrations in DIB's financing and deposit portfolios subject it to risks of default by its larger customers, from exposure to particular sectors of the UAE economy that may underperform and from withdrawal of large deposits. DIB's financing and deposit portfolios show country, industry and customer concentrations.

DIB's Islamic financing and investing assets are concentrated, geographically, in the UAE, where certain industry sectors (including the real estate sector) and certain regions (including Dubai) have been more significantly affected than others by the global financial crisis that commenced in early 2008. See "*– Real estate exposure*" below for a description of the principal risks relating to the Dubai real estate sector. In addition, the composition of DIB's financing portfolio will change from time to time and, in some circumstances, the portfolio may contain a concentration of exposure to particular industries or sectors, government entities, government-related entities or individuals (see further "*Description of Dubai Islamic Bank PJSC – Credit Risk – Portfolio Concentrations*").

DIB's consolidated portfolio of Islamic financing and investing assets, net of impairment provisions, constituted 66 per cent. of its consolidated total assets, or AED 115.0 billion (U.S.$31.3 billion), as at 31 December 2016. Of such total portfolio, as at 31 December 2016, nearly 93.9 per cent. of DIB's Islamic financing and investing assets were situated in the UAE.

DIB's customers' deposits constituted 82.9 per cent. of its total liabilities, or AED 122.4 billion (U.S.$33.3 billion), as at 31 December 2016, of which the majority were located in the UAE. As a result of the concentration of DIB's portfolio of Islamic financing and investment assets and customer deposit base in the

UAE, any deterioration in general economic conditions in the UAE or any failure by DIB to manage effectively its risk concentrations could have an adverse effect on its business, financial condition, results of operations and prospects (see further "– *Political, economic and related considerations*").

Real estate exposure

Real estate exposure risk is the credit risk associated with providing financing to customers for the purpose of acquiring real estate, either for their own use or for investment, as well as where financing to the client is secured by real estate as collateral. Any downturn in the real estate market or default of DIB's main real estate-related clients could have a material adverse effect on DIB's business, reputation, financial condition, results of operations and prospects. While DIB seeks to manage this risk through its credit risk policies and procedures, including the carrying out of due diligence and the establishment of concentration limits, there is no guarantee that this will be successful.

As at 31 December 2016, the Group's gross financing exposure (that is to say, before taking into account collateral held or other credit enhancements) to the commercial real estate and home financing sectors was 16.3 per cent. and 10.9 per cent., respectively. As at 31 December 2015, 18.6 per cent. and 12.9 per cent. of the Group's gross Islamic financing and investing assets comprised financings made to the real estate and consumer home finance sectors, respectively.

DIB is exposed to the consumer home finance sector both directly and through its subsidiary, Tamweel P.J.S.C. (**Tamweel**), whose core business is the provision of *Sharia*-compliant home financing solutions within the UAE. Tamweel's Islamic financing and investing assets are concentrated in the UAE residential financing sector and, accordingly, Tamweel's Islamic financing and investing assets are concentrated both geographically and by industry sector. As at 31 December 2016, DIB owned 92 per cent. of Tamweel's issued share capital.

Following the financial crisis in 2008, the Dubai real estate market witnessed a recovery with the overall quarterly Dubai House Price Index increasing to 167 points in the first quarter of 2015 from 149 points in the third quarter of 2013, an increase of 10.8 per cent., according to Colliers International (a global real estate company offering services to investors, property owners, tenants and developers around the world). Between the first quarter of 2015 and the first quarter of 2016, however, the Dubai House Price Index decreased from 167 to 144. Market regulations have also been strengthened in an attempt to mitigate the risk of a repeat of Dubai's real estate market crisis. The Group continues to have a portion of its financing assets within the real estate sector and any significant fluctuations in this sector may have a material adverse effect on DIB's business, financial condition, results of operations and prospects. A real estate correction or default in DIB's main real estate-related clients, may have a material adverse effect on DIB's business, financial condition, results of operations and prospects.

Technology risk

Banks, including DIB, rely on technology. External attacks on banks' information technology systems, and those of their clients, have become increasingly common in the GCC and worldwide. DIB continues to invest in resources to mitigate this risk, including business continuity and recovery planning. Notwithstanding this, the risk of an existing system, new system or user acceptance test, failing, or successful cyber or similar attacks taking place, remains and, should the policies and systems DIB has put in place prove ineffective, this could have a material adverse effect on DIB's business, reputation, financial condition, results of operations and prospects.

DIB's ratings are subject to change

DIB is currently rated A by Fitch, Baa1 by Moody's and A/A1 by Islamic International Rating Agency (**IIRA**). All three rating agencies have affirmed DIB's ratings at the current levels, with a "Stable" outlook in the case of Fitch and IIRA and a "Positive" outlook in the case of Moody's. However, investors should be aware that any negative movement is likely to make it more expensive for DIB to raise financing in the future which could have an adverse effect on its business, financial condition, results of operations and prospects and could adversely affect the price at which the Certificates are traded in the secondary market.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME

Risks relating to the Assets

Ownership of the Assets

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

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Assets comprised within any Portfolio. Such Assets will be selected by DIB and the Certificateholders, the Trustee and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from DIB in respect of the Assets of any Series. In particular, the precise terms of the Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by DIB to give effect to the transfer of the Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee or obligor in respect thereof.

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

Transfer of the Assets

No investigation has been or will be made as to whether any interest in any Assets may be transferred as a matter of the law governing the contracts (if any) underlying such Assets, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Purchase Contract will have the effect of transferring an interest in the relevant Assets.

However, DIB has covenanted in the Purchase Undertaking and the Master Trust Deed that to the extent that any transfer of any of the Assets is not valid or effective in any jurisdiction for any reason, and as a result the Trustee does not receive in full the Exercise Price due under the Purchase Undertaking, in addition to any other rights of the Trustee, it will fully indemnify the Trustee for the purpose of redemption in full or in part, as the case may be, of the Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price.

DIB has agreed under the terms of the Transaction Documents (other than the Master Purchase Agreement and the Sale Undertaking) to submit to the jurisdiction of, at the option of the Delegate, the courts of England or the courts of the Dubai International Financial Centre (the **DIFC Courts**) in respect of any dispute, claim, difference or controversy arising out of or in connection with the Master Trust Deed, subject to the right of 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**) came into force in the Emirate of Dubai on 31 October 2011 and extended 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 such parties are unconnected to the DIFC. None of DIB, the Trustee or the Delegate are connected to the Dubai International Financial Centre (the **DIFC**).

If DIB fails to purchase the Assets in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 14 and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed

against DIB by commencing proceedings in the DIFC Courts. The DIFC Courts should respect the choice of English law as the governing law of the Purchase Undertaking and the Master Trust Deed.

Under Article 7 of Law No. 16 of 2011, any final and unappealable judgment, order or award made by the DIFC Courts in favour of the Delegate (on behalf of the Certificateholders) must, upon application by the Delegate to the Dubai Court of Execution, be enforced against DIB by the Dubai Court of Execution without that court being able to reconsider the merits of the case.

Investors should note however that, as at the date of this Base Prospectus, Law No. 16 of 2011 remains relatively untested and there is therefore no certainty 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 any party is unconnected to the DIFC.

Risks Relating to the Certificates

The Certificates are limited recourse obligations

Certificates to be issued under the Programme are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the relevant Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders of the relevant Series will be against DIB to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee or DIB in respect of any shortfall in the expected amounts due under the relevant Trust Assets. DIB is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have direct recourse against DIB to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no direct recourse to DIB and there is no assurance that the net proceeds of the realisation of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing DIB's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realising the rights in respect of the Trust Assets of a Series (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 4.2, the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents (which includes the Purchase Undertaking). The sole right of the Trustee, the Delegate and the Certificateholders against DIB shall be to enforce the obligation of DIB to perform its obligations under the Transaction Documents to which it is a party.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of those Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the relevant Certificates and the financial and other risks associated with an investment in the relevant Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Application has been made for the listing of certain Series to be issued under the Programme on the Irish Stock Exchange and/or Nasdaq Dubai, as the case may be, but there can be no assurance that any such listing will occur or will enhance the liquidity of the Certificates of the relevant Series.

The Certificates may be subject to early redemption

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

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

Risks relating to Certificates denominated in Renminbi

A description of risks which may be relevant to an investor in Certificates denominated in Renminbi (**Renminbi Certificates**) are set out below.

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

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

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

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

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Trustee to source Renminbi to finance its obligations under Certificates denominated in Renminbi.

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

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

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

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

Investment in the Renminbi Certificates is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Trustee will make all payments of profit and dissolution amounts with respect to the Renminbi Certificates in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment made by a holder of the Renminbi Certificates in U.S. dollar or other applicable foreign currency will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of RMB Inconvertibility, RMB Non-transferability or RMB Illiquidity (as defined in the Conditions), the Trustee is unable, or it is impractical for it, to pay profit or any dissolution amount in Renminbi, the Conditions allow the Trustee to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Certificateholder's investment in U.S. dollar or other foreign currency terms will decline.

Payments with respect to the Renminbi Certificates may be made only in the manner designated in the Renminbi Certificates

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

All payments to investors in respect of the Renminbi Certificates will be made solely (i) for so long as the Renminbi Certificates are represented by global certificates held with the common depositary for Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V. or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or (ii) for so long as the Renminbi Certificates are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, the Trustee cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

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

In considering whether to invest in the Renminbi Certificates, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Certificateholder's

investment in the Renminbi Certificates may be materially and adversely affected if the Certificateholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Certificates.

Risk factors relating to enforcement

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Dubai

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

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

The parties to the Transaction Documents have agreed to refer any unresolved dispute in relation to the Transaction Documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the **LCIA**) (the **Rules**) with an arbitral tribunal with its seat in London. In addition, subject to the exercise of an option to litigate given to certain parties, the courts of England and Wales or the courts of the Dubai International Financial Centre, at the option of the Delegate, are stated to have jurisdiction to settle any disputes in respect of the Transaction Documents (other than the Master Purchase Agreement and the Sale Undertaking). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that DIB has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced, and it is therefore likely that proceedings would need to be commenced for the enforcement of any such award or judgment in Dubai (where the substantial majority of DIB's assets are located).

Under current Dubai law, the Dubai courts are unlikely to enforce an English court judgment without reexamining the merits of the claim and may not observe the parties' choice of English law as the governing law of the relevant Transaction Document or the Certificates. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation 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 than would be expected in other jurisdictions.

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

In practice, however, whether the Dubai courts will enforce a foreign arbitration award in accordance with the terms of the New York Convention has yet to be tested. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. 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 because of 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 In practice, therefore, how the New York Convention provisions would be interpreted and applied by the Dubai courts, and whether the Dubai courts will enforce a foreign arbitration award in accordance with the New York Convention, remains largely untested.

Compliance with UAE bankruptcy law may affect DIB's ability to perform its obligations under the Transaction Documents to which it is a party

In the event of DIB's insolvency, UAE bankruptcy law may adversely affect DIB's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

A court may not grant an order for specific performance

In the event that DIB 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 (i) obtaining an order for specific performance of DIB's obligations, or (ii) a claim for damages.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. 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 such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by DIB to perform its obligations set out in the Transaction Documents to which it is a party.

Change of law

The structure of each issue of Certificates under the Programme is based on English law, Cayman Islands law, the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, the laws of the DIFC and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to, or interpretation of, English, Cayman Islands or UAE, Dubai or DIFC law or administrative practices in such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of DIB, to comply with its obligations under the Transaction Documents to which it is a party.

Additional risk factors

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.

DIB's waiver of immunity may not be effective under UAE law

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

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain

records of the ownership interests in Global Certificates. While the Certificates of any Series are represented by a Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

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

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the relevant 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.

Sharia rules

The Fatwa and Sharia Supervisory Board of DIB, The Executive Shariah Committee of HSBC Saudi Arabia Ltd and the Shariah Supervisory Committee of Standard Chartered Bank have confirmed that the Transaction Documents are, in their view, *Sharia*-compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed to be *Sharia*-compliant by any other *Sharia* board or *Sharia* scholars. None of the Trustee, DIB, Dar Al Sharia Legal & Financial Consultancy LLC, the Delegate or the Dealers makes any representation as to the *Sharia*-compliance of any Series and potential investors are reminded that, as with any *Sharia* views, differences in opinion are possible. Potential investors should obtain their own independent *Sharia* advice as to the compliance of the Transaction Documents and the issue and trading of any Series with *Sharia* principles.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties would, if in dispute, either be the subject of arbitration (or, in the case of the Purchase Undertaking, court proceedings) under English law or court proceedings under the laws of (i) Dubai and, to the extent applicable in Dubai, the federal laws of the UAE or (ii) England and Wales. In such circumstances, the arbitrator or, as the case may be, judge may apply the relevant law of the Transaction Document in determining the obligation of the parties.

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms. 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 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.

Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Certificates which have a denomination consisting of the minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

Consents to variation of Transaction Documents and other matters

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

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Trust Deed if, in the opinion of the Delegate, such modification (a) is of a formal, minor or technical nature, or (b) is made to correct a manifest error, or (c) is not materially prejudicial to the interests of the relevant Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Trust Deed). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the relevant Certificateholders and shall in any event be binding upon the relevant Certificateholders.

European Monetary Union may cause Certificates denominated in certain currencies to be redenominated in euro

If Certificates are issued under the Programme which are denominated in the currency of a country which, at the time of issue, has not adopted the euro as its sole currency and, before the relevant Certificates are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to: (i) all amounts payable in respect of the relevant Certificates may become payable in euro, (ii) applicable law may allow or require such Certificates to be redenominated into euro and additional measures to be taken in respect of such Certificates and (iii) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of Periodic Distribution Amount on such Certificates. Any of these or any other consequences could adversely affect the holders of the relevant Certificates.

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee

does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Certificates, (2) the Investor's Currency equivalent value of the principal payable on the Certificates and (3) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

Risk factors relating to taxation

Taxation risks on payments

Payments made by DIB to the Trustee under the Transaction Documents and payments by the Trustee in respect of the Certificates could become subject to taxation. The Service Agency Agreement requires the Service Agent, each of the Purchase Undertaking and the Sale Undertaking requires DIB, and the Master Trust Deed requires DIB to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 11 provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by Cayman Islands law in certain circumstances. In the event that the Trustee fails to pay any such additional amounts in respect of any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, DIB has unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11 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 Irish Central Bank and the DFSA shall be incorporated in, and form part of, this Base Prospectus:

(a) the auditors' report and audited consolidated financial statements of DIB as at and for the financial year ended 31 December 2016 (available at: http://dib.ae/docs/investor-relation/financial-statments-2016-english.pdf); and

(b) the auditors' report and audited consolidated financial statements of DIB as at and for the financial year ended 31 December 2015 (available at: http://www.dib.ae/docs/investor-relation/financial-statement-dib-english-dec-2015.pdf).

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the Irish Central Bank 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 from the registered office of the Trustee and from the specified office of the Principal Paying Agent for the time being in London.

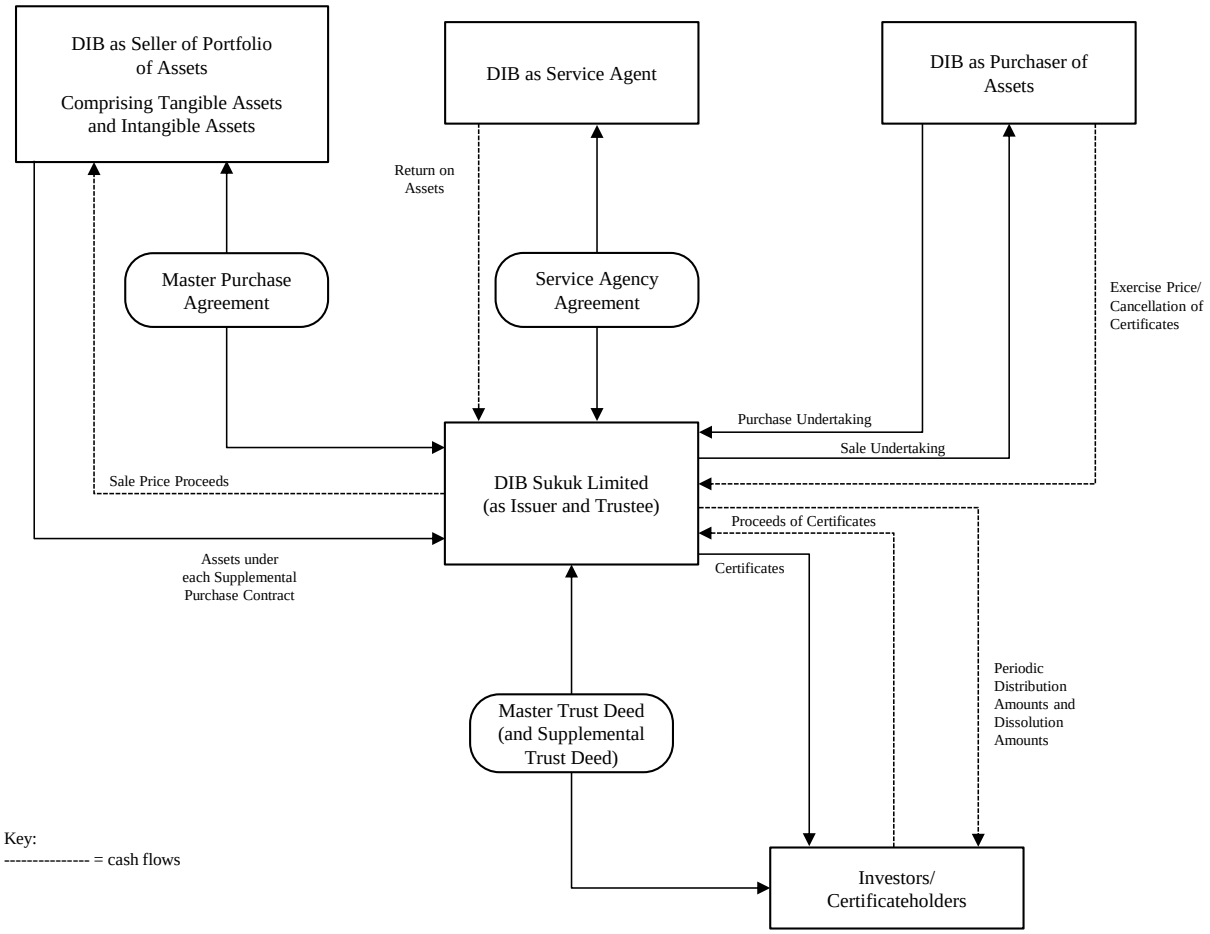
Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

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

STRUCTURE DIAGRAM AND CASHFLOWS

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

Structure Diagram



Principal cash flows

Payments by the Certificateholders and the Trustee

On the Issue Date of the first Tranche of any Series, the Trustee will use the proceeds for the relevant Series to purchase from DIB a portfolio (the **Initial Portfolio**) of (i) real estate assets (**Real Estate Ijara Assets**) (including the related real estate *ijara* contracts and all rights thereunder; provided, however, that such real estate asset is in existence on the date on which it enters the relevant Initial Portfolio), (ii) non-real estate Ijara assets (each such asset, a **Non-Real Estate Ijara Asset** and, together with the Real Estate Ijara Assets, each an **Ijara Asset**) (including the related non-real estate *ijara* contracts and all rights thereunder; provided, however, that such non-real estate asset is in existence on the date on which it enters the relevant Initial Portfolio); (iii) any asset, other than an Ijara Asset, which is an income generating asset (including, without limitation, any *sukuk* or trust certificates) that has associated with it underlying tangible assets and which is originated, held or owned by DIB in accordance with the *Sharia* principles laid down by DIB's Fatwa and Sharia Supervisory Board (including any agreements or documents relating to such asset) (each such asset, an **Other Tangible Asset** and, together with the Ijara Assets, each a **Tangible Asset**); and (iv) *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, outstanding deliverable assets under *salam* financing (commodities or goods or assets of a specified quality and quantity) and *ijara mousoofah fizzimmah* (forward *ijara*) real estate and non-real estate) assets (each such asset, an **Intangible Asset** and, together with the Tangible Assets, each an **Asset** or an **Income Generating Asset**).

In the case of any subsequent Tranche of Certificates of a Series, the relevant Certificateholders will pay the issue price (as set out in the applicable Final Terms) in respect of the issuance of additional Certificates to the Trustee, and the Trustee will use such proceeds to purchase from DIB the relevant Additional Portfolio pursuant to the terms of the Master Purchase Agreement.

The Assets which comprise the portfolio from time to time are together referred to in this Base Prospectus as the **Portfolio**. The Service Agent will be appointed as service agent to service each Portfolio under the terms of the Service Agency Agreement.

Periodic Distribution Payments

Prior to each Periodic Distribution Date, the Service Agent will pay to the Trustee (by way of a payment into the relevant Transaction Account) an amount reflecting returns generated (other than returns in the nature of sale, capital or principal payments) by the relevant Portfolio (**Portfolio Income Revenues**) during the relevant Distribution Period, which is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the relevant Series and shall be applied by the Trustee for that purpose.

In the event that the Portfolio Income Revenues to be paid by the Service Agent into the relevant Transaction Account on any Distribution Determination Date are greater than the Required Amount (as defined below) (having first repaid (i) any Liquidity Facility and/or (ii) any Service Agency Liability Amounts for the relevant Distribution Period) for the relevant Series on the immediately following Periodic Distribution Date, the amount of any excess shall be retained by the Service Agent as a reserve and credited to a separate book-entry ledger account (in respect of each Series, the **Income Reserve Collection Account**) maintained by the Service Agent.

If there is a shortfall on any Distribution Determination Date (after transfer of the Portfolio Income Revenues into the relevant Transaction Account as described above) between (i) the amounts standing to the credit of the relevant Transaction Account and (ii) an amount (the **Required Amount**) equal to the aggregate of the Periodic Distribution Amounts and any other amounts payable by the Trustee in respect of the relevant Certificates on the immediately following Periodic Distribution Date (a **Shortfall**), the Service Agent shall first apply the amounts standing to the credit of the relevant Income Reserve Collection Account (if any) towards such Shortfall by transferring into the relevant Transaction Account from such Income Reserve Collection Account on that Distribution Determination Date an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of such Income Reserve Collection Account). If, having applied such amounts standing to the credit of the relevant Reserve Collection Account (if any) and after payment to the relevant Transaction Account of all other amounts payable pursuant to any other Transaction Document, any part of the Shortfall still remains, the Service Agent may either:

(a) provide *Sharia*-compliant funding to the Trustee itself; or

(b) procure *Sharia*-compliant funding from a third party to be paid to the Trustee,

in each case in the amount required to ensure that there is no Shortfall and on terms that such funding is repayable from Portfolio Income Revenues in the future or on the date on which the Certificates of the relevant Series are redeemed in full (each a **Liquidity Facility**).

Dissolution Payments

On each Scheduled Dissolution Date, the Trustee will have the right under the Purchase Undertaking to require DIB to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio. The exercise price payable by DIB is intended to fund the Final Dissolution Amount payable by the Trustee under the relevant Certificates.

The Trust in relation to any Series may be dissolved prior to the relevant Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, (ii) an early redemption for tax reasons, (iii) if so specified in the applicable Final Terms, at the option of the Trustee (following the receipt of an Exercise Notice from DIB in accordance with the terms of the Sale Undertaking) on an Optional Dissolution Date and (iv) if so specified in the applicable Final Terms, at the option of the Certificateholders on any Certificateholder Put Option Date.

In the case of sub-paragraphs (i) to (iii) above inclusive, the amounts payable by the Trustee on the due date for dissolution will be funded in a similar manner as for the payment of the Final Dissolution Amount. Upon the exercise by Certificateholders of the option described in sub-paragraph (iv), the Trustee will redeem the relevant Certificates on the Certificateholder Put Option Date at the Optional Dissolution Amount (Certificateholder Put). Any such redemption shall be funded through the exercise by the Trustee of its right under the Purchase Undertaking to require DIB to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under a portion of the relevant Portfolio with an aggregate Value (as defined below under "*Summary of the Principal Transaction Documents – Service Agency Agreement*") no greater than the aggregate face amount of the Certificates to be redeemed.

OVERVIEW OF THE PROGRAMME

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

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "Structure Diagram and Cashflows", "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this overview.

Issuer and Trustee:	DIB Sukuk Limited, a limited liability exempted company incorporated in accordance with the laws of, and formed and registered in, the Cayman Islands with registered number 268522 and its registered office at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.
Seller and Service Agent:	Dubai Islamic Bank PJSC
Risk Factors:	There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme, and DIB's obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme. All of these factors are set out under "*Risk Factors*" above.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the **Trustee Administrator**), who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to a Corporate Services Agreement dated on 10 May 2012 between the Trustee and the Trustee Administrator (the **Corporate Services Agreement**). The Trustee Administrator's registered office is P.O. Box 1093, Queensgate House, Grand Cayman KY1 – 1102, Cayman Islands.
Arrangers and Dealers:	Dubai Islamic Bank PJSC HSBC Bank plc National Bank of Abu Dhabi P.J.S.C. Standard Chartered Bank and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Certificates.
Delegate:	Deutsche Trustee Company Limited Pursuant to the Master Trust Deed, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Master

	Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Seller and/or the Service Agent and/or DIB following a Dissolution Event.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Certain Restrictions:	Each Series denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). The proceeds of each Series will not be accepted in the United Kingdom except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
Programme Size:	Up to U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee and DIB may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Issuance in Series:	The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions (which will be completed in the applicable Final Terms) or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
Distribution:	Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency agreed between the Trustee, DIB and the relevant Dealer.
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, DIB and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
Issue Price:	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, DIB and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
Form of Certificates:	The Certificates will be issued in registered form as described in "*Form of the Certificates*". The Certificates of each Tranche will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in each Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. See "*Form of the Certificates*". Definitive

Certificates evidencing holdings of Certificates will be issued in exchange for ownership interests in a Global Certificate only in limited circumstances.

Clearance and Settlement: Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.

Face Amount of Certificates: The Certificates will be issued in such face amounts as may be agreed between the Trustee, DIB and the relevant Dealer save that the minimum face amount of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that: (i) the minimum face amount of each Certificate admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Certificates are issued in a currency other than euro, the equivalent amount in such currency); and (ii) the minimum face amount of each Certificate listed on the DFSA Official List will be U.S.$100,000 (or, if the Certificates are issued in a currency other than United States dollars, the equivalent amount in such currency, as calculated on the Issue Date of such Tranche).

Status of the Certificates: Each Certificate will evidence an undivided ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme.

Trust Assets: The Trust Assets of the relevant Series will be all of the Trustee's rights, title, interest and benefit, present and future, in, to and under (i) the relevant Portfolio, (ii) the Transaction Documents (other than (A) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed), (iii) all monies standing to the credit of the relevant Transaction Account from time to time, and all proceeds of the foregoing listed (i) to (iii) (the **Trust Assets**), and such Trust Assets will be held upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder for the relevant Series.

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

Redemption of Certificates: Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the relevant Dissolution Amount and on the relevant Scheduled Dissolution Date specified in the applicable Final Terms and the Trust in relation to the relevant Series will be dissolved by the Trustee.

Dissolution Events: Upon the occurrence of any Dissolution Event, the Certificates may be redeemed in full on the Dissolution Date at the relevant Dissolution Amount, together with any accrued but unpaid Periodic Distribution Amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 14.

Early Dissolution for Tax Reasons:	Where (i) DIB has determined that the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 or (ii) DIB has or will become obliged to pay any additional amounts under the Service Agency Agreement, the Purchase Undertaking and/or the Sale Undertaking, in each case as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions) and such obligation cannot be avoided by the Trustee or DIB, as applicable, taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from DIB pursuant to the Sale Undertaking, redeem the Certificates in whole but not in part at an amount equal to the relevant Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts on the relevant Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Dissolution Date must be a Periodic Distribution Date.
Optional Dissolution Right:	If so specified in the applicable Final Terms, the Trustee may, following receipt of an exercise notice from DIB pursuant to the Sale Undertaking, redeem in whole but not in part the Certificates of the relevant Series at the relevant Optional Dissolution Amount (Call) on the relevant Optional Dissolution Date and, if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, the Optional Dissolution Date must be a Periodic Distribution Date. If applicable to the relevant Series, the Optional Dissolution Date(s) will be specified in the applicable Final Terms. For *Sharia* reasons, the Optional Dissolution (Call) and the Certificateholder Put Option cannot both be specified as applicable in any single Series.
Certificateholder Put Option:	If so specified in the applicable Final Terms, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Option Date(s) specified in the applicable Final Terms at an amount equal to the relevant Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts in accordance with Condition 10.4. Following the payment by DIB of the relevant exercise price under the Purchase Undertaking, the Trustee will redeem the relevant Certificates on the relevant Certificateholder Put Option Date. For *Sharia* reasons, the Certificateholder Put Option and Optional Dissolution (Call) cannot both be specified as applicable in any single Series.
Cancellation of Certificates held by DIB and/or any of its Subsidiaries:	Pursuant to Condition 13, DIB and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise. If DIB wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, DIB will deliver those Certificates to the Principal Paying Agent for cancellation. DIB may also exercise its option under the Sale Undertaking to require the Trustee to transfer to DIB an undivided ownership interest (each a **Cancellation Interest**) in the relevant Portfolio with an aggregate Value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer those Assets to DIB, all as more particularly described in the Sale Undertaking. Each Cancellation Interest will be calculated as the ratio, expressed as a percentage, of the aggregate outstanding face amount of the relevant Certificates to be cancelled to the aggregate face amount of the Certificates outstanding immediately prior to the cancellation of such Certificates.

Asset Substitution:	The Service Agent may substitute Assets in accordance with the relevant provisions of the Service Agency Agreement and the Sale Undertaking, provided that no Dissolution Event has occurred and is continuing, the substitute assets are Assets and the Value of such substitute assets shall have an aggregate Value which is not less than the aggregate Value of the Assets to be so substituted.
Withholding Tax:	All payments by DIB under, or pursuant to, the Purchase Undertaking and Sale Undertaking and all payments by the Service Agent under the Service Agency Agreement 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 unless the withholding is required by law. In the event that any such withholding or deduction is made, DIB and/or the Service Agent, as the case may be, will be required to pay additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction. All payments in respect of Certificates by the Trustee shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Trustee will, save in the limited circumstances provided in Condition 11, be required to pay additional amounts so that the holders of the Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.
Negative Pledge:	The Purchase Undertaking contains a negative pledge given by DIB. See "*Summary of the Principal Transaction Documents – Purchase Undertaking*".
Cross Default:	The Purchase Undertaking contains a cross default provision in relation to DIB. See "*Summary of the Principal Transaction Documents – Purchase Undertaking*".
Trustee Covenants:	The Trustee has agreed to certain restrictive covenants as set out in Condition 5.
Ratings:	DIB has been assigned long term ratings of "A" by Fitch Ratings Limited (**Fitch**) with a "stable" outlook and "Baa1" by Moody's Investors Service Cyprus Ltd. (**Moody's**) with a "positive" outlook. The United Arab Emirates has been assigned a credit rating of "Aa2" with a "negative" outlook by Moody's Investors Service Singapore Pte. Ltd. Moody's Investors Service Singapore Pte. Ltd. is not established in the European Union and has not applied for registration under the CRA Regulation. The rating has been endorsed by Moody's Investors Service Limited in accordance with the CRA Regulation. Each of Fitch, Moody's and Moody's Investors Service Limited is established in the European Union and is registered under the CRA Regulation. As such, each of Fitch and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A Series to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating will be specified in the applicable Final Terms and will not necessarily be the same as the

rating assigned to the Programme.

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

Certificateholder Meetings: A summary of the provisions for convening meetings of Certificateholders of each Series to consider matters relating to their interests as such is set out in Condition 18.

Tax Considerations: See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

Listing and Admission to Trading: This Base Prospectus, as approved and published by the Irish Central Bank, in accordance with the requirements of the Prospective Directive, comprises a Base Prospectus for the purposes of the Prospectus Directive and the Prospectus (Directive 2003/71/EC) Regulations 2005, and for the purpose of giving information with regard to the issue of Certificates issued under this Programme, during the period of 12 months after the date hereof. Application has been made to the Irish Stock Exchange for such Certificates to be admitted to the Official List and to trading on the Main Securities Market.

Application has also been made to the DFSA for Certificates issued under this Programme during the period of 12 months after the date hereof to be admitted to the DFSA Official List and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

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

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

Transaction Documents: The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Contract, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking.

Governing Law and Dispute Resolution: The Certificates of each Series and any non-contractual obligations arising out of or in connection with the Certificates of each Series will be governed by, and construed in accordance with, English law.

The Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking and any non-contractual obligations arising out of or in connection with the same will be governed by English law. In respect of any dispute under any such agreement or deed (other than the Programme Agreement, in respect of which the courts of England have exclusive jurisdiction to settle any dispute arising from such document) to which it is a party, DIB has consented to arbitration in London under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England or the courts of the DIFC (who shall have jurisdiction to settle any dispute arising from such documents).

Each of the Master Purchase Agreement, each Supplemental Purchase Contract, each Sale Agreement entered into under the Purchase

Undertaking and each Sale Agreement or Transfer Agreement entered into under the Sale Undertaking will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, and will be subject to the non-exclusive jurisdiction of the Dubai courts.

The Corporate Services Agreement will be governed by the laws of the Cayman Islands and will be subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

Waiver of Immunity: To the extent that DIB may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, DIB will agree in the Transaction Documents to which it is a party not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings. Further, DIB will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any legal proceedings.

Limited Recourse: Each Certificate represents solely an undivided ownership interest in the relevant Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available for the relevant Trust Assets.

Certificateholders will otherwise have no recourse to any assets of the Trustee or DIB in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

Selling Restrictions: There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA (including the United Kingdom), the Cayman Islands, Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Kingdom of Saudi Arabia, Kingdom of Bahrain, the State of Qatar, Singapore, Hong Kong, Malaysia and the People's Republic of China.

United States Selling Restrictions: Regulation S, Category 2.

FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States to persons who are not U.S. persons in reliance on Regulation S.

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

Payments of any amount in respect of each Global Certificate will, in the absence of any provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 1.2) as the registered holder of the relevant Global Certificate. None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 8.1) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. For these purposes, **Exchange Event** means that (i) a Dissolution Event (as defined in Condition 14) has occurred and is continuing, or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates.

General

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

Pursuant to the Agency Agreement (as defined herein), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

FORM OF FINAL TERMS

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

[*Date*]

DIB Sukuk Limited

Issue of [*Aggregate Face Amount of Tranche*] [*Title of Certificates*] [to be consolidated and form a single series with the existing [*Aggregate Face Amount of Tranche*] [*Title of Certificates*] issued on ● (the *Original Certificates*)][1]

under the
U.S.$5,000,000,000
Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 February 2017 [and the Supplement to the Base Prospectus dated ●] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), the (**Prospectus Directive**) (the **Base Prospectus**). This document constitutes the Final Terms of the Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive][2] and must be read in conjunction with the Base Prospectus. Full information on the Trustee and Dubai Islamic Bank PJSC and the offer of the 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 during normal business hours at the registered office of the Trustee at P.O. Box 1093, Queensgate House, George Town, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

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

[*If the Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Issuer and Trustee:	DIB Sukuk Limited
2.	Service Agent:	Dubai Islamic Bank PJSC (**DIB**)
3.	Series Number:	[ ]
	(a) Tranche Number:	[ ]
	(b) Date on which the Certificates will be consolidated and form a single Series:	[The Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date*/ the Issue Date]] [Not Applicable]
4.	Specified Currency:	[ ]
5.	Aggregate Face Amount:	[ ]
	(i) Series	[ ]

[1] Include only for an issue of further Certificates in accordance with Condition 20.

[2] All references to the Prospectus Directive, including this reference, to be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

	(ii) Tranche	[ ]
6.	Issue Price:	[ ] per cent. of the Aggregate Face Amount [plus *specified currency* ● in respect of ● days of accrued Periodic Distribution Amounts from (and including) *the issue date of the Original Certificates* to (but excluding) the Issue Date][3]
7.	(a) Specified Denominations: *(this means the minimum integral face amount in which transfers can be made)*	[ ] (*N.B. If an issue of Certificates is (i) NOT admitted to trading on an EEA exchange; and (ii) only offered in the EEA in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required.*) (*N.B. If an issue of Certificates is NOT listed on Nasdaq Dubai, the U.S.$100,000 minimum denomination is not required.*)
	(b) Calculation Amount (in relation to the calculation of the Periodic Distribution Amount whilst the Certificates are in global form, see Conditions):	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
8.	(a) Issue Date:	[ ]
	(b) Return Accrual Commencement Date:	[Issue Date][*specify other*]
9.	Scheduled Dissolution Date:	[*Specify date or (for Floating Periodic Distribution Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.*] (*Note that for Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification in accordance with a Business Day Convention, it will be necessary to use the following wording: "Periodic Distribution Date falling in or nearest to [specify month and year]"*)
10.	Periodic Distribution Amount Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[[ ] month *EURIBOR/LIBID/LIBOR//LIMEAN/SHIBOR/HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBSW/AUD LIBOR/JPY LIBOR/PRIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/TIBOR*] +/– [ ] per cent. Floating Periodic Distribution Amount] (see paragraph [17]/[18] below)

[3] Include only for an issue of further Certificates in accordance with Condition 20.

11.	Dissolution Basis:	Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed on the Scheduled Dissolution Date at [ ] per cent. of their Aggregate Face Amount
12.	Change of Periodic Distribution Basis:	[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 17 and 18 below and identify these*] [Not Applicable]
13.	Put/Call Options:	[Not Applicable] [Certificateholder Put Option] [Optional Dissolution (Call)] [(see paragraph [19]/[20] below)]
14.	Status:	Unsubordinated
15.	Date of Trustee's board approval and date of DIB's board approval for issuance of Certificates:	● and ●, respectively

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

16.	Notice periods for Condition 10.2:	Minimum period: [30] days Maximum period: [60] days
17.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Rate[s]:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Periodic Distribution Date]
	(b) Periodic Distribution Date(s):	[[ ] in each year up to and including the Scheduled Dissolution Date] (*NB: This will need to be amended in the case of long or short return accumulation periods*) (*For Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification, specify a Business Day Convention in paragraph 17(g) below (which is expected to be the Modified Following Business Day Convention) and add the words ", subject to adjustment in accordance with the Business Day Convention. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [ ]" after "Scheduled Dissolution Date" in this subparagraph (b)*)

(c)	Fixed Amount(s) for Certificates in definitive form (and in relation to Certificates in global form, see Conditions):	[ ] per Calculation Amount (*For Renminbi denominated Fixed Periodic Distribution Certificates where the Periodic Distribution Dates and the Periodic Distribution Amount to be paid on such Periodic Distribution Dates are subject to modification in accordance with a Business Day Convention, the following alternative wording is appropriate: "Each Fixed Amount shall be calculated by multiplying the product of the Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.*)
(d)	Broken Amount(s) for Certificates in definitive form (and in relation to Certificates in global form, see Conditions):	[[ ] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [ ]] [Not Applicable] *(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 17(c))*
(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed) (*Applicable for Renminbi denominated Fixed Periodic Distribution Certificates*)]
(f)	Determination Date(s):	[ ] in each year (*Insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
(g)	Business Day Convention (for the purposes of Condition 6.3):	[Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
18.	Floating Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Specified Periodic Distribution Dates:	[ ] [Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable"*)

(b)	Specified Period:	[ ] [Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable"*)
(c)	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [*Not Applicable*]]
(d)	Additional Business Centre(s):	[Not Applicable/*give details*]
(e)	Manner in which the Rate(s) is/are to be determined:	Screen Rate Determination (Condition 7.3) applies
(f)	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i) Reference Rate:	[ ] month [[EURIBOR/LIBID/LIBOR//LIMEAN/SHIBOR/ HIBOR/SIBOR/KLIBOR/EIBOR/SAIBOR/BBS W/AUD LIBOR/JPY LIBOR/PRIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/TIBOR]
	(ii) Periodic Distribution Determination Date:	[ ] (*Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR*)
	(iii) Relevant Screen Page:	[*For example, Reuters [LIBOR01/EURIBOR01]*] (*In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	(iv) Relevant Time:	[ ]
(g)	Margin:	[+/-][ ] per cent. per annum
(h)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360[Eurobond Basis] 30E/360 (ISDA)

		(*See Condition 7 for alternatives*)
(i)	Calculation Agent:	[Principal Paying Agent] [*specify other*]

PROVISIONS RELATING TO DISSOLUTION

19.	Optional Dissolution (Call):	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. For Sharia reasons, Optional Dissolution (Call) and Certificateholder Put Option cannot both be specified as applicable for a particular Series*)
(a)	Optional Dissolution Amount (Call):	[[ ] per Calculation Amount]
(b)	Optional Dissolution Amount (Call) Percentage:	[ ] per cent.
(c)	Optional Dissolution Date:	[Any Periodic Distribution Date] [*specify other*] (*N.B. If the Floating Periodic Distribution Provisions are applicable, the Optional Dissolution Date must be a Periodic Distribution Date*)
(d)	Notice periods	Minimum period: [30] days Maximum period: [60] days [ ] (*N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or Delegate*)
20.	Certificateholder Put Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph. N.B. For Sharia reasons, Certificateholder Put Option and Optional Dissolution (Call) cannot both be specified as applicable for a particular Series*)
(a)	Optional Dissolution Amount (Certificateholder Put):	[[ ] per Calculation Amount]
(b)	Optional Dissolution Amount (Certificateholder Put) Percentage:	[ ] per cent.
(c)	Certificateholder Put Option Date(s):	[ ]

	(d) Notice Periods	Minimum period: [15] days Maximum period: [30] days [ ] (*N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or Delegate*)
21.	Final Dissolution Amount:	[[ ] per Calculation Amount] [*Note: this must be par*]
22.	Early Dissolution Amount (Tax):	[[ ] per Calculation Amount] [*Note: this must be par*]
23.	Dissolution Amount pursuant to Condition 14:	[ ] per Calculation Amount [*Note: this must be par*]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

24.	Form of Certificates:	Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
25.	Additional Financial Centres:	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not Return Accumulation Period end dates, to which sub-paragraph 18(d) relates*)

THIRD PARTY INFORMATION

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

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue and admission to trading on [*Nasdaq Dubai or specify relevant regulated market (for example, the Irish Stock Exchange's Main Securities Market) and, if relevant, admission to an official list (for example, the DFSA Official List or the Official List of the Irish Stock Exchange)*] of the Certificates described herein pursuant to the U.S.$5,000,000,000 Trust Certificate Issuance Programme of DIB Sukuk Limited.

RESPONSIBILITY

Each of the Trustee and DIB accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of each of the Trustee and DIB (each having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[ ] has been extracted from [ ]. Each of the Trustee and DIB confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

Signed on behalf of

DIB SUKUK LIMITED

By:.....

Duly authorised

Signed on behalf of

DUBAI ISLAMIC BANK PJSC

By:.....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	[Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [the Irish Stock Exchange's Main Securities Market and listing on the Official List of the Irish Stock Exchange][*Nasdaq Dubai or specify relevant regulated market and, if relevant, listing on an official list (for example, the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].] [Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [the Irish Stock Exchange's Main Securities Market and listing on the Official List of the Irish Stock Exchange][*Nasdaq Dubai or specify relevant regulated market and, if relevant, listing on an official list (for example, the Official List maintained by the Dubai Financial Services Authority)*] with effect from [ ].] [Not Applicable.] (*Where documenting a fungible issue, it needs to be indicated that the original Certificates are already admitted to trading.*)
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	Fitch Ratings Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009. Moody's Investors Service Cyprus Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009. (*The following language should be used where the Certificates are to be rated by a credit rating agency other than the Moody's and Fitch legal entities set out above.*) [The Certificates to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.] (*The above disclosure should reflect the rating allocated to Certificates of the type being issued under the Programme generally or, where the issue has been*

specifically rated, that rating.)

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity.*]]

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

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

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)][4]

4. **[PROFIT OR RETURN** (*Fixed Periodic Distribution Certificates only*)

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

5. **OPERATIONAL INFORMATION**

(i)	ISIN:	[ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].
(ii)	Common Code:	[ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].
(iii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(vi)	Details of Transaction Account:	DIB Sukuk Limited Transaction Account No: [ ] with [ ] for Series No.: [ ]

6. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(iv)	U.S. Selling Restrictions:	Regulation S, Category 2

[4] To be included only if the Trust Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Irish Stock Exchange or other regulated market for the purposes of the Prospectus Directive.

TERMS AND CONDITIONS OF THE CERTIFICATES

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

DIB Sukuk Limited (in its capacities as issuer and trustee, the **Trustee**) has established a programme (the **Programme**) for the issuance of up to U.S.$5,000,000,000 in aggregate face amount of trust certificates. In these Terms and Conditions (the **Conditions**), references to **Certificates** shall be references to the trust certificates which are the subject of the applicable Final Terms and references to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Certificate.

Certificates issued under the Programme are issued in Series (as defined below). The applicable Final Terms complete these Conditions.

In these Conditions:

Series means a Tranche (as defined below) of Certificates together with any additional Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue; and

Tranche means Certificates which are identical in all respects (including as to listing and admission to trading).

The Certificates of each Series will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the **Trust**) for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 2 February 2017 and made between the Trustee, Dubai Islamic Bank PJSC (**DIB**) and Deutsche Trustee Company Limited (the **Delegate** which expression shall include any co-Delegate or any successor) and (ii) in respect of each Tranche, a supplemental trust deed dated the issue date (the **Issue Date**) of such Tranche of Certificates (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**).

Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement dated 2 February 2017 (the **Agency Agreement**) made between the Trustee, the Delegate, DIB, 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 and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the **Paying Agents**, which expression shall include any successors) and calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor) and Deutsche Bank Luxembourg S.A. in its capacities as a registrar (in such capacity, the **Registrar**, which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the **Transfer Agents**, which expression shall include any successors). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these Conditions as the **Agents**.

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 these 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:

(a) any reference to face amount shall be deemed to include the relevant Dissolution Amount (as defined in Condition 8.1), any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 6.2)) which may be payable under Condition 11, 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 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

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

(d) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time.

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge by the Certificateholders during normal business hours at the specified office for the time being of the Principal Paying Agent. The holders of the Certificates (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 DIB Sukuk Limited (in its capacity as Trustee and in its capacity as purchaser, the **Purchaser**) and DIB (in its capacity as seller, the **Seller**) dated 2 February 2017 (the **Master Purchase Agreement**);

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

(c) the amended and restated service agency agreement between the Trustee and DIB (in its capacity as service agent, the **Service Agent**) dated 2 February 2017 (the **Service Agency Agreement**);

(d) the amended and restated purchase undertaking made by DIB for the benefit of the Trustee and the Delegate dated 2 February 2017 (the **Purchase Undertaking**);

(e) the amended and restated sale undertaking made by the Trustee for the benefit of DIB dated 2 February 2017 (the **Sale Undertaking**);

(f) the Trust Deed;

(g) the Agency Agreement; and

(h) the applicable Final Terms.

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

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct DIB Sukuk Limited, on behalf of the Certificateholders, (i) to apply the sums paid by it in respect of its Certificates to the Purchaser in accordance with the Purchase Agreement and (ii) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

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

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by a clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes

save in the case of manifest error) shall be treated by the Trustee, the Delegate, DIB and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, the Delegate, DIB and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions **Certificateholder** and **holder** in relation to any Certificates and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular face amount of Certificates as aforesaid, the Delegate may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Each holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Certificate. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

1.2 Register

The Registrar will maintain a register (the **Register**) of Certificateholders in respect of the Certificates in accordance with the provisions of the Agency Agreement. In the case of Certificates in definitive form, a definitive Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

1.3 Title

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

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

2. TRANSFERS OF CERTIFICATES

2.1 Transfers of interests in the Global Certificate

Transfers of interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Certificates in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer (a) the holder or holders must (i) surrender the definitive Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon

duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such regulations as DIB Sukuk Limited, DIB, the Delegate and the Registrar may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request a new Certificate in definitive form of a like aggregate face amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of part only of a Certificate in definitive form, a new Certificate in definitive form in respect of the balance of the Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date, the Scheduled Dissolution Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Certificate falls due.

2.3 Costs of registration

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Trustee may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS AND LIMITED RECOURSE

3.1 Status

Each Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Trust Deed and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate ranks pari passu, without any preference or priority, with the other Certificates.

3.2 Limited Recourse

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in the next sentence, the Certificates do not represent an interest in or obligation of any of the Trustee, DIB, the Delegate, the Agents or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that they will have no recourse to any assets of the Trustee (including, in particular, other assets comprised in other trusts, if any), DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), or the Delegate, or the Agents, or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

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

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 14, no holder of Certificates will have any claim against DIB Sukuk Limited, DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), or the Delegate, or the Agents, or any of their respective affiliates or against any assets (other than the

Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of DIB Sukuk Limited, DIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

3.3 Agreement of Certificateholders

By purchasing Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(a) no payment of any amount whatsoever shall be made by or on behalf of DIB Sukuk Limited 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 Transaction Document to which it is a party, 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 DIB Sukuk Limited to the extent the Trust Assets have been exhausted following which all obligations of DIB Sukuk Limited shall be extinguished;

(b) prior to the date which is one year and one day after the date on which all amounts owing by DIB Sukuk Limited under the Transaction Documents have been paid in full, it will not institute against, or join with any other person in instituting against, DIB Sukuk Limited any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law; and

(c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of DIB Sukuk Limited arising under or in connection with these Conditions by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer or director of DIB Sukuk Limited in their capacity as such and any and all personal liability of every such shareholder, officer or director in their capacity as such for any breaches by DIB Sukuk Limited of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law.

4. THE TRUST

4.1 The Trust Assets

Pursuant to the Purchase Agreement, the Seller will sell (i) on the Issue Date of the first Tranche of the relevant Series, an initial portfolio (the **Initial Portfolio**) and (ii) on the Issue Date of any further Tranche of such Series, an additional portfolio (the **Additional Portfolio** and, together with the Initial Portfolio and, as modified from time to time, the **Portfolio**) of certain assets (the **Assets**) specified in the Supplemental Purchase Contract to the Trustee and the Trustee will purchase the Initial Portfolio or the Additional Portfolio, as the case may be, using the proceeds of the issue of the relevant Tranche of Certificates. The Trustee has entered into the Service Agency Agreement with the Service Agent as service agent of the Portfolio.

DIB has entered into the Purchase Undertaking in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Scheduled Dissolution Date at the Final Dissolution Amount (each as defined in Condition 10.1) or, if earlier, on the due date for dissolution determined in accordance with Condition 14 at the Dissolution Amount specified in the applicable Final Terms. If Certificateholder Put Option is specified in the applicable Final Terms as being applicable, the Purchase Undertaking may also be exercised ahead of a Certificateholder Put Option Date (as specified in the applicable Final Terms) to fund the relevant Certificates being redeemed under Condition 10.4 through the purchase by DIB of the Trustee's rights, title, interests, benefits and entitlements in, to and under a portion of the Portfolio with an aggregate Value (as defined in the Service Agency Agreement) no greater than the aggregate face amount of such Certificates being redeemed.

Pursuant to the Sale Undertaking, subject to the Trustee being entitled to redeem the Certificates early pursuant to Condition 10.2, DIB may, by exercising its option under the Sale Undertaking and serving notice on the Trustee no later than 60 days prior to the Tax Dissolution Date (as defined in Condition 10.2), oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Tax Dissolution Date at the Early Dissolution Amount (Tax). If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, DIB may, by exercising its option under the Sale Undertaking and serving notice on the Trustee no later than 60 days prior to the Optional Dissolution Date, oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Portfolio on the Optional Dissolution Date.

Following any purchase of Certificates by or on behalf of DIB or any of its Subsidiaries (as defined in Condition 13) pursuant to Condition 13, the Sale Undertaking may also be exercised in respect of the transfer to DIB of an ownership interest (a **Cancellation Interest**) in the Portfolio with an aggregate Value no greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates by the Principal Paying Agent. The Cancellation Interest will be calculated as the ratio, expressed as a percentage, of the aggregate outstanding face amount of the relevant Certificates to be cancelled to the aggregate face amount of the Certificates outstanding immediately prior to the cancellation of such Certificates.

Pursuant to the Trust Deed, the Trustee holds the Trust Assets upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder. The term **Trust Assets** means:

(a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Portfolio;

(b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than (i) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (ii) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and

(c) all monies standing to the credit of the Transaction Account specified in the applicable Final Terms (the **Transaction Account**) from time to time,

and all proceeds of the foregoing.

4.2 **Application of Proceeds from the Trust Assets**

On each Periodic Distribution Date and on the Scheduled Dissolution Date or any earlier Dissolution Date, the monies standing to the credit of the Transaction Account shall be applied in the following order of priority:

(a) *first*, to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;

(b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(c) *third*, only if such payment is made on the Scheduled Dissolution Date or a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Amount;

(d) *fourth*, only if such payment is made on the Scheduled Dissolution Date or the final Dissolution Date, to the Service Agent to repay any amounts advanced by way of a Liquidity Facility (as defined in the Service Agency Agreement);

(e) *fifth*, only if such payment is made on the Scheduled Dissolution Date or the final Dissolution Date, to the Service Agent in or towards payment of any outstanding Service Agency Liability Amounts (as defined in the Service Agency Agreement); and

(f) *sixth*, only after all necessary payments above have been made in full, to DIB.

5. COVENANTS

The Trustee covenants that, for so long as any Certificate is outstanding, it will not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of borrowed money whatsoever (whether structured in accordance with the principles of the *Sharia* or otherwise), or give any guarantee or indemnity 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) or any other certificates except, in all cases, as contemplated in the Transaction Documents;

(b) grant or permit to be outstanding 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 its ownership interest in any of the Trust Assets except pursuant to the Transaction Documents;

(d) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association;

(f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;

(g) have any subsidiaries or employees;

(h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;

(i) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, 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.

6. FIXED PERIODIC DISTRIBUTION PROVISIONS

6.1 Application

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

6.2 **Periodic Distribution Amount**

Subject to Condition 4.2 and Condition 8, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

Periodic Distribution Amount means, in relation to a Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 6 or Condition 7; and

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

6.3 **Determination of Periodic Distribution Amount**

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

In the case of a Certificate where the Specified Currency is Renminbi and the applicable Final Terms specifies a Business Day Convention to be applicable (an **Adjusted Renminbi Fixed Periodic Distribution Certificate**), each Periodic Distribution Date (and, accordingly, the relevant Return Accumulation Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. For this purpose, the provisions relating to the application of a Business Day Convention set out in Condition 7.2 below shall apply to this Condition 6, *mutatis mutandis*, save that, for the purposes of the Conditions relating to an Adjusted Renminbi Fixed Periodic Distribution Certificate, the term **Business Day** shall mean a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

Except in the case of Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) applicable to the relevant Return Accumulation Period to:

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount;

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

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

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

(i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

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

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual 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 these 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.

6.4 Cessation of Profit Entitlement

No further amounts will be payable on any Certificate from and including the Scheduled Dissolution Date or, as the case may be, the relevant Dissolution Date, as a result of the failure of DIB to pay the relevant Exercise Price and enter into a sale agreement in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, unless default is made in the payment of the relevant Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition.

7. FLOATING PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

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

7.2 Periodic Distribution Amount

Subject to Condition 4.2 and 8, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates 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 Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

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 7.2(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 these Conditions:

Business Day means a day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open (**TARGET Settlement Day**); and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the specified currency is Australian dollars or New Zealand dollars shall be Melbourne an

Wellington, respectively), (ii) in relation to any sum payable in euro, a TARGET Settlement Day; or (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

7.3 **Screen Rate Determination**

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) is to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

(a) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London or Eurozone interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and

(ii) determine the arithmetic mean of such quotations; and

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

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

In this Condition the following expressions have the following meanings:

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

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

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

(B) London interbank bid rate (**LIBID**);

(C) London interbank offered rate (**LIBOR**);

(D) London interbank mean rate (**LIMEAN**);

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

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

(G) Singapore interbank offered rate (**SIBOR**);

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

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

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

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

(L) Australian dollar LIBOR (**AUD LIBOR**);

(M) Japanese Yen LIBOR (**JPY LIBOR**);

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

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

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

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

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

Relevant Time shall mean shall mean: (a) 11.00 a.m. (London time, in the case of a determination of LIBOR, LIMEAN, LIBID, AUD LIBOR, JPY LIBOR, Brussels time, in the case of a determination of EURIBOR, Shanghai time, in the case of a determination of SHIBOR, Hong Kong time, in the case of a determination of HIBOR, Singapore time, in the case of a determination of SIBOR, Kuala Lumpur time, in the case of a determination of KLIBOR, Dubai time, in the case of a determination of EIBOR, Riyadh time, in the case of a determination of SAIBOR, Sydney time, in the case of a determination of BBSW, Prague time, in the case of a determination of PRIBOR, Istanbul time, in the case of a determination of TRLIBOR or TRYLIBOR, or Tokyo time, in the case of a determination of TIBOR); or (b) 11.15 a.m. Hong Kong time in the case of a determination of CNH HIBOR.

7.4 Cessation of Profit Entitlement

No further amounts will be payable on any Certificate from and including the Scheduled Dissolution Date or, as the case may be, the relevant Dissolution Date, as a result of the failure of DIB to pay the relevant Exercise Price and enter into a sale agreement in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, unless default is made in the payment of the relevant Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition provided that, in respect of such accrual, no sale agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking.

7.5 **Calculation of Periodic Distribution Amount**

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

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount;

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

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

(a) if "Actual/Actual (ISDA)" 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, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(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, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(g) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D_2 will be 30.

7.6 **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.

7.7 **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 Trustee, DIB, the Delegate, the Paying Agents 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 fourth day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be required 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 and any such recalculation will be notified to the Trustee, DIB, the Delegate, the Paying Agents and the Certificateholders as soon as practicable after such determination.

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

All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Trustee, the Delegate, DIB, the Agents and all Certificateholders and (in the absence of wilful default or bad faith) no liability 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.

7.9 **Determination by the Delegate**

The Delegate shall, if the Calculation Agent defaults at any time in its obligation to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions, determine the relevant Rate, Periodic Distribution Amount and/or Periodic Distribution Date, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Periodic Distribution Amount and the Periodic Distribution Date in the manner provided in this Condition and the determinations shall be deemed to be determinations by the Calculation Agent.

8. PAYMENT

8.1 **Payments in respect of the Certificates**

Subject to Condition 8.2:

(a) payment in a Specified Currency other than Renminbi of any Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder; and

(b) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Certificateholder with a bank in Hong Kong.

Payments of any Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Each Dissolution Amount and each Periodic Distribution Amount 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) **Dissolution Amount** means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call), the Optional Dissolution Amount (Certificateholder Put), the Dissolution Amount for the purposes of Condition 14 or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms;

(b) **Payment Business Day** means:

(i) in the case where presentation and surrender of a definitive Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of the definitive Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account:

(A) 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

(B) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre; or

(C) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or

(D) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;

(c) a Certificateholder's **registered account** means, in the case of payment in Renminbi, the Renminbi account maintained by or on behalf of the Certificateholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the relevant Record, Date or, in the case of a payment in a specified Currency other than Renminbi, the account maintained by or on behalf of such Certificateholder with a bank that processes such payments, details of which appear on the Register at the close of business on the relevant Record Date;

(d) a Certificateholder's **registered address** means its address appearing on the Register at that time; and

(e) **Record Date** means (i) (where the Certificate is represented by a Global Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date, Scheduled Dissolution Date or Dissolution Date, as the case may be; or (ii) (where the Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling at the close of business on the fifth day (in the case of Renminbi) and on the fifteenth day (in the case of a specified currency other than Renminbi) (whether or not such fifth day fifteenth day is a business day) before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Scheduled Dissolution Date or Dissolution Date, as the case may be.

8.2 **Payments subject to Applicable Laws**

Payments in respect of Certificates are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 11, 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, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto.

8.3 **Payment only on a Payment Business Day**

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 on the due date for payment or, in the case of a payment of any Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the relevant Certificateholder is late in surrendering its definitive Certificate (if required to do so).

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

8.4 **RMB account**

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

RMB Currency Event

If the Specified Currency of the Certificates is RMB and an RMB Currency Event, as determined by DIB or the Trustee acting in good faith, exists on a date for payment of any Dissolution Amount or Periodic Distribution Amount (in whole or in part) in respect of any Certificate, the Trustee's obligation to make a payment in RMB under the terms of the Certificates may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Trustee and the Paying Agents.

Upon the occurrence of an RMB Currency Event, the Trustee shall give notice as soon as practicable to the Certificates in accordance with Condition 17 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City; and the definition of **Payment Business Day** in Condition 8.1 shall mean any day which (subject to Condition 12) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Certificates in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 8:

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

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

Date will be the Determination Business Day immediately following the date on which the determination of the occurrence of a RMB Currency Event has been made;

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

Relevant Currency means United States dollars;

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

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

RMB Inconvertibility means the occurrence of any event that makes it impossible for the Trustee to convert any amount due in respect of the Certificates into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

RMB Non-Transferability means the occurrence of any event that makes it impossible for the Trustee to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation); and

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.4 by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee, the Agents and all RMB Certificateholders.

9. AGENTS

9.1 Agents of Trustee

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

9.2 Specified Offices

The initial Agents are set out in the Agency Agreement. 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. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided, however, that*:*

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Registrar;

(c) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent; and

(d) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar 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; and

(e) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in a jurisdiction within Europe other than the jurisdiction in which the Trustee or DIB is incorporated.

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

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Scheduled Dissolution

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee will redeem each Certificate on the Scheduled Dissolution Date at the Final Dissolution Amount together with any Periodic Distribution Amounts payable. Upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 Early Dissolution for Tax Reasons

The Certificates may be redeemed by the Trustee in whole, but not in part:

(a) at any time (if the Fixed Periodic Distribution Provisions are 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),

(such date, the **Tax Dissolution Date**) on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable), at the Early Dissolution

Amount (Tax) together with any accrued but unpaid Periodic Distribution Amount, if a Tax Event occurs where **Tax Event** means:

(a) the determination by DIB that (1) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 11) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(b) the receipt by the Trustee of notice from DIB that (1) DIB has or will become obliged to pay additional amounts pursuant to the terms of the Service Agency Agreement, the Purchase Undertaking and/or the Sale Undertaking as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series and (2) such obligation cannot be avoided by DIB taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given unless an exercise notice has been received by the Trustee from DIB under the Sale Undertaking and no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (b) above) DIB would be obliged to pay such additional amounts if a payment to the Trustee under the Service Agency Agreement was then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate (i) a certificate signed by one director of the Trustee (in the case of (a) above) or two Authorised Signatories of DIB (in the case of (b) above) stating that the Trustee is entitled to effect such dissolution and redemption and setting forth a statement of facts showing that the conditions precedent in (a) or (b) above to the right of the Trustee so to dissolve have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or DIB, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders. Upon the expiry of any such notice as is referred to in this Condition 10.2, the Trustee shall be bound to redeem the Certificates at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amount and, upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.3 Dissolution at the Option of the Trustee

If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, the Certificates may be redeemed in whole but not in part on any Optional Dissolution Date, which must be a Periodic Distribution Date if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, at the relevant Optional Dissolution Amount (Call) together with any accrued but unpaid Periodic Distribution Amounts on the Trustee giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the relevant Optional Dissolution Date). Upon such redemption, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof; provided, however, that no such notice of redemption shall be given unless the Trustee has received an exercise notice from DIB under the Sale Undertaking.

Optional Dissolution (Call) and Certificateholder Put Option may not both be specified as applicable in the applicable Final Terms.

10.4 **Dissolution at the option of the Certificateholders**

If Certificateholder Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Certificate giving to the Trustee in accordance with Condition 17 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Trustee will, upon the expiry of such notice, redeem such Certificate on the Certificateholder Put Option Date and at the Optional Dissolution Amount (Certificateholder Put) together with any accrued but unpaid Periodic Distribution Amounts. Certificates may be redeemed under this Condition 10.4 in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Certificate the holder of this Certificate must, if this Certificate is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 10.4 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Certificate is represented by a Global Certificate or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Certificate the holder of this Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 10.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 14, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10.4.

Certificateholder Put Option and Optional Dissolution (Call) may not both be specified as applicable in the applicable Final Terms.

10.5 **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust, otherwise than as provided in this Condition, Condition 13 and Condition 14.

10.6 **Cancellations**

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

10.7 **Dissolution Date**

In these Conditions, the expression **Dissolution Date** means, as the case may be, (a) following the occurrence of a Dissolution Event (as defined in Condition 14), the date on which the Certificates

are redeemed in accordance with the provisions of Condition 14, (b) the date on which the Certificates are redeemed in accordance with the provisions of Condition 10.2, (c) any Optional Dissolution Date or (d) any Certificateholder Put Option Date.

11. TAXATION

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

(a) presented for payment (where presentation is required) in a Relevant Jurisdiction; or

(b) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or

(c) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day.

As used in these Conditions:

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 has been so received and notice to that effect has duly been given to the Certificate holders in accordance with Condition 17;

Relevant Jurisdiction means: (i) in the case of payments to be made by the Trustee, the Cayman Islands; or (ii) in the case of payments to be made by DIB (acting in any capacity), the United Arab Emirates or any Emirate therein or, in each case, any political subdivision or authority thereof or therein having the power to tax; and

Taxes means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction.

The Purchase Undertaking, the Sale Undertaking and the Service Agency Agreement provide that payments and transfers thereunder by DIB, shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment or transfer, as the case may be, by DIB of additional amounts so that the full amount which would otherwise have been due and payable or transferable, as the case may be, is received by the Trustee.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of 10 years (in the case of Dissolution Amounts) and a period of five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 8.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

13.1 Purchases

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

For the purposes of these Conditions, **Subsidiary** means, in relation to DIB, any entity whose financial statements at any time are required by law or in accordance with provisions of generally accepted accounting principles to be fully consolidated with those of DIB.

13.2 **Cancellation of Certificates held by DIB and/or any of its Subsidiaries**

Following any purchase of Certificates by or on behalf of DIB or any of its Subsidiaries pursuant to Condition 13.1, the Sale Undertaking may be exercised by DIB in respect of the transfer to DIB of a Cancellation Interest in the Portfolio with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates pursuant to Condition 10.6.

14. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (**Dissolution Events**):

(a) default is made in the payment of any Dissolution Amount or any Periodic Distribution Amount on the due date for payment thereof and such default continues unremedied for a period of seven days; or

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

(c) a DIB Event (as defined in the Purchase Undertaking) occurs; or

(d) the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or

(e) at any time it is or will become unlawful or impossible for the Trustee to perform or comply with any or all of its obligations under the Transaction Documents to which it is party or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not or cease to be legal, valid, and binding; or

(f) either (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made) or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(g) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or

(h) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

the Delegate (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), if notified in writing of the occurrence of such Dissolution Event, shall give notice of the occurrence of such Dissolution Event to the holders of Certificates in accordance with Condition 17 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved. If so requested in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates (each a **Dissolution Request**), the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice of the Dissolution

Request to the Trustee, DIB and all the holders of the Certificates in accordance with Condition 17 whereupon the Certificates shall be immediately redeemed at the Dissolution Amount specified in the applicable Final Terms, together with any accrued but unpaid Periodic Distribution Amounts on the date of such notice. Upon payment in full of such amounts, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Certificates (including any amounts calculated as being payable under Condition 6, Condition 7 and Condition 10) notwithstanding that 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 and the giving of notice of a Dissolution Request to the Trustee by the Delegate, to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 14, subject to Condition 15.2 the Delegate shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

(a) enforce the provisions of the Purchase Undertaking and/or the Service Agency Agreement against DIB; and/or

(b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing but subject to Condition 15.2, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustee and/or DIB to enforce their respective obligations under the Transaction Documents, these Conditions and the Certificates.

15.2 Delegate not obliged to take Action

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Trustee and/or DIB under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing provided that the Delegate shall not be liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

15.3 Direct Enforcement by Certificateholder

No Certificateholder shall be entitled to proceed directly against the Trustee and/or DIB or provide instructions (not otherwise permitted by the Trust Deed) to the Delegate to proceed against the Trustee and/or DIB under any Transaction Document unless (a) the Delegate, having become bound to proceed pursuant to Condition 15.2, fails to do so within a reasonable period of becoming so bound and such failure is continuing and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against any of the Trustee or DIB, as the case may be) holds at least one-fifth of the then aggregate face amount of the Certificates outstanding. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than pursuant to the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and DIB shall be to enforce their respective obligations under the Transaction Documents.

15.4 **Limited Recourse**

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2 and the Trust Deed, the obligations of the Trustee in respect of the Certificates shall be satisfied and no holder of the Certificates may take any further steps against the Trustee, the Delegate or any other person to recover any further sums in respect of the Certificates and the right to receive any sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of DIB Sukuk Limited.

16. REPLACEMENT OF DEFINITIVE CERTIFICATES

Should any definitive Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (and if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee, DIB, the Registrar, the Paying Agent or the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in the Republic of Ireland (which is expected to be the *Irish Times*) approved by the Delegate or published on the website of the Irish Stock Exchange (*www.ise.ie*) or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

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

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Certificate to the Principal Paying Agent through the clearing system in which its interest in the Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system 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 the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Eligible Persons (as defined in the Master Trust Deed) present holding or representing in the aggregate more than 50 per cent. of the then outstanding aggregate face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons present whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes the modification of certain provisions of the Certificates (including modifying the Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates or amending Condition 5 and certain covenants given by DIB in the Transaction Documents), the quorum shall be one or more Eligible Persons present holding or representing not less than two-thirds in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more Eligible Persons present holding or representing not less than one-third in the outstanding face amount of the Certificates. The expression **Extraordinary Resolution** is defined in the Master Trust Deed to mean any of (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75 per cent. in face amount of the Certificates for the time being outstanding.

18.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification (other than in respect of a Reserved Matter) 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 the Agency Agreement, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or an event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest error or (c) such modification, waiver, authorisation or determination is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders. No such direction or request will affect a previous consent, waiver, authorisation or determination.

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

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.

19. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

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

provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders.

19.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of DIB under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by DIB but are not so made and shall not in any circumstances have any liability arising from or in relation to the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

19.3 Each of the Trustee and the Delegate 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 depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default by the Trustee or the Delegate, as the case may be.

19.4 The Trust Deed also contains provisions pursuant to which the Delegate is entitled, *inter alia*, (a) to enter into business transactions with DIB and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to DIB and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

20. FURTHER ISSUES

In respect of any Series, the Trustee may from time to time (but subject always to the provisions of the Master Trust Deed) without the consent of the Certificateholders create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates of a particular Series shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other Certificates issued pursuant to this Condition and forming a single Series with such Certificates.

21. 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 these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. GOVERNING LAW AND DISPUTE RESOLUTION

22.1 The Trust Deed, the Certificates and these Conditions (including the remaining provisions of this Condition 22) and any non-contractual obligations arising out of or in connection with the Trust Deed, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.

22.2 Subject to Condition 22.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Certificates and these Conditions (including any dispute as to their existence, validity, interpretation, performance, breach or termination of the Trust Deed, the Certificates and these Conditions or the consequences of the nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the

London Court of International Arbitration (the **LCIA**) (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

(a) the seat of arbitration shall be London;

(b) 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

(c) the language of the arbitration shall be English.

22.3 Notwithstanding Condition 22.2 above, the Delegate (or, but only where permitted to take action in accordance with the terms of the Trust Deed, any Certificateholder) may, in the alternative, and at its sole discretion, by notice in writing to the Trustee:

(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 such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 22.4 and, subject as provided below, any arbitration commenced under Condition 22.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Trustee, failing which DIB), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Trustee must 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.

22.4 In the event that a notice pursuant to Condition 22.3 is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England or the courts of the Dubai International Financial Centre, at the option of the Delegate, shall have jurisdiction to settle any Dispute and each of the Trustee and DIB submits to the exclusive jurisdiction of such courts;

(b) each of the Trustee and DIB agrees that the courts of England or the courts of the Dubai International Financial Centre, at the option of the Delegate, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 22.4 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Delegate and any Certificateholder (where permitted so to do) may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders may take concurrent Proceedings in any number of jurisdictions.

22.5 Each of the Trustee and DIB has in the Trust Deed appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of process and has undertaken that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for

service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any matter permitted by law.

22.6 Under the Trust Deed, DIB has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes. Further, DIB has irrevocably and unconditionally consented to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

22.7 Each of the Trustee, the Delegate and DIB has agreed in the Trust Deed that if any arbitration is commenced in relation to a Dispute and/or any Proceedings are brought by or on behalf of a party under the Trust Deed, it will:

(a) not claim interest under, or in connection with, such arbitration and/or Proceedings; and

(b) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of such arbitration and/or by a court as a result of such Proceedings.

USE OF PROCEEDS

The net proceeds of each Tranche of Certificates issued will be paid by the Trustee (as Purchaser) to the Seller for the purchase from the Seller of all of its rights, title, interests, benefits and entitlements in, to and under (in the case of the first Tranche of the relevant Series of Certificates) the relevant Initial Portfolio, and (in the case of any subsequent Tranche of such Series) the relevant Additional Portfolio.

DESCRIPTION OF THE TRUSTEE

General

DIB Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 30 April 2012 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 268522. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the **Shares**) are fully-paid and are held by MaplesFS Limited as share trustee (the **Share Trustee**) under the terms of a trust deed (the **Share Trust Deed**) dated 10 May 2012 under which the Share Trustee holds the Shares in trust until the termination of the period commencing on 10 May 2012 and ending 149 years from such date or such earlier date as the trustees of the Share Declaration of Trust may determine (the **Termination Date**). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Trust Deed). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Trustee

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

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 30 April 2012.

Financial Statements

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

Directors of the Trustee

The Directors of the Trustee are as follows:

Name:	Principal Occupation:
Andrew Millar.....	Regional Head of Fiduciary of Maples Fund Services (Middle East) Limited
Cleveland Stewart	Senior Vice President of MaplesFS Limited

The business address of Andrew Millar is c/o Maples Fund Services (Middle East) Limited, Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Cleveland Stewart is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

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

The Administrator

MaplesFS Limited acts as the administrator of the Trustee (in such capacity, the **Trustee Administrator**). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed

to perform in the Cayman Islands or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator has also entered into a registered office agreement (the **Registered Office Agreement**) for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Trustee Administrator is subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator (or an affiliate thereof). The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and the other information contained in this Base Prospectus. The Financial Statements have been prepared in accordance with IFRS.

The following table sets forth selected financial information for DIB for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014. The income statement data and statement of financial position data have been extracted from the Financial Statements or DIB's management accounts as detailed above and have been presented in AED and, for convenience only, in United States dollars using an exchange rate of U.S.$l = AED 3.6725 (being the rate at which the dirham has been pegged to the U.S. dollar since November 1997).

The following tables set out selected key consolidated financial information (in both AED and U.S.$) and consolidated business ratios of DIB for the three financial years ended 31 December 2016, 31 December 2015 and 31 December 2014.

	For the year ended 31 December		
Income Statement Highlights	**2016**	**2015**	**2014**
		(AED millions)	
Income from Islamic financing and investing transactions	6,521	5,520	4,444
Total income	8,636	7,546	6,231
Impairment charges, net	392	410	703
Depositors' and sukuk holders' share of profit	1,875	1,057	799
Profit for the year before income tax expense	4,072	3,855	2,822
Net profit for the year	4,050	3,839	2,804
Net profit attributable to equityholders	3,597	3,556	2,661

	As at 31 December		
Financial Statement Highlights	**2016**	**2015**	**2014**
		(AED millions)	
Total assets	174,971	149,898	123,887
Total liabilities	147,701	127,104	106,181
Total equity	27,269	22,794	17,706
Gross financing and investing assets and investments in bilateral sukuk[(1)]	123,718	105,573	82,430
Impaired financing and investing assets	4,439	4,302	5,346
Non-performing investing and financing assets	4,768	5,289	6,593
Collateral held relating to facilities individually determined to be impaired[(2)]	4,000	4,200	4,300
Provisions for impairment[(3)]	5,559	5,048	5,147
Customer deposits	122,377	109,981	92,345

Income Statement Highlights	For the year ended 31 December		
	2016	2015	2014
		(USD millions)	
Income from Islamic financing and investing transactions	1,776	1,503	1,210
Total income	2,352	2,055	1,697
Impairment charges, net	107	112	191
Depositors' and sukuk holders' share of profit	511	288	218
Profit for the year before income tax expense	1,109	1,050	768
Net profit for the year	1,103	1,045	763
Net profit attributable to equityholders	979	968	724

Financial Statement Highlights	As at 31 December		
	2016	2015	2014
		(USD millions)	
Total assets	47,643	40,816	33,734
Total liabilities	40,218	34,610	28,912
Total equity	7,425	6,207	4,821
Gross financing and investing assets and investments in bilateral sukuk[1]	33,688	28,747	22,445
Impaired financing and investing assets	1,209	1,171	1,456
Non-performing investing and financing assets	1,298	1,440	1,795
Collateral held relating to facilities individually determined to be impaired[2]	1,089	1,144	1,171
Provisions for impairment[3]	1,514	1,375	1,402
Customer deposits	33,323	29,947	25,145

Key Business Ratios	As at 31 December		
	2016	2015	2014
		(%)	
Impaired ratio[6]	3.6	4.1	6.5
Non-performing asset ratio	3.9	5.0	8.0
Provision coverage ratio[4]	117	95	78
Overall coverage ratio[5]	158	147	134
Total capital adequacy ratio[7]	18.1	15.7	14.9
Common Equity Tier 1 ratio	17.8	15.5	14.7
Return on equity[8]	17.2	19.0	18.1
Return on assets[9]	2.43	2.71	2.30
Net profit margin[10]	3.23	3.63	3.48
Financing /customer deposits[11]	94	88	80
Cost to income ratio[12]	34.0	34.3	35.1

Notes:

(1) Includes gross financing and investing assets amounting to AED 120,526 million (2016), AED 102,268 million (2015) and AED 79,124 million (2014), and investments in bilateral sukuk amounting to AED 3,192 million (2016), AED 3,305 million (2015) and AED 3,306 million (2014). See Notes 9.1 and 10.2 to the Financial Statements.

(2) See Note 9.4 to the Financial Statements.

(3) Balance at the end of the relevant period. See Notes 9.1 and 9.3 to the Financial Statements.

(4) Being the ratio of provision for impairment to non-performing investing and financing assets.

(5) Being the ratio of the aggregate of provision for impairment and discounted value of collateral to non-performing investing and financing assets.

(6) Being the ratio of impaired financing and investing assets to gross financing and investing assets, and investments in bilateral sukuk.

(7) Calculated according to Central Bank methodology.

(8) Being the ratio of net profit attributable to equity holders to average shareholders' equity.
(9) Being the ratio of net profit for the group to total equity to average total assets.
(10) Being the ratio of net funded income (gross income from financing and investing transactions less depositors and sukuk holders' share of profit) to average earning assets (aggregate of financing and investing assets, investment in Islamic sukuk, due from banks and financial institutions and international murabaha with Central Bank).
(11) Being the ratio of net Islamic financing and investing assets to customer deposits.
(12) Being the ratio of total operating expenses to net income.

DESCRIPTION OF DUBAI ISLAMIC BANK PJSC

Overview

Dubai Islamic Bank PJSC (**DIB**) is the world's first full service Islamic bank and is one of the largest Islamic banks in the world, in terms of assets. As at 31 December 2016, DIB's total assets were AED 175 billion. DIB was established in the Emirate of Dubai on 12 March 1975, with the objective of providing banking and other financial services tailored to adhere to the principles of Islamic *Sharia*.

The core business areas of DIB and its consolidated subsidiaries and associates (together, the **Group**) are Consumer Banking, Corporate Banking, Real Estate & Contracting Finance, Investment Banking and Treasury. The Group offers a wide range of *Sharia*-compliant products and services to retail, corporate and institutional clients through a network of 91 branches across the UAE. In addition to its main office and branches in Dubai, DIB operates across all the other Emirates of the UAE, namely Abu Dhabi, Ajman, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain.

The head office of DIB is located on Al Maktoum Street, Deira, P.O. Box 1080, Dubai, UAE and its telephone number is +971 4 295 3000. DIB is regulated by the Central Bank. DIB's licence number, as set out in its commercial license and commercial registration certificate, is 208098.

DIB has received the following awards, among others, in recent years in recognition of its leading position within the markets in which it operates:

- "Best Retail Bank-UAE", "Best Corporate Bank-UAE", "Best Sukuk Arranger" and "Best Islamic Bank" – Islamic Business & Finance Awards 2016.
- "Best Islamic Financial Institution for Large Corporates" and "Best Islamic Trade Finance Provider" – Global Finance-The World's Best Islamic Financial Institution 2016.
- "Best Islamic Bank", "Best Sukuk Arranger", "Best Islamic Retail Bank" and "Best Islamic Corporate Bank" – BME Industry Awards 2016.
- "Mudarabah Deal of the Year" (U.S.$1 billion DIB Tier 1 Sukuk) "Commodity Murabaha Deal of the Year" (U.S.$20 million Commodity Murabaha Facility) and "Indonesia Deal of the Year" (U.S.$500 million Garuda Indonesia Global Sukuk) – 2016 Islamic Finance News Polls.

History

DIB was incorporated in 1975, in Dubai, by a decree issued by the then Ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum. In March 2000, DIB was registered as a public joint stock company under the Commercial Companies Law No. 8 of 1984 (which was replaced with UAE Federal Law No. 2 of 2015 regarding the Law of Commercial Companies, with effect from 1 July 2015).

In 1998, following the discovery of a significant fraud, the Government of Dubai enhanced its shareholding to become DIB's largest shareholder (increasing its stake from 6 per cent. to 30 per cent.). DIB subsequently recruited a number of professional managers from international and large local financial institutions to improve its management and processes. As at 31 December 2016, the Government of Dubai's stake in DIB was 28.3 per cent.

In 2001, DIB acquired a 27.3 per cent. stake in Bosna Bank, the first *Sharia*-compliant bank in Europe, which was established in 2000.

As part of its then current strategy to expand in select niche Islamic markets in the Middle East, Africa and Asia, DIB acquired a 60 per cent. stake in the Bank of Khartoum (**BoK**) in 2005, one of the largest banks in Sudan (measured by the number of branches and ATMs), which stake was subsequently reduced to 52.3 per cent. in 2006 and further reduced to 28.4 per cent. in 2008. As at 31 December 2016, DIB's stake in BoK stood at 29.5 per cent.

Following approval obtained in January 2005 from the Banking Regulation & Supervision Agency in Turkey, DIB established a representative office in Turkey in April 2005 to assist in marketing and promoting

DIB's business in Turkey. Since its establishment, the representative office has been referring new customers and transactions to various business groups within DIB.

In 2006, DIB established DIB Pakistan Ltd (**DIB Pakistan**), a 100 per cent. owned subsidiary, to offer Islamic banking services in Pakistan.

DIB also acquired a 20.8 per cent. stake in Jordan Dubai Islamic Bank (**Jordan DIB**) in 2009. As part of an international expansion strategy focussing on key markets in the Far East, Indian Subcontinent and Central and East Africa, DIB decided to sell its entire stake in Jordan DIB in December 2016.

In addition to the above, DIB has incorporated several subsidiaries in real estate development (including, Deyaar Development P.J.S.C. (**Deyaar Development**) in 2002) and other related financial services companies (including DIB Capital Limited (**DIB Capital**) in 2006 and Dar Al Sharia Legal & Financial Consultancy LLC (**Dar Al Sharia**) in 2007).

In November 2010, DIB increased its stake in Tamweel to 58.3 per cent. to acquire a controlling interest in the company (see "*– Subsidiaries and Associates – Tamweel*"). In January 2013, DIB's Board of Directors approved a proposal to make an offer (the **Tender Offer**) to the minority shareholders in Tamweel to acquire their shares in consideration of new shares (the **New Shares**) in DIB. Under the Tender Offer, DIB offered 10 New Shares for every 18 shares in Tamweel held by a Tamweel minority shareholder (see "*– Subsidiaries and Associates – Tamweel P.J.S.C. (UAE)*"). The Tender Offer was accepted by the majority of the Tamweel minority shareholders and increased DIB's shareholding in Tamweel from 58.3 per cent. to 86.5 per cent. On 1 April 2015, a further offer was announced by DIB to the minority shareholders to acquire the remaining 13.5 per cent. minority shares in Tamweel. DIB offered AED 1.25 per share to be paid in cash for each Tamweel share. 5.5 per cent. of offerees accepted this offer, and as a result DIB's shareholding in Tamweel stood at 92.0 per cent as at 31 December 2016.

In January 2013, in view of a new definition and guidance on subsidiaries, under IFRS 10, Consolidated Financial Statements, DIB's management reassessed DIB's control over its investees. As a result, DIB's management concluded that, although DIB owns less than 50 per cent. of Deyaar Development, it has *de facto* control over the company (because DIB is exposed to significant variable returns from its involvement with Deyaar Development and has the ability to affect the amounts of its returns through its power over the company). As at 31 December 2016, DIB owned 44.9 per cent. of Deyaar Development. Deyaar Development is currently accounted for as a consolidated subsidiary of DIB whereas, prior to January 2013, Deyaar Development was treated as an associate in DIB's accounts and was accounted for under an equity method of accounting.

BOK is treated as an associate in DIB's accounts whereas DIB Pakistan and Dar Al Sharia are accounted for as consolidated subsidiaries in the 2016 Financial Statements.

In May 2014, DIB acquired a 24.9 per cent. stake in PT Bank Panin Syariah Tbk (**Bank Panin Syariah**) of Indonesia. Bank Panin Syariah is treated as an associate in the Group's financial statements as at 31 December 2016.

In October 2015, DIB obtained "Significant Shareholder Status" from the Indonesia Financial Services Authority (**OJK**) in respect of Bank Panin Syariah. Following confirmation of this status, DIB increased its stake in Bank Panin Syariah from 24.9 per cent. to 39.5 per cent. as at 31 December 2015. As at 31 December 2016, DIB's stake in Bank Panin Syariah stood at 39.4 per cent.

Bank Panin Syariah offers Islamic banking services in Indonesia. DIB intends to cooperate with Bank Panin Syariah in order to promote the growth of *Sharia* banking in Indonesia. To achieve this, DIB will provide its well-established expertise in Islamic banking operations to Bank Panin Syariah, which will be bolstered by Bank Panin Syariah's knowledge of the local market.

Bank Panin Syariah is currently controlled by PT Bank Panin and currently operates through a network of 10 branches (with its head office located at Panin Life Center Building, Jakarta). Bank Panin Syariah is listed on the Indonesia Stock Exchange.

During 2008, DIB received AED 3.75 billion of *wakala* deposits (the **Wakala Deposits**) from the UAE Ministry of Finance as part of a wider package of measures announced by the Central Bank aimed at

ensuring that sufficient liquidity was available to all banks operating in the UAE. During 2009, DIB elected to re-categorise the Wakala Deposits as Tier 2 qualifying finance, which was approved by DIB's shareholders at an extraordinary general meeting held in April 2009. DIB subsequently repaid the entire amount of the Wakala Deposits in April 2013, ahead of their scheduled maturity, using its own excess liquidity.

Shareholders and Capital Structure

Shareholders

As at 31 December 2016, the Government of Dubai held 28.3 per cent. of the share capital of DIB and the Saeed Ahmed Lootah family held 6.9 per cent. DIB is not aware of any other significant holdings in its shares. DIB's articles of association provide that no single shareholder other than the Government of Dubai is entitled to own more than 10 per cent. of the share capital of DIB.

The Government of Dubai's shareholding is held through Investment Corporation of Dubai (**ICD**). The Chairman of DIB represents ICD and the other members of DIB's Board of Directors are independent of ICD. Decisions are made by voting whereby each board member, including the Chairman, has an equal vote. Some of the key corporate governance functions have been delegated to various board committees such as the Board Credit & Investment Committee, Board Audit Committee, Board Risk Management Committee and Board Remuneration Committee. The Chairman is not represented in any of these committees and each of these committees acts independently.

Capital Structure

As at 31 December 2012, DIB's authorised, issued and paid up share capital was AED 3.8 billion (U.S.$1.0 billion). During the financial year ended 31 December 2013, DIB issued 156.7 million shares at a fair value of AED 2.02 per share to the minority shareholders of Tamweel, who accepted DIB's offer of exchanging 10 New Shares for every 18 Tamweel shares. This transaction increased DIB's shareholding in Tamweel to 86.5 per cent. and the difference of AED 327.0 million between the fair value of the 156.7 million New Shares and the carrying amount of the non-controlling interest acquired is recognised in DIB's financial statements as retained earnings.

On 1 March 2016, the shareholders at the annual general meeting approved an increase in DIB's authorised share capital from AED 3.9 billion to AED 7.9 billion. Furthermore, the shareholders also approved an increase in the paid-up capital of DIB, up to a maximum amount of AED 988,437,777 through a rights issue of up to 988,437,777 shares of AED 1 each at a premium of AED 2.2 per share. In June 2016, DIB completed the process of allocation of these shares and the shares were subsequently listed on the Dubai Financial Market (**DFM**) after obtaining all required regulatory approvals on 8 July 2016. As a result of this issuance, DIB's paid up share capital increased to AED 4.9 billion (U.S.$1.3 billion).

DIB's shares have been listed on the DFM since March 2000.

Pursuant to DIB's articles of association, DIB's Board of Directors decided to allow non-UAE nationals to own, in aggregate, up to a maximum of 25 per cent. of the total share capital of DIB. Previously, non-UAE nationals could, in aggregate, own up to a maximum of 15 per cent. of the total share capital of DIB.

See "– *Capital Adequacy*" below for a description of DIB's capital adequacy ratios as at 31 December 2016, 31 December 2015 and 31 December 2014.

Tier 1 issuances

DIB has issued Tier 1 sukuk through *Sharia*-compliant structures as set out in the table below.

SPV (the Issuer)	Date of issuance	Issuance amount Equivalent AED '000	Discretionary profit rate	Callable period
DIB Tier 1 Sukuk Limited.....	20 March 2013	3,673,000 (US$ 1 billion)	6.25% per annum to be paid semi-annually	On or after March 2019
DIB Tier 1 Sukuk (2) Limited	20 January 2015	3,673,000 (US$ 1 billion)	6.75% per annum to be paid semi-annually	On or after January 2021

The Tier 1 sukuks are perpetual securities in respect of which there are no fixed redemption dates and which constitute direct, unsecured, subordinated and conditional payment obligations (senior only to share capital) of DIB, subject to the terms and conditions of the relevant mudaraba agreement. In the case of each issuance, at the relevant issuer's sole discretion, it may elect not to make any mudaraba profit distributions and the event is not considered a dissolution event. In such event, the mudaraba profit will not be accumulated but forfeited to the relevant issuer. Each Tier 1 sukuk issuance is listed on the Main Securities Market of the Irish Stock Exchange. In addition, the sukuk issuance of DIB Tier 1 Sukuk (2) Limited is also listed on NASDAQ Dubai.

The net proceeds of the Tier 1 sukuks are invested by way of mudaraba with DIB (as mudareb), on an unrestricted co-mingling basis, in DIB's general business activities carried out through its general mudaraba pool.

Overall Performance

Overview

DIB reported net profits of AED 4,050 million (U.S.$1,103 million) for the year ended 31 December 2016, as compared to AED 3,839 million (U.S.$ 1,045 million) for the year ended 31 December 2015.

DIB's net funded income rose by 4 per cent. to AED 4,646 million (U.S.$1,265 million) for the year ended 31 December 2016 from AED 4,463 million (U.S.$ 1,215 million) for the year ended 31 December 2015. The major drivers of these increases were (i) the increase in the net Islamic financing and investing portfolio from AED 97.2 billion (U.S.$26.5 billion) as at 31 December 2015 to AED 115.0 billion (U.S.$31.3 billion) as at 31 December 2016 and the sukuk portfolio increasing from AED 20.1 billion (U.S.$5.5billion) as at 31 December 2015 to AED 23.4 billion (U.S.$6.4 billion) as at 31 December 2016. However, net funded margin for the year ended 31 December 2016 was 3.23 per cent. compared with 3.63 per cent. as at 31 December 2015 and such decline was due to an increase in the cost of funds reflecting liquidity conditions in the market.

DIB's non-funded income increased by 4 per cent. to AED 2,115 million (U.S.$576 million) for the year ended 31 December 2016 from AED 2,026 million (U.S.$552 million) for the year ended 31 December 2015. This was principally due to higher fee and commission income on account of an increase in business activities. Operating income (comprising the aggregate of net funded income and non-funded income) was AED 6,761 million (U.S.$1,841 million) and operating costs (comprising personnel expenses, general and administrative expenses and depreciation of investment properties) were AED 2,297 million (U.S.$625 million) for the year ended 31 December 2016, as compared to operating income of AED 6,489 million (U.S.$1,767 million) and operating costs of AED 2,223 million (U.S.$605 million) for the year ended 31 December 2015. The increase in operating costs during the year ended 31 December 2016 compared to the year ended 31 December 2015 principally reflected an increase in staff expenses of 6 per cent. DIB's return on shareholders' funds was 17.2 per cent. and its operating cost to operating income ratio was at 34 per cent. for the year ended 31 December 2016 compared to 19 per cent. and 34.3 per cent., respectively, for the year ended 31 December 2015. The slight decrease in the return on shareholders' funds is a result of dilution due to the rights issue in June 2016 and an increase in the share capital during the year.

For the purposes of the analysis set out above, **net funded income** is calculated as the aggregate of the following line items in DIB's consolidated income statement: (i) income from Islamic financing and investing transactions; (ii) income from investments in Islamic Sukuk and (iii) income from short-term international *murabahats* and *wakala* (line items (i), (ii) and (iii) together, **total funded income**) less depositors' and Sukukholders' share of profits, and **non-funded income** is calculated by deducting net funded income from the net income line item set out in DIB's consolidated income statement.

The following tables show the breakdown, by the segments indicated, of DIB's total net profit before income tax expense for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014:

	31 December					
	2016		2015		2014	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Segmental Information						
Consumer banking	906	22	1,143	30	981	35
Corporate banking	1,579	39	1,417	37	1,027	36
Real Estate Development	214	5	302	8	232	8
Treasury	680	17	640	16	465	17
Others	693	17	353	9	117	4
Total net profit before income tax expense	**4,072**	**100**	**3,855**	**100**	**2,822**	**100**

The following table sets out a breakdown of DIB's gross Islamic financing and investing assets by product type as at 31 December 2016:

	Retail		Non-Retail		Consolidated	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Financing Assets						
Commodities murabahat	1,616	4	2,759	4	4,375	4
International murabahat (long term)	-	-	18,940	23	18,940	16
Vehicles murabahat	10,341	26	-	-	10,341	9
Real estate murabahat	1,620	4	-	-	1,620	
Total murabahat	13,577	34	21,699	27	35,276	29
Istisna'a	-	-	2,135	2	2,135	2
Ijara	-	-	36,121	45	36,121	30
Home finance – Ijara	12,510	32	-	-	12,510	10
Islamic credit cards	961	2	-	-	961	1
Personal finance	15,678	40	-	-	15,678	13
Less: Deferred Income	(3,161)	(8)	(356)	-	(3,517)	(3)
Less: Contractors and consultants' istisna contracts	(107)	-	-	-	(107)	-
Total	39,458	100	59,599	74	99,057	82
Investing Assets						
Musharakat	-	-	6,440	8	6,440	5
Mudaraba	-	-	12,357	15	12,357	10
Wakalat	-	-	2,672	3	2,672	3
Total	-	-	21,469	26	21,469	18
Total	39,458	100	81,068	100	120,526	100

For further information, see "– *Business activities*" below.

DIB's total portfolio of Islamic financing and investing assets (net of provisions) was AED 114,968 million (U.S.$31,305 million) as at 31 December 2016, an increase of 18 per cent. from AED 97,220 million (U.S.$26,472 million) as at 31 December 2015 (and AED 73,977 million (U.S.$20,143 million) as at 31 December 2014). The distribution of DIB's total portfolio of Islamic financing assets across economic sectors is oriented towards government, trade, financial institutions, services, construction, real estate and consumer banking, which is in line with the domestic economy.

A description of the concentrations in DIB's Islamic financing and investing assets portfolio is set out below under "– *Risk Management – Portfolio Concentrations*".

As at 31 December 2016, 6.1 per cent. of DIB's gross Islamic financing and investing assets portfolio was located outside the UAE. DIB has implemented risk management methods to mitigate and control the risks

associated with this portfolio and other market risks to which DIB is exposed (see "– *Risk Management*" below).

DIB maintains a *sukuk* portfolio of high credit quality. DIB's policy is to maintain exposures rated "BBB" and above (or the equivalent). The securities portfolios are concentrated in the GCC and MENA markets (see further Notes 10 and 11 to the 2016 Financial Statements and Notes 10 and 11 to the 2015 Financial Statements incorporated by reference in this Base Prospectus) and, in particular, 64 per cent. of the securities portfolios was concentrated in the UAE as at 31 December 2016.

The following table provides a breakdown of DIB's investment portfolio as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31 December					
	2016		**2015**		**2014**	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Investments in Sukuk						
Amortised cost	23,409	100	20,066	100	16,119	100
	23,409	100	**20,066**	**100**	**16,119**	**100**
Other Equity Investments						
Investments carried at FVTPL[1]	3	—	—	—	—	—
Investments carried at FVTOCI[2]	1,714	100	1,831	100	2,037	100
	1,717	**100**	**1,831**	**100**	**2,037**	**100**

Notes:

(1) Fair value through profit and loss.

(2) Fair value through other comprehensive income.

Capital Adequacy

DIB calculates its Capital Adequacy Ratio in accordance with capital adequacy guidelines established by the Basel Committee and adopted by the Central Bank of UAE (see further "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Capital Adequacy)*.

As at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, these ratios were as follows:

	As at 31 December		
	2016	**2015**	**2014**
	(AED millions, except percentages)		
Capital adequacy in accordance with Basel II			
Capital base	25,614	19,451	14,923
Risk weighted assets			
Credit risk	129,748	112,931	91,782
Market risk	1,057	1,656	1,112
Operational risk	10,590	8,975	7,445
Risk weighted assets	**141,395**	**123,562**	**100,338**
Risk asset ratio (Basel II)	**18.1%**	**15.7%**	**14.9%**
Tier 1 Ratio	17.8%	15.5%	14.7%
Capital adequacy ratio	18.1%	15.7%	14.9%

See further "*Capital Adequacy*" below.

Funding

DIB's bank and customer deposits together totalled AED 132,795 million (U.S.$36,159 million), AED 114,694 million (U.S.$31,230 million) and AED 96,285 million (U.S.$ 26,218 million) as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively. Customer deposits amounted to AED 122,377 million (U.S.$33,323 million), AED 109,981 million (U.S.$29,947 million) and AED 92,345 million (U.S.$25,145 million) as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, and represented 92.2 per cent., 95.9 per cent. and 95.9 per cent. respectively, of total bank and customer deposits as at those dates.

The following table shows the sources of DIB's funding as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31 December					
	2016		**2015**		**2014**	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Customer deposits	122,377	60.9	109,981	73.4	92,345	74.5
Due to banks and financial institutions.	10,418	6.0	4,713	3.1	3,940	3.2
Sukuk financing instruments	7,695	4.4	5,602	3.7	2,847	2.3
Payables and other liabilities	6,969	4.0	6,590	4.4	6,855	5.5
Zakat payable	243	0.1	218	0.1	194	0.2
Equity	27,269	15.6	22,794	15.2	17,706	14.3
Total funding	**174,971**	**100**	**149,898**	**100**	**123,887**	**100**

See further "*Risk Management – Liquidity risk and funding management*" below.

Strategy

2017-2019 Strategic Summary

DIB's primary objective is to maintain its position as the leading Islamic financial institution in the region as well as in other selected strategic markets. DIB defines its strategic objectives within a three year rolling period, which currently comprises the years 2017 to 2019 (inclusive). This allows it to refine its long-term strategy and develop short-term specific strategic and business goals.

During the early 2000s, DIB had expanded its strategy from being primarily a retail bank into providing *Sharia*-compliant solutions to major local and international companies as well. This was also a period wherein the bank saw a qualitative jump in the services being offered as a result of upgrading its computer systems and introduction of internet services. The mid-2000's saw the bank venturing into new international markets such as Pakistan, Jordan, Sudan and launching of the *Sharia* consultancy firm (Dar Al Sharia) and the DIB Foundation. When the global crisis began, the bank decided to focus growth within the retail sector and began to run-off its corporate real estate finance portfolio in order to attempt to protect itself from the downturn in the UAE real estate sector. During this decade, the bank saw its total assets increase from AED 11.7 billion (U.S. $3.2 billion) in 2000 to AED 90.1 billion (U.S. $24.5 billion) by the end of 2010.

Following a consolidation exercise between 2009 and 2013 and the appointment of a new chief executive officer (**CEO**) in mid-2013, who previously served as Deputy CEO, DIB embarked on a new "growth" strategy aimed at redefining the way DIB operates its business, positioning the bank as a global leader in the world of Islamic finance. DIB's plan includes the following initiatives and goals:

- DIB's principal theme for 2017-2019 is to protect and grow its core businesses of consumer, corporate and treasury across all Emirates. In addition, DIB is focused on playing a part in promoting the Islamic finance sector as well as the growth agenda of Dubai and the UAE.
- The focus is to have sustainable profitability in the coming years through leveraging the DIB franchise within the UAE. Growth of the business will also be supported by:
  - unlocking value in the existing portfolio in Consumer Banking;

- continued enhancement of DIB's market share in Wholesale Banking;
- managing funding sources and deployment; and
- managing and rationalising DIB's international presence.

- DIB also continues to put the customer at the centre of its business strategy. By putting the customer first, it aims to strengthen its services, change the customer experience (in the ways described below) and improve revenues. "Customer First" is a key pillar of DIB's strategic growth theme and is a bank-wide initiative that has been launched in the past three years to develop a culture of service excellence and enable DIB to become the best-in-class service provider in the banking sector. In addition, DIB will aim to provide a service experience through an entirely paperless environment (the SMART BANK service). Customer First also dictated greater understanding of DIB's existing and potential customer base, allowing for a more focused approach to product development, selling, and servicing, again enhancing the customer experience. As of the date of this Base Prospectus, all of DIB's branches have been equipped to provide this service. DIB will continue to strengthen its branch network and acquire new customers as part of its growth strategy in the coming years. DIB is focused on enhancing its understanding of its growing customer base through the use of a customer relationship management system which has helped establish a customer segmentation strategy allowing DIB to deepen its relationships further and improve cross selling whilst offering focused need-based solutions. DIB will also continue to engage with the stakeholders and the market promoting a culture of transparency and openness.

- Further, DIB intends to expand its geographic footprint through acquisitions, establishing subsidiaries and branches, pursuing strategic partnerships and/or co-operation agreements with local partners in Asia, Africa and the Gulf.

DIB's strategy is continually monitored and reviewed by its management after which it is formally approved by DIB's Board of Directors. The Balance Scorecard (**BSC**) approach is used to integrate the strategic plans into individual and departmental goals, and helps DIB manage and monitor its performance.

The BSC enables DIB to identify goals, manage and measure performance, and report on achievements with respect to the priorities of each key stakeholder group. DIB implements quantitative measures wherever feasible, but tracks both qualitative and quantitative indicators of performance in terms of both financial and non-financial outcomes. The BSC framework forms an integral part of DIB's performance management system.

Competition and Competitive Advantages

DIB faces competition from both Islamic and conventional banks operating in the UAE. Within its investment banking and capital market activities, DIB also competes with major international banks and investment firms for transaction mandates.

DIB believes that it enjoys a number of key competitive advantages, including the following:

Strong and trusted brand

DIB believes that it has a strong and trusted brand. Management believes that DIB's market position and strong brand recognition reflect DIB's focus on high-quality customer service (see below), its established track record in both consumer and wholesale banking, its targeted marketing to consumers and its involvement in a number of the UAE's most prominent infrastructure and other development projects. The bank recently revealed its new identity built around its vision as a progressive and innovative player and the modern face of Islamic banking and finance.

Established track record and knowhow

As the first Islamic bank in the UAE, DIB has a proven track record in developing and offering Islamic finance products to meet the increasingly sophisticated needs of its customers.

Innovative and extensive product range

DIB endeavours to provide its customers with a wide range of innovative products under its Al Islami brand, which allows it to meet their diversified and sophisticated needs. DIB believes that it is able to offer its retail customers all of the banking products that they may require and, accordingly, that there is little need for them to approach DIB's competitors for alternative products.

Sharia-compliance credibility

DIB maintains a highly reputed Fatwa and Sharia Supervisory Board (the **Sharia Board**). DIB aims for high levels of *Sharia*-compliance by offering all its products and services in strict conformity with the parameters approved by the Sharia Board. This helps to ensure that DIB's reputation as a premier Islamic bank is maintained at all times.

Stable funding base

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

Strong financial performance

DIB has consistently benefitted from strong financial performance and robust financial metrics (see "*Selected Financial Information*" for further information).

Quality of service and speed of response time

DIB believes that the high quality of customer service which it provides distinguishes it from its principal competitors. Employees are trained regularly in managing clients, new products and market developments so as to provide a better service to clients and to enable new products and services to be introduced to the market.

Experienced and committed management

The majority of DIB's senior management team have been with the bank for several years and, prior to joining DIB have had many years of regional and global experience with other leading international banks. The team has considerable experience in the Islamic finance industry and knowledge of the requirements relating to the operation of Islamic finance institutions, see "*Management and Employees*" below.

Strength in staff training

DIB provides regular and comprehensive training to staff at all levels to enable them to improve their skills. This is done through a dedicated training division within DIB. DIB regularly sends its staff on courses, conferences and workshops on Islamic banking products to ensure that they are well informed about international and regional developments.

Systematic approach to developing strategy

DIB adopts a systematic approach in developing its strategy through comprehensive analyses of the domestic and international macroeconomic and business environments and aligning its strategy with any major trends identified. This formalised approach is then used to link the overall strategic plan and agenda to the BSC performance management system (which is the primary tool used to measure individual and departmental performance) and thus to ensure that DIB meets its short-, medium- and long-term strategic objectives.

Links with the Government of Dubai

DIB has a good relationship with the Government of Dubai which enables it to be at the forefront of the ongoing financing of the development of Dubai, see "– *Shareholders and Capital Structure*" above.

Links with the community

DIB has always maintained strong links with the local community and intends to continue to promote the development of society in the UAE. It sees this as an important feature in enhancing its position as a premier Islamic bank. For example, it has been active in promoting "Emiratisation", the process of employing and nurturing UAE nationals with a view to encouraging them to participate in and improve the economy of the UAE.

Business activities

The principal activities of the Group are focused around five core business areas: (i) Consumer Banking; (ii) Corporate Banking; (iii) Real Estate & Contracting Finance; (iv) Investment Banking; and (v) Treasury.

For accounting purposes, DIB divides its business into the following primary reporting segments: (a) consumer banking (which reflects the Consumer Banking and Home Finance business lines); (b) corporate banking (which reflects the Corporate Banking, Institutional and Contracting Finance business lines); (c) real estate development (which reflects real estate investment by subsidiaries); (d) treasury (which reflects the Treasury-related business line); and (e) others (comprising DIB's investments, certain investment banking activities and un-allocated internal assets and liabilities of DIB which are not related to those of its external customers).

The following table sets out a breakdown of certain income and profit information for each of DIB's primary reporting segments for the two years ended 31 December 2016 and 31 December 2015, respectively:

	Consumer Banking		**Corporate Banking**	
	31 December		**31 December**	
	2016	**2015**	**2016**	**2015**
	(AED millions)			
Net operating revenue	3,329	3,169	1,964	1,796
Operating expenses	(1,463)	(1,370)	(366)	(357)
Net operating income	1,866	1,799	1,598	1,439
Impairment (loss)/reversal for the year	(960)	(656)	(19)	(22)
Net profit for the year before income tax expenses	906	1,143	1,579	1,417

	Real Estate Development		**Treasury**	
	31 December		**31 December**	
	2016	**2015**	**2016**	**2015**
	(AED millions)			
Net operating revenue	350	483	719	610
Operating expenses	(136)	(181)	(39)	(44)
Net operating income	214	302	680	566
Impairment (loss)/reversal for the year	-	-	-	75
Net profit for the year before income tax expenses	214	302	680	640

	Others		Total	
	31 December		31 December	
	2016	2015	2016	2015
	(AED millions)			
Net operating revenue	399	431	6,761	6,489
Operating expenses	(293)	(271)	(2,297)	(2,223)
Net operating income	106	160	4,464	4,266
Impairment (loss)/reversal for the year	587	193	(392)	(410)
Net profit for the year before income tax expenses	693	353	4,072	3,855
Income tax expense			(22)	(16)
Net profit for the year			4,050	3,839

The following table sets out a breakdown of DIB's segment assets, liabilities and capital expenditure (principally relating to expenditure on information technology and opening new, and refurbishing existing, branches) for each of its primary reporting segments as at 31 December 2016 and 31 December 2015:

	Consumer Banking		Corporate Banking	
	31 December		31 December	
	2016	2015	2016	2015
	(AED millions)		(AED millions)	
Segment assets	39,207	36,619	75,714	61,076
Segment liabilities	60,323	56,589	65,146	56,183

	Real Estate Development		Treasury	
	31 December		31 December	
	2016	2015	2016	2015
	(AED millions)		(AED millions)	
Segment assets	5,602	5,306	30,044	26,562
Segment liabilities	1,024	1,280	19,064	10,692

	Other		Total	
	31 December		31 December	
	2016	2015	2016	2015
	(AED millions)		(AED millions)	
Segment assets	24,404	20,334	174,971	149,898
Segment liabilities	2,144	2,360	147,701	127,104

Set out below is an overview of the key business activities of the Group.

Consumer Banking

DIB's Consumer Banking Group (the **Consumer Banking Group**) is the largest business segment within the Group. DIB offers its retail and business banking services through a network of 91 branches spread across all of the Emirates, more than 440 automated teller machines (**ATMs**), 68 cash deposit machines (**CDMs**) and 17 electronic banking terminals (**e-branches**) across the UAE (each as at the date of this Base Prospectus) as well as through internet and telephone banking services. DIB offers customers a broad range of retail products and services under its "*Al Islami*" brand, including:

- *Auto finance*

  DIB's auto finance product finances vehicle purchasing for individuals and businesses in a *Sharia*-compliant manner. DIB has established itself as one of the leading providers of auto financing in the UAE.

- *Sharia-compliant cards*

  In pursuit of its strategy of growth through key strategic alliances, DIB in 2016 expanded its *Sharia*-compliant cards product portfolio by launching two co-branded cards.

  In June 2016, in partnership with the Dubai Department of Economic Development, DIB launched the "Consumer Card", which allows customers to earn cashback on expenditure on certain "daily use" categories including supermarkets, utilities, fuel etc. The product enables customers to make savings on their daily spending.

  In November 2016, DIB launched co-branded credit cards with flydubai. This exclusive partnership allows customers to earn OPEN reward points from flydubai on their card usage and redeem the points for flydubai services. flydubai covers a large number of destinations, which are aligned with the needs of DIB's customer base who travel for business or personal reasons, making this a suitable partnership and the cards an attractive offering.

- *Personal finance*

  DIB's personal finance product was launched in December 2005 to cater to the personal financing needs of individuals, and was originally provided in the form of *murabaha* and *ijara* products to cater to all non-cash personal financing needs of customers. In 2010, DIB launched *Al Islami Salam*, which provides customers with an upfront cash payment. The *Al Islami Salam* product is based on a fixed price sale contract whereby the customer gets the full price as a cash payment upfront and delivers the relevant goods on a deferred basis.

- *Retail real estate finance*

  Retail real estate finance comprises freehold and non-freehold residential mortgages by DIB and its subsidiary, Tamweel. DIB is one of the leading providers of retail real estate finance in the UAE.

- *SME Business Solutions*

  In December 2012, DIB launched its "SME Business Solutions" suite of *Sharia*-compliant products and services specifically developed to support the growth of small and medium sized enterprises. The solutions offered are based on a combination of *Murabaha* and *Salam*-based structures.

- *Investment funds*

  DIB offers a range of *Sharia*-compliant investment products to suit its clients' investing needs across various asset classes, including cash, commodities, fixed income securities and equities. Along with structures developed in-house, DIB has also partnered with leading investment houses to provide a range of investment choices with varied currencies and maturities, exposures to different markets and capital protection options.

- *IPO/capital markets subscription services*

  DIB offers subscription services on selected IPOs. DIB provides this service to companies approved for investment in accordance with *Sharia* law.

- *Wajaha*

  Wealth management services are provided through four exclusive Wajaha centres in Abu Dhabi, Al Ain, Dubai and Sharjah. These branches offer personal relationship managers, financial planning services and tailor-made products, as well as offering a number of other benefits which are exclusive to DIB's Wajaha clients, such as international concierge services, diamond studded credit cards, travel insurance, ticket exchange and travel desk and cash services.

- *Private banking*

  Private banking targets high net worth customers, catering to their specific investment and financial needs.

- *Additional Retail Segments*

  Following an extensive customer relationship management exercise, the Consumer Banking Group identified key additional business segments (broadly based on customer deposits) named *Mumayaz* (effectively the upper mass segment), the mass segment and the lower mass segment. Specific offerings have been developed to cater to these segments leading to previously untapped profitability opportunities.

Other Delivery Channels

In addition to its 91 branches in the UAE, DIB has expanded into self-service electronic delivery channels by offering services such as internet banking, telephone banking and e-branches:

- *Internet and Phone banking*

  DIB offers online and mobile telephone banking facilities, giving customers greater flexibility to deal with their accounts by offering a range of account enquiry and payment services. During April 2012, DIB introduced an Arabic online interface to its internet banking service in order to allow all of its online transactions to be conducted in the Arabic language. In August 2013, DIB launched the *Al Islami* Business Mobile Banking offering exclusively for its business customers. All customers enrolled for *Al Islami* Business Online will be able to carry out transactions through their mobile phone such as viewing statements and making transfers and payments.

- *e-branches*

  In DIB's virtual branches, customers can utilise banking services such as ATMs, CDMs and instant cheque machines, and an "internet kiosk" for secure online banking and phone banking which connects them to customer service agents. In addition, customers can make requests for manager cheques, demand drafts, SWIFT transfers, the issue of new cheque books, the re-issue of ATM cards, e-statement registrations, SMS banking registrations and applications for pre-designated fund transfers. DIB's e-branches also offer instant approvals for auto finance, personal finance and credit cards.

For a description of DIB's gross retail Islamic financing and investing assets by product type as at 31 December 2016, see "– *Overall Performance*" above.

Corporate Banking

DIB offers a range of *Sharia*-compliant solutions to its corporate clients in the UAE, the GCC and in other niche markets. The Corporate Banking Group (**CB Group**) comprises the following teams (which are organised on both a geographical and product-specific basis):

- private sector (Dubai, Jebel Ali and Northern Emirates), which supports DIB's corporate clients based in and around Dubai and the Northern Emirates;

- public sector (Dubai region and Northern Emirates), which supports DIB's public sector clients based in and around Dubai and the Northern Emirates;

- GCC, Structured Finance (**SF**). DIB's SF unit principally deals with all of DIB's cross-border activities relating to project finance, syndicated lending, structured trade finance and inventory financing. This unit provides plain vanilla financing, including bilateral facilities, to GCC sovereigns, quasi-sovereigns and private sector companies located outside the UAE. The GCC and SF unit also provides a range of debt capital market products to GCC customers (excluding the UAE), including syndications, straight and convertible Sukuk products;

- Corporate Banking unit (Abu Dhabi) which supports and manages business from clients based in Abu Dhabi City as well as adjoining areas and cities in the southern and eastern region (including Al Ain); and

- Transaction Banking, which provides specialist product advice (through the Ahlan Banking Service) to cater for clients' daily banking needs and handles customer queries, auto faxing and electronic reporting. Internet banking solutions for cash management and trade finance are also available.

DIB believes that the strengths of the CB Group are:

- its in-depth specialisation within the UAE and GCC sectors;
- its deep understanding of its customers' businesses;
- the comprehensive and innovative range of services and strategic, solution-driven capabilities offered to its corporate clients (see below); and
- innovative financial solutions covering corporate finance, investment banking, capital markets and syndications products, project finance, trade and commodity finance, treasury and corporate banking, international banking services and securities.

DIB has designed and implemented a range of modern, Islamic financing instruments which are intended to meet the needs of its corporate clients. The products offered by the CB team include goods financing and specific Islamic financing products such as *Ijara* financing, *Mudaraba* financing and *Wakala/Wakala Murabaha* financing to cater to its clients' trade, working capital and medium to long-term financing requirements. The categories of products and services offered by the CB Group are:

- Financial Products and Solutions, which include *Murabaha*, *Mudaraba* and *Musharaka* products tailored to the needs of DIB's wholesale banking customers;
- Trade Finance Services, which provides an extensive range of trade-related services covering sectors such as manufacturing, services, construction, retail and transportation; and
- Transaction Banking Solutions, covering:
  - liabilities and deposits management;
  - cash management products and services (including services in relation to payments, collections, escrow collections, account management and liquidity and receivables management); and
  - an internet based platform for corporate clients (which allows them to perform online account management, make electronic payments and receive trade reports).

For a description of DIB's gross non-retail Islamic financing and investing assets by product type as at 31 December 2016, see "– *Overall Performance*" above.

The CB Group manages over 5000 relationships (including middle market, contracting finance and real estate finance companies) and is instrumental in leveraging its client relationships to cross-sell other products offered by DIB, including investment banking and treasury services.

Real Estate & Contracting Finance

Real Estate Finance

Historically, DIB has been one of the leading providers of real estate finance services in the UAE. DIB played a significant role in supporting corporate real estate developments, including the construction of commercial property and residential estates. The Real Estate Finance Group is managed by a specialist team with extensive experience in this field.

Standard Islamic financing products offered include *Istisna* financing, *Murabaha* acquisition finance, diminishing *Musharaka* and *Ijara* lease financing.

Contracting Finance

The Contracting Finance Group provides financing to contractors executing building, electrical and mechanical infrastructure works across a range of sectors (including the oil, gas, power and water sectors). The Contracting Finance Group's customer base includes well known local, regional and international construction groups, and has supported its customers in executing many prestigious projects within the UAE, regionally in the GCC and in many other Arab countries.

The product range offered by the Constructing Finance Group includes Islamic financing products such as *Mudaraba, Murabaha, Ijara,* letters of guarantee and letters of credit (**LCs**). DIB believes that its large underwriting capability and its close association with other local and international banks allows it to support the majority of its clients' projects.

Investment Banking

DIB's Investment Banking business group is primarily responsible for management of DIB's proprietary investment portfolios, strategic stakes and international operations and expansion.

DIB's Investment Banking business group provides advisory and related services to DIB's corporate clients in the UAE and in the rest of the world. The Investment Banking team comprises professionals with previous experience from international financial institutions.

Treasury

The Treasury Group forms an essential part of DIB's commitment to the Islamic-compliant investment banking industry. The Treasury Group offers a comprehensive range of products backed by DIB's expert understanding of local and international markets. The Treasury Group works closely with the CB Group and the Consumer Banking Group and also engages in Islamic derivatives business. Its principal customers are DIB's corporate customers, financial institutions, high net worth individuals, SME companies and similar businesses. The products offered to such customers include: plain vanilla currency contracts, flexible delivery currency contracts, profit-enhanced products, multi-currency hedging instruments and other bespoke Islamic-compliant financial solutions.

Treasury also includes FIs who primarily focuses on building and maintaining relationships with the FI sector across the globe in order to assist with smooth trade inflows and outflows. Relations range from authenticated communication links by way of SWIFT RMA to trade, treasury and account maintenance in different currencies. DIB's network of correspondent banks comprises leading financial institutions which provide trade services, which are intended to add value and service to DIB's branches and business units. DIB's correspondent banks offer one or more of the following services: remittance and payments, advisory and confirmations

The Treasury Group is responsible for managing DIB's liquidity requirements, sukuk investment portfolio and funding through the capital markets, and acts under the supervision of the Asset and Liability Management Committee (**ALCO**). Asset and liability management is conducted by the Treasury Group in accordance with Central Bank liquidity ratios. The Treasury Group is also responsible for the implementation of risk management initiatives as directed by ALCO as explained further under "– *Risk Management*".

Subsidiaries and Associates

As at 31 December 2016, DIB had 14 consolidated material subsidiaries (and 17 special purpose vehicles) details of which are set out in Note 17 of the 2016 Financial Statements. As at 31 December 2016, DIB also had 8 significant associates and joint ventures, details of which are set out in Note 12 of the 2016 Financial Statements. Of these, DIB considers the following to be its most important subsidiaries and associates in terms of revenue and future growth potential:

Tamweel P.J.S.C. (UAE)

Tamweel was established in Dubai in November 2000 and is the specialist mortgage financing institution for the Group. Tamweel's core business is the provision of *Sharia*-compliant home financing solutions to real

estate buyers in the UAE. Tamweel is licensed by the Central Bank to operate as an Islamic finance company.

As at 31 December 2012, DIB owned 58.3 per cent. of Tamweel's issued share capital, a controlling stake. In January 2013, DIB's Board of Directors approved a proposal to make the Tender Offer to the minority shareholders in Tamweel to acquire their shares in consideration of New Shares in DIB. Under the Tender Offer, DIB offered 10 New Shares for every 18 shares in Tamweel held by a Tamweel minority shareholder. The Tender Offer was widely accepted by the majority of the Tamweel shareholders and this increased DIB's shareholding from 58.3 per cent. to 86.5 per cent.

At an extraordinary general meeting held on 7 July 2013, Tamweel's shareholders approved the company's conversion to a Private Joint Stock Company and approved the delisting of its shares from the DFM, subject to receipt of relevant regulatory approval. On 26 September 2013, the UAE Securities and Commodities Authority (the **SCA**) approved the suspension of trading in Tamweel's shares on the DFM with effect from 1 October 2013. With effect from 27 August 2014, Tamweel was registered as a Private Joint Stock Company and its shares were delisted from the DFM during September 2014.

In September 2013, DIB settled all of Tamweel's wakala finance received from banks, amounting to AED 3.8 billion (U.S.$1.0 billion), by providing a short-term wakala facility of an equivalent amount to Tamweel.

On 1 April 2015, a further offer was announced by DIB to the minority shareholders to acquire the remaining 13.5 per cent. minority shares in Tamweel. DIB offered AED 1.25 per share to be paid in cash for each Tamweel share.

5.5 per cent. of offerees accepted this offer, and as a result DIB increased its stake in Tamweel from 86.5 per cent. to 92 per cent. in May 2015.

In January 2016, DIB fully redeemed the only outstanding senior sukuk of Tamweel (U.S.$300 million).

As at 31 December 2016, Tamweel's authorised, issued and paid up share capital was AED 1,000 million (U.S.$272 million). As at 31 December 2016, Tamweel had total assets of AED 4,682 million (U.S.$1,275 million) compared to AED 5,384 million (U.S.$1,466 million) as at 31 December 2015 and AED 6,706 million (U.S.$1,826 million) as at 31 December 2014. As at 31 December 2016, Tamweel had total equity of AED 2,534 million (U.S.$690 million) compared to AED 2,459 million (U.S.$669 million) as at 31 December 2015 and AED 2,437 million (U.S.$664 million) as at 31 December 2014.

For the year ended 31 December 2016, Tamweel's net profit was AED 103 million (U.S.$28 million) compared to AED 80 million (U.S.$22 million) for the year ended 31 December 2015. On 22 December 2011, Tamweel established a U.S.$1,000,000,000 Trust Certificate Issuance Programme (the **Tamweel Sukuk Programme**). Certain of Tamweel's payment obligations under the transaction documents relating to the Tamweel Sukuk Programme were guaranteed by DIB, where the relevant certificates issued under the Tamweel Sukuk Programme specify that such guarantee from DIB was applicable. The only outstanding series of certificates issued under the Tamweel Sukuk Programme, which had an aggregate face amount of U.S.$300 million, matured and was redeemed in January 2017 (see "*– Risk Management – Liquidity risk and funding management – Liquidity risk management process*").

DIB Pakistan (Pakistan)

DIB Pakistan was incorporated as a wholly-owned subsidiary of DIB in 2006. It currently has over 240 branches and express centres in over 60 cities across Pakistan. DIB Pakistan's team comprises experienced professionals with previous experience at leading banks (situated within and outside Pakistan). DIB Pakistan offers a full range of *Sharia*-compliant banking products in consumer banking, corporate and investment banking and wealth management. DIB Pakistan had share capital of Pakistani Rupee 10,219 million (U.S.$98 million) as at 31 December 2016. As at 31 December 2016, DIB Pakistan's net assets were Pakistani Rupee 12,139 million (U.S.$116 million) compared to Pakistani Rupee 11,265 million (U.S.$108 million) as at 31 December 2015. For the year ended 31 December 2016, DIB Pakistan's profit after taxation was Pakistani Rupee 879 million (U.S.$8.4 million) compared to its profit after taxation of Pakistani Rupee 444 million (U.S.$4.32 million) for the year ended 31 December 2015. For the purposes of this paragraph, Pakistani Rupees have been converted into U.S. dollars based on the closing rates on given dates.

Deyaar Development (UAE)

Deyaar Development was incorporated as a wholly-owned subsidiary of DIB in 2002 and engages in real estate development and property management business in the UAE. DIB currently owns 44.9 per cent. of Deyaar Development (which is consolidated with the Group's financial statements). As at 31 December 2016, Deyaar Development's total assets were AED 6,015 million (U.S.$1,638 million) compared to AED 5,425 million (U.S.$1,477 million) as at 31 December 2015. For the year ended 31 December 2016, Deyaar Development's profit before taxation was AED 804 million (U.S.$219 million) compared to AED 498 million (U.S.$ 136 million) for the year ended 31 December 2015. Deyaar Development's authorised and paid up capital was AED 5,778 million (U.S.$1,573 million) as at 31 December 2016.

Dar Al Sharia Legal & Financial Consultancy LLC (UAE)

Dar Al Sharia was incorporated as a subsidiary of DIB in 2007 and has expertise in all types of *Sharia* advisory, certification, product structuring, restructuring and documentation, conversion of conventional financial institutions as well as providing a full range of products for new Islamic financial institutions and specialising in the structuring and documentation of Sukuk, Islamic syndications and Islamic funds to the market in general (see "– *Fatwa and Sharia Supervisory Board*" below). As at 31 December 2016, DIB owned 60 per cent. of the issued share capital of Dar Al Sharia.

Bank Panin Syariah (Indonesia)

In May 2014, DIB acquired a 24.9 per cent. stake in Bank Panin Syariah.

In October 2015, DIB obtained "Significant Shareholder Status" from the OJK in respect of Bank Panin Syariah. Following confirmation of this status, DIB increased its stake in Bank Panin Syariah from 24.9 per cent. to 39.4 per cent. as at 31 December 2016. Bank Panin Syariah offers Islamic banking services in Indonesia. DIB intends to cooperate with Bank Panin Syariah in order to promote the growth of *Sharia* banking in Indonesia. To achieve this, DIB will provide its well-established expertise in Islamic banking operations to Bank Panin Syariah, which will be bolstered by Bank Panin Syariah's knowledge of the local market.

Bank Panin Syariah is currently controlled by PT Bank Panin and currently operates through a network of 10 branches (with its head office located at Panin Life Center Building, Jakarta). Bank Panin Syariah is listed on the Indonesia Stock Exchange.

DIB Bank Kenya

In order to expand its business to cover East Africa, in December 2014 DIB obtained 'in principal' approval from the Central Bank of Kenya to establish a *Sharia*-compliant bank in Kenya (**DIB Bank Kenya**). DIB Bank Kenya is a wholly-owned subsidiary of DIB. Currently, staff have been hired and deployed in Kenya and physical and technological infrastructure has also been installed. DIB is now in the process of obtaining final clearances and formal approvals for the issuance of a licence from the Central Bank of Kenya to commence commercial operations in the country and accordingly, as at the date of this Base Prospectus, DIB Bank Kenya is yet to commence commercial operations.

Risk Management

Overview

Risk is inherent in DIB's activities but it is managed through a process of ongoing identification, measurement and monitoring, subjecting risk to limits and the implementation of other risk controls, as described below. This process of risk management is critical to DIB's continuing profitability and each individual within DIB is accountable for the risk exposures relating to his particular responsibilities.

DIB is exposed to a number of risks, including credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. DIB is also subject to operating risks.

DIB's independent risk control process does not include business risks such as changes in the environment, technology and industry. These risks are monitored through DIB's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks within DIB; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for DIB's overall risk management approach and for approving its risk strategies and principles.

Risk Management Committee

DIB's Risk Management Committee has overall responsibility for the development of its risk strategy and implementing principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures within DIB in order to ensure that an independent control process is in place. The Risk Management Department is responsible for credit approval, credit administration, portfolio management, credit risk, market risk, operational risk and overall risk control.

Asset and Liability Management Committee

ALCO is responsible for managing DIB's assets and liabilities and its overall financial structure. It is also primarily responsible for the funding and liquidity risks of DIB.

Collection & Remedial Management Committee (the CRMC)

The Collection & Remedial Committee is a management level of authority. The primary purpose of the CRMC is to take remedial decisions and monitor recovery activities within the discretionary authority delegated to it by the Executive Committee and the Board of Directors. In performing its role, the CRMC periodically reviews and provides constructive recommendations to the Executive Committee and/or the Board of Directors on the policies, guidelines and processes for remedial activities in DIB.

Management Credit Committee

The Management Credit Committee is a management level of authority responsible for taking credit decisions and monitoring credit activities within the discretionary authority delegated to it by the Board of Directors. In performing its role, the Management Credit Committee periodically reviews and provides constructive recommendations to the Board of Directors on DIB's credit policies, guidelines, processes and the future direction of credit/investment activities within DIB.

Risk measurement and reporting systems

DIB measures risks using conventional qualitative methods for credit, market and operational risks. Further, DIB also uses quantitative analysis and methods to support revisions in business and risk strategies when required. These analyses and methods reflect both the expected loss likely to arise in the normal course of business and unexpected losses resulting from unforeseen events, which are based on simple statistical techniques and probabilities derived from historical experience. DIB also runs stress scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by DIB. These limits reflect the business strategy and market environment of DIB as well as the level of risk that it is willing to accept, with additional emphasis on the industries of selected borrowers. Information compiled from all of DIB's business units is examined and processed in order to analyse, control and identify risks at an early stage. This information is presented and explained to the Board of Directors, the Risk Management Committee and the head of each business division. The report includes aggregate credit exposure, limit exceptions, liquidity and other risk profile changes. Detailed reporting of industry, customer and geographic

risks takes place on a monthly basis. DIB's senior management assesses the appropriateness of its provisions for impairment losses on a quarterly basis.

Risk mitigation

As part of its overall risk management process, DIB uses various methods to manage exposures resulting from changes in credit risks, profit rate risks, foreign currencies, equity risks and operational risks.

DIB seeks to manage its credit risk exposures through diversification of financing and investment activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses. DIB actively uses collateral to reduce its credit risks. See "– *Credit Risk*" below for further details.

DIB's market risk is managed on the basis of predetermined asset allocation across various asset categories and a continuous appraisal of movements in market conditions. DIB also continuously monitors expected changes in foreign currency rates, benchmark profit rates and equity indices in order to mitigate market risk. See "– *Market risk*" below for further details.

In order to mitigate against liquidity risk, DIB's management has access to diversified funding sources. DIB's assets are managed with its overall liquidity in mind as well as with a view to maintaining an appropriate balance of cash and cash equivalents in order to be able to meet its contractual liabilities at short notice. See "– *Liquidity risk and funding management*" below for further details.

To manage all other risks, DIB has developed a detailed risk management framework intended to identify and apply resources effectively in order to mitigate against those risks occurring.

Risk concentration

Concentrations of risk arise within DIB when a number of its counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to DIB to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of DIB's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, DIB's policies and procedures include specific guidelines which require it to focus on maintaining a diversified portfolio of Islamic financing and investment assets. Where concentrations of credit risks are identified, DIB aims to control and manage these accordingly (as described further below).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. DIB attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of its counterparties. In addition to monitoring credit limits, DIB manages credit exposure relating to its trading activities by entering into collateral arrangements with counterparties in appropriate circumstances and limiting the duration of its exposure to those counterparties. In certain cases, DIB may also close out transactions or assign them to other counterparties to mitigate credit risk.

As described above under "– *Risk concentration*", concentrations of credit risk arise when a number of DIB's counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of DIB's performance to developments affecting a particular industry or geographic location.

Management of credit risk

DIB's credit risk management framework includes:

- establishment of an authorisation structure and limits for the approval and renewal of credit facilities;
- reviewing and assessing credit exposures in accordance with its authorisation structure and limits, prior to facilities being approved to customers. Renewals and reviews of facilities are subject to the same review process as occurs in respect of an application for a new facility;
- limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with the risk management strategy and market trends.

DIB has established a credit quality review process to provide early identification of possible changes in the creditworthiness of its counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. DIB's risk ratings are subject to regular revision. The credit quality review process allows DIB to assess the potential loss as a result of the risks to which it is exposed.

Credit risk measurement

As described above, DIB assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties. Whilst some of the models for assessment of real estate projects have been developed internally, those relating to DIB's corporate, contracting and SME businesses have been acquired from Moody's and are housed within the Moody's Risk Analyst rating tool (which was implemented by DIB during 2009).

DIB's rating tools are kept under review and upgraded as necessary. DIB regularly validates the performance of the rating tools and their predictive power with regard to default events.

Collateral

DIB employs a range of policies and practices to mitigate credit risk. The most traditional and commonly used policy is to take collateral against the amount advanced. DIB has implemented guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal types of collateral obtained in respect of DIB's Islamic financing and investing assets are:

- mortgages over residential and commercial properties;
- corporate and financial guarantees;
- charges over business assets such as premises, machinery, inventory and accounts receivable; and
- charges over financial instruments such as financing securities and equities.

The amount and type of collateral required by DIB depends on its assessment of the particular counterparty's credit risk. DIB implements guidelines regarding the acceptability of particular types of collateral and the parameters put in place for valuing it.

Islamic derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in DIB's consolidated statement of financial position.

Credit-related commitments risks

DIB makes available to its customers guarantees and letters of credit which require it to make payments in the event that its customer fails to fulfil certain obligations it owes to other parties.

This exposes DIB to a similar credit risk to that faced by it in respect of its financing and investing assets, and these risks are mitigated by the same control processes and policies as described above.

Portfolio Concentrations

As described above, concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, in activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of DIB's performance to developments affecting a particular industry or geographic location. DIB's credit policies are structured to ensure that DIB is not over-exposed to a given client, industry or geographic area through diversification of financing and investment activities. The breakdown of DIB's financing portfolio by sector was 32 per cent. consumer, 52 per cent. corporate and 16 per cent. real estate compared to 36 per cent. consumer, 45 per cent. corporate and 19 per cent. real estate, respectively, as at 31 December 2016.

The following table shows the concentration of DIB's gross Islamic financing and investing assets by industry sector as at 31 December 2016, 31 December 2015 and 31 December 2014:

	31 December					
	2016		2015		2014	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Portfolio Concentration Gross Islamic Financing and Investing Assets – by Industry Sector:						
Government	5,143	4.3	4,786	4.7	4,759	6.0
Financial institutions	5,586	4.6	5,184	5.1	3,462	4.4
Real estate	19,595	16.3	18,990	18.6	16,528	20.9
Contracting	7,080	5.9	4,184	4.1	2,203	2.8
Trade	7,393	6.1	5,548	5.4	4,323	5.5
Aviation	10,844	9.0	6,358	6.2	3,269	4.1
Services and manufacturing	26,211	21.7	20,653	20.2	12,333	15.6
Consumer home finance	13,138	10.9	13,202	12.9	12,623	15.9
Consumer financing	25,536	21.2	23,363	22.8	19,624	24.8
Total	**120,526**	**100.0**	**102,268**	**100.0**	**79,124**	**100.0**

	31 December					
	2016		2015		2014	
	(AED millions)	*%*	*(AED millions)*	*%*	*(AED millions)*	*%*
Portfolio Concentration Gross Islamic Financing and Investing Assets – by geographical areas:						
Within UAE	113,147	93.9	94,965	92.9	74,206	93.8
Outside UAE	7,380	6.1	7,303	7.1	4,918	6.2
Total	**120,526**	**100**	**102,268**	**100**	**79,124**	**100**

	Portfolio outstanding net of future profits	Bilateral sukuk	Total	Non performing assets	Provisions held	Non performing/ portfolio outstanding net of future profits and bilateral sukuk	Provisions/ non performing
		(AED millions)				*(%)*	
31 December 2016	120,526	3,192	123,718	4,768	5,559	3.9	116.6
31 December 2015	102,268	3,305	105,573	5,289	5,048	5.0	95.4
31 December 2014	79,124	3,306	82,430	6,593	5,147	8.0	78.1

Impairment assessment

The main considerations for DIB's impairment assessment include whether any payments of principal or profit are overdue by more than 90 days or if there are any known difficulties in the cash flows of counterparties, credit rating downgrades or infringement of the original terms of the contract between DIB and the customer. DIB addresses impairment assessment in two principal areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

DIB determines the allowances appropriate for each individually significant Islamic financing or investing asset on an individual basis. Matters considered by DIB when determining impairment allowance amounts include:

- the sustainability of the counterparty's business plan;
- its ability to improve performance once a financial difficulty has arisen;
- projected receipts and the expected dividend payout should the counterparty become bankrupt;
- the availability of other financial support and the realisable value of collateral; and
- the timing of the expected cash flows under the Islamic financing or investing asset.

DIB's impairment losses are evaluated at each financial reporting date, unless unforeseen circumstances require more careful attention prior to the next financial reporting date.

Collectively assessed allowances

DIB's collective assessment takes account of impairment that is likely to be present in each portfolio even though there is no objective evidence of the impairment on the basis of an individual assessment. Impairment losses are estimated by taking into consideration each of the following factors: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance and expected receipts and recoveries once impaired. The impairment allowance is reviewed by the Risk Management Committee to ensure alignment with DIB's overall policy.

Provisions in relation to acceptances, letters of credit and guarantees are assessed and made by DIB in a similar manner as for its Islamic financing and investing assets.

In November 2010, the Central Bank published a set of rules making it mandatory for banks and financial institutions to make provisions for their impaired loans on a quarterly basis. The guidelines prescribe specific provisions for three categories of impaired loans and stipulate that lenders should build up general provisions equal to 1.5 per cent. of risk weighted assets over a period of four years. DIB is building provisions and reserves for general provisions accordingly and is ahead of the given Central Bank requirement.

The following table sets out the movements in DIB's provision for impairment of its financing and investing assets for the years ended 31 December 2016, 31 December 2015 and 31 December 2014:

	31 December		
	2016	**2015**	**2014**
		(AED millions)	
Balance at the beginning of the year	5,048	5,147	4,573
Charge for the year	2,112	1,520	1,106
Release to consolidated statement of profit or loss	(1,149)	(1,036)	(545)
Write-off	(411)	(380)	(10)
Others	(41)	(203)	22
Balance at the end of the year	5,559	5,048	5,147

	31 December		
	2016	2015	2014
		(AED millions)	
Gross amount of Islamic financing and investing assets, individually determined to be impaired	4,439	4,302	5,346

Liquidity risk and funding management

DIB maintains a portfolio of highly marketable and diverse assets that it believes can be liquidated easily in the event of an unforeseen interruption of its cash flows. DIB also has committed lines of credit that it can access to meet liquidity needs should the need arise. In addition, DIB maintains statutory deposits with certain central banks. DIB's liquidity position is assessed and managed under a variety of scenarios, which give due consideration to stress factors relating to both the market in general and those specific to DIB. Sources of liquidity are regularly reviewed by management to maintain a wide diversification by currency, geography, provider, product and term.

DIB believes that the high quality of its asset portfolio ensures its liquidity, which, coupled with its own funds and "evergreen" customer deposits, help form a stable funding source. DIB is confident that, even under adverse conditions, it will have access to the funds necessary to cover customer needs and meet its funding requirements.

DIB's primary tool for monitoring its liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. Guidelines have been established by DIB for the cumulative negative cash flow over successive time periods.

The following tables show the maturity profile of DIB's assets, liabilities and equity as at 31 December 2016 and 31 December 2015:

	As at 31 December 2016					
	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No maturity	Total
			(AED millions)			
Assets:						
Cash and balances with central banks	16,291	364	0	0	0	16,655
Due from banks and financial institutions	4,346	0	200	0	0	4,546
Islamic financing and investing assets, net.....	10,555	18,469	59,082	26,862	0	114,968
Investments in Islamic Sukuk measured at amortised cost.....	769	896	10,602	11,142	0	23,409
Other investments measured at fair value	1	819	897	0	0	1,717
Investments in associates and joint ventures	0	0	0	0	2,034	2,034
Properties held for development and sale	0	0	1,348	0	0	1,348
Investment properties	0	0	0	0	3,058	3,058
Receivables and other assets	459	4,621	1,228	0	0	6,308
Property and equipment.....	0	0	0	0	928	928
Total assets.....	32,421	25,169	73,357	38,004	6,020	174,971
Liabilities and equity:						
Customers' deposits	31,750	57,596	32,995	36	0	122,377
Due to banks and financial institutions	5,590	2,300	2,528	0	0	10,418
Sukuk issued.....	1,103	1,837	4,756	0	0	7,695

	As at 31 December 2016					
	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No maturity	Total
			(AED millions)			
Payables and other liabilities	4,408	1,376	1,185	0	0	6,969
Zakat payable	0	242	0	0	0	242
Equity	0	0	0	0	27,269	27,269
Total liabilities and equity	**42,851**	**63,351**	**41,464**	**36**	**27,269**	**174,971**
Net maturities gap	**(10,430)**	**(38,182)**	**31.893**	**37,968**	**(21,249)**	**-**

	As at 31 December 2015					
	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No Maturity	Total
			(AED millions)			
Assets:						
Cash and balances with central banks	13,045	114	256	-	-	13,415
Due from banks and financial institutions	4,670	186	228	-	-	5,085
Islamic financing and investing assets, net	8,501	15,981	45,223	27,515	-	97,220
Investment in Islamic Sukuk measured at amortised cost	2,319	2,464	9,643	5,640	-	20,066
Other investments measured at fair value	-	868	963	-	-	1,831
Investments in associates and joint ventures	-	-	-	-	2,085	2,085
Properties held for development and sale	-	-	1,394	-	-	1,394
Investment properties	-	-	-	-	2,743	2,743
Receivables and other assets	184	2,310	2,770	-	-	5,264
Property and equipment	-	-	-	-	795	795
Total assets	**28,719**	**21,923**	**60,477**	**33,155**	**5,624**	**149,898**
Liabilities and equity:						
Customers' deposits	38,589	46,296	24,975	121	-	109,981
Due to banks and financial institutions	2,289	1,981	443	-	-	4,713
Sukuk issued	-	-	5,602	-	-	5,602
Payables and other liabilities	4,056	1,478	1,056	-	-	6,590
Zakat payable	-	218	-	-	-	218
Equity	-	-	-	-	22,794	22,794
Total liabilities and equity	**44,934**	**49,973**	**32,076**	**121**	**22,794**	**149,898**
Net maturities gap	**(16,215)**	**(28,050)**	**28,401**	**33,034**	**(17,170)**	**0**

Liquidity risk management process

DIB's liquidity risk management process, as carried out within DIB and monitored by a separate team in DIB's Treasury department, includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes the replenishment of funds as they mature or are financed by customers;

- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to DIB's cash flows;
- monitoring DIB's consolidated statement of financial position liquidity ratios against internal and regulatory requirements; and
- managing the concentration and profile of the maturity dates of its investing and financing exposures.

The following table sets forth a number of liquidity ratios for DIB as at 31 December 2016 and 31 December 2015:

	31 December	
	2016	**2015**
	%	
Liquidity ratios:		
Liquid assets[1]/total assets	13.1	13.6
Customer deposits/total deposits[2]	92.2	95.9
Net financing and investment assets/customer deposits	94	88
Net financing and investment assets/total assets	66	65

Notes:
(1) Liquid assets include cash and balances with central banks, due from banks and financial institutions and other investments measured at fair value.
(2) Total deposits include customers' deposits and due to banks and financial institutions.

The following table provides a breakdown of DIB's customer deposits as at 31 December 2016 and 31 December 2015:

	31 December	
	2016	**2015**
	(AED millions)	
Customers' deposits:		
Current accounts	29,007	27,623
Saving accounts	17,848	16,283
Investment deposits	74,906	65,302
Margins (LC and guarantee margins)	489	585
Depositors' investment risk reserve	19	57
Depositors' share of profit payable	108	131
Total	**122,377**	**109,981**

The following table provides a breakdown of DIB's contingencies and commitments as at 31 December 2016 and 31 December 2015:

	31 December	
	2016	**2015**
	(AED millions)	
Contingent liabilities:		
Letters of guarantees	11,747	9,096
Letters of credit	2,610	2,867
Total	**14,357**	**11,963**

	31 December	
	2016	**2015**
	(AED millions)	
Commitments:		
Capital expenditure commitments	1,452	1,134
Irrevocable undrawn facilities and commitments	18,420	24,101
Total commitments	**19,872**	**25,235**
Total contingent liabilities and commitments	**34,229**	**37,198**

For a description of the maturity profile of DIB's derivative cash flows as at 31 December 2016, 31 December 2015 and 31 December 2014, please refer to Note 48.3.4 to the 2016 Financial Statements and Note 48.3.4 to the 2015 Financial Statements, incorporated by reference in this Base Prospectus.

In addition to customer deposits, DIB's other sources of funding over the last few years have been:

Sukuk issuance by DIB

U.S.$5,000 million Trust Certificate Issuance Programme

In May 2012, DIB, through a *Sharia*-compliant financing arrangement, established the Programme. As part of the Programme, the first series of the trust certificates amounting to U.S.$500 million (AED 1,836.3 million) was issued and listed on the Irish Stock Exchange on 30 May 2012. The first series of trust certificates issued under the Programme matures in May 2017 and, at the time of issuance, were expected to pay a semi-annual profit to investors based on 6 months LIBOR plus 3.65 per cent. per annum. The second series of trust certificates issued under the Programme amounting to U.S.$750 million (AED 2,754.7 million) was issued and listed on the Irish Stock Exchange in June 2015 and matures in June 2020. Profit distributions under the second series are paid semi-annually at a profit to investors of 2.92 per cent. per annum. The third series of trust certificates issued under the Programme amounting to U.S.$500 million (AED 1,836.3 million) was issued and listed on the Irish Stock Exchange in June 2015 and matures in March 2021. Profit distributions under the third series are paid semi-annually at a profit rate to investors of 3.600 per cent. per annum.

The terms of the Programme include transfer of certain identified assets (the **Co-Owned Assets**) including original leased and *musharakat* assets, *Sharia*-compliant authorised investments and any replaced assets of DIB to the Trustee. These assets are under the control of DIB and shall continue to be serviced by DIB.

The Trustee will pay the semi-annual distribution amount from returns received in respect of the Co-Owned Assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukukholders on the semi-annual distribution dates. Upon maturity of the sukuk, DIB has undertaken to buy these assets at the exercise price from the Trustee.

Tier 1 issuance

DIB has issued Tier 1 Sukuk through *Sharia*-compliant structures with details mentioned in "*Shareholders and Capital Structure – Tier 1 issuances*".

Sukuk issuance by subsidiaries of DIB

Sharia-compliant U.S.$300 million Trust Certificates due 2017

In 2012, Tamweel (a subsidiary of DIB) issued *Sharia*-compliant trust certificates of US$300 million (AED 1,101.9 million) at an expected profit rate of 5.15 per cent. per annum. Realised profit on these certificates is payable semi-annually in arrears. The certificates were listed on the Irish Stock Exchange and matured in January 2017. This issuance was fully repaid by DIB on its scheduled maturity in January 2017.

Apart from the aforementioned trust certificates, Tamweel had also completed two other issuances of certificates, each of which were fully repaid on scheduled maturity:

- In 2008, it issued *Sharia*-compliant, convertible sukuk for a total value of U.S.$300 million (AED 1,101.9 million) at an expected profit rate of 4.31 per cent. per annum. Realised profit on these sukuk was paid quarterly in arrear. The sukuk were listed on NASDAQ Dubai and were redeemed fully in cash on scheduled maturity in January 2013.

- In 2008, further *Sharia*-compliant, non-convertible sukuk were issued in the form of trust certificates for the total value of AED 1,100 million at an expected profit rate of 3 months EIBOR plus 225 basis points per annum. Realised profit on these sukuk was paid quarterly in arrear. These sukuk were listed on NASDAQ Dubai and were redeemed fully in cash on scheduled maturity in July 2013.

Medium term wakala finance

During 2008, DIB received the Wakala Deposits from the UAE Ministry of Finance. During 2009, DIB elected to re-categorise the Wakala Deposits as Tier 2 qualifying finance, which was approved by DIB's shareholders at an extraordinary general meeting held in April 2009. The Wakala Deposits were used for investments with a tenor of seven years and were scheduled to mature in December 2016. Profit on the Wakala Deposits was paid every three months. During the financial year ended 31 December 2013, DIB repaid the Wakala Deposits in full before their scheduled maturity (December 2016) after obtaining the necessary regulatory and government approvals.

Repo facility

In the event of a liquidity crisis, DIB has a large portfolio of rated Sukuk that could be used for repo and has access to the Central Bank's measures intended to ensure that banks within the UAE have sufficient liquidity including, in particular, through access to the Central Bank's Islamic-compliant CD repo facility (see "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Liquidity*").

General Risk associated with the UAE Banking sector

Please see "*The United Arab Emirates Banking Sector and Regulations*" for an overview of the general risks associated with the UAE Banking Sector.

Market risk

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. Market risk management is designed to limit the amount of potential losses on DIB's open positions which may arise due to unforeseen changes in profit rates, foreign exchange rates or equity prices. DIB is exposed to diverse financial instruments including securities, foreign currencies, equities and commodities.

DIB pays considerable attention to market risk. It uses appropriate models, in accordance with standard market practice, to value its positions and receives regular market information in order to regulate its market risk.

DIB's trading market risk framework comprises the following elements:

- limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters set by senior management; and

- independent mark-to-market valuation, reconciliation of positions and tracking of stop-losses for trading positions on a timely basis.

The policies and procedures and the trading limits are set to ensure the implementation of DIB's market risk policy in day-to-day operations. These are reviewed periodically to ensure they remain in line with DIB's general market risk policy. DIB's Chief Risk Officer ensures that the market risk management process is always adequately and appropriately staffed. In addition to its internal procedures and systems, DIB is required to comply with the guidelines and regulations of the Central Bank.

Profit margin risk

DIB is not significantly exposed to risk in terms of the repricing of its customer deposits since, in accordance with Islamic *Sharia*, DIB does not provide contractual rates of return to its depositors or investment account holders. The return payable to depositors and investment account holders is based on the principle of the Mudaraba by which the depositors and investment account holders agree to share the profit or loss made by DIB's Mudaraba asset pool over a given period.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. DIB is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. DIB manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

DIB manages profit rate risk in its banking book using value at risk methodology and by stress testing parallel shifts of profit rate movements.

Foreign exchange risk

DIB has income recorded in its overseas subsidiaries and is therefore exposed to movements in the foreign currency rates used to convert this income into UAE dirham (see further Note 48.4.3 to the 2016 Financial Statements incorporated by reference in this Base Prospectus).

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the level of equity indices and the value of individual stocks. Non-trading equity price risk exposure arises from DIB's investment portfolio.

Operational Risk

Operational risk is the potential exposure to financial or other damage arising from inadequate or failed internal processes, people or systems.

DIB has developed a detailed operational risk framework which defines roles and responsibilities of individuals/units across different functions that are involved in performing various operational risk management tasks. DIB's operational risk management framework is intended to ensure that its operational risks are properly identified, monitored, managed and reported. Key elements of this framework include process mapping, setting up a loss database, establishing key risk indicators (**KRIs**), risk analysis and risk management reporting.

DIB currently utilises ORMIS, an operational risk tracking system used to track operational risk events across its businesses. The system houses four years of operational loss data. The subject system is currently enhanced to automate KRIs and risk control self-assessment.

Each new product introduced by DIB is subject to a risk review and sign-off process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product.

Variations of existing products are also subject to a similar process. DIB's business and support units are responsible for managing operations risk in their respective functional areas. They operate within DIB's operational risk management framework and ensure that risk is managed within their respective business units. The day-to-day management of operational risk is carried out through the maintenance of a comprehensive system of internal controls, supported by robust systems and procedure to monitor transaction positions and documentation, as well as maintenance of key backup procedures and business contingency planning.

Legal Risk

Overview

DIB has a full-time team of legal advisers who deals with both routine and more complex legal cases. Situations of a particular complexity and sensitivity are referred to external firms of lawyers, either in the UAE or overseas, as appropriate. DIB also seeks to mitigate legal risk through the use of properly reviewed standard documentation and where necessary, seeking appropriate legal advice in relation to its non-standard documentation.

Capital adequacy

DIB currently calculates its capital adequacy ratio in accordance with the capital adequacy guidelines issued by the Central Bank in line with Basel II requirements. These guidelines require banks to maintain adequate levels of regulatory capital against all measureable risks. In accordance with these guidelines, DIB must maintain a minimum capital adequacy ratio of 12 per cent. and minimum Tier I ratio of 8 per cent.

DIB's Tier I capital adequacy ratio was 17.8 per cent. at 31 December 2016, 15.5 per cent. at 31 December 2015 and 14.7 per cent. at 31 December 2014. DIB's total capital adequacy ratio was 18.1 per cent. at 31 December 2016, 15.7 per cent. at 31 December 2015 and 14.9 per cent. at 31 December 2014.

In accordance with Central Bank timelines, DIB has implemented the Basel II standardised approach in relation to credit risk, standard model approach, market risk and standardised approach for operational risk and is well placed to move towards advanced approaches in relation to risk-based capital management as and when the Central Bank permits the adoption of such practices.

Also, in line with the Basel III Accord (**Basel III**) requirements, the Central Bank is proposing a set of quantitative requirements which include the following:

- **Liquidity Coverage Ratio (*LCR*)**

  The LCR represents a 30 day stress scenario with combined assumptions covering both bank specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 day stress scenario; and

- **Net Stable Funding Ratio (*NSFR*)**

  The NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities.

DIB has already commenced planning for the implementation of Basel III. In particular, DIB has already implemented the monitoring phase desired by the Central Bank (reflecting the LCR requirements described above).

Related parties

Certain related parties (principally major shareholders, associated companies, directors and senior management of DIB and companies of which they are principal owners) are customers of the Group in the ordinary course of business. The transactions with these parties were made on substantially the same terms, including profit and commission rates, as the case may be, and the requirements for collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve an amount

of risk which was more than the amount of risk relating to such comparable transactions. No impairment allowances have been recognised against financing and investing assets extended to such related parties.

The tables below set out the amounts outstanding for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 in respect of transactions entered into by DIB with related parties:

	31 December		
	2016	**2015**	**2014**
	(AED millions)		
Islamic financing and investing assets	2,182	2,596	1,609
Investment in Islamic Sukuk	918	861	738
Customer deposits	7,157	9,854	3,405
Contingent liabilities and commitments	-	14	1

The tables below set out the income statement for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 in respect of transactions entered into by DIB with related parties:

	Year ended 31 December		
	2016	**2015**	**2014**
	(AED millions)		
Income Statement Highlights			
Income from Islamic financing and investing	76	78	46
Income from investment in Islamic sukuk	32	27	16
Depositors' share of profits	132	86	34

Information Technology

DIB recognises the importance of information technology in assisting it in reaching its objectives of growth, expansion and competitive market positioning. There is strong alignment between DIB's business plans and its information technology plans.

DIB's existing technology set-up is based upon the IFLEX core banking solution system which is integrated with a number of specific customised banking systems. IFLEX is used with a view to ensuring availability and reliability of business services to customers, as well as internally to staff, and also to allow DIB to utilise an enhanced Islamic financing system.

DIB is also committed to the introduction of specific technology management systems, including Treasury, Asset and Liability and HR management systems which will help it meet growing competition and market pressures. In 2013, DIB completed a significant upgrade of its infrastructure following a detailed evaluation process that took place in 2007. This infrastructure continues to be updated from time to time.

AML and CFT Policy and KYC

DIB has an active Anti-Money Laundering (**AML**) and Counter-Financing of Terrorism (**CFT**) compliance policy. DIB's AML and CFT policies are designed to:

- prevent money laundering and terrorist financing;
- meet the requirements of all applicable laws and regulations on AML/CFT; and
- comply with UN and other applicable sanctions regimes.

DIB has a compliance function in place, which is headed by a dedicated compliance officer who is responsible for co-ordinating and overseeing the effective implementation of DIB's compliance programme (including its AML and CFT policies). All AML and CFT policies and practices are applied across all of

DIB's branches and certain of its subsidiaries within the UAE as well as outside the UAE (to the extent permitted by local laws and regulations). DIB's internal auditors review and assess its AML and CFT policies in accordance with their audit plan and practices in order to ensure that they are effective and adequate.

The AML function is managed by a team of certified AML specialists consisting of six dedicated staff at Head Office. Each of DIB's subsidiaries has dedicated compliance officers. DIB has separate AML and Know Your Client (**KYC**) policies and procedures for all new customers and transaction monitoring based on amount thresholds, pre-determined scenarios and a blacklist database through the NorKom System, which was installed by DIB during 2008 as part of its continuous improvement programme.

DIB's policy for the acceptance of new customers takes into consideration their activity, related accounts and any other relevant indicators. The policy includes adequate investigation of customers in accordance with their associated risk. The investigation is carried out according to the following general rules:

- verification of the customer's and actual beneficiary's identity, whether the customer is a natural or judicial person (for example, the customer's/actual beneficiary's full name, nationality, physical location, contact details (telephone), occupation, date of birth and passport or National ID number are all obtained);
- DIB only opens accounts with customers who engage in legitimate business activities;
- DIB obtains information concerning, and assesses the AML/CFT policies and practices of, the financial institutions it does business with;
- DIB assesses the normal and expected transaction behaviour of its customers based on its risk assessments of such customers; and
- DIB does not enter into a business relationship or execute any transactions before applying due diligence procedures stipulated in these instructions. DIB requires enhanced due diligence on relationships with sensitive sectors such as politically exposed persons, consistent with industry practice. In addition, where, based on its due diligence, DIB has any suspicion in respect of the accuracy or adequacy of the information obtained in relation to the customer's identity, it makes further enquiries and takes appropriate measures as necessary.

DIB only deals with customers who have an account with DIB and does not allow any payments from non-customers over the counter in cash. DIB monitors all transactions and reports suspicious transactions to the Central Bank. DIB has implemented the automated NorKom System to filter swift transactions against international blacklists. DIB screens all customer names and payment details against applicable sanctions and blacklists, including those derived from, or published by, the Central Bank, the United Nations, the United States' Office of Foreign Assets Control (**OFAC**) and the EU.

DIB's client acceptance/on boarding for correspondent banking services with other financial institutions complies with the Wolfsberg Principles for Correspondent Banks in relation to anti money laundering and corruption.

DIB provides ongoing training to employees in relation to a broad range of compliance issues. In particular, DIB has a compliance training programme whereby training is conducted on all applicable laws and regulations as well as changes to its AML and/or CFT policies. This training includes identification and reporting of suspicious transactions. DIB has both classroom-based training as well as e-learning programmes that cover its KYC policy and AML and CFT methods. DIB retains records of its training sessions including attendance records and relevant training materials used.

Internal Audit

Risk management processes throughout DIB are audited periodically by its internal audit function which examines both the adequacy of DIB's risk management procedures and DIB's compliance with them. Members of the Internal Audit department discuss the results of their assessments with DIB's management and report their findings and recommendations to the Audit Committee.

Business Continuity Planning and Disaster Recovery

DIB has established infrastructure and processes designed to ensure that a robust and secure business, technical and operational contingency plan is in place. This plan is based on the following elements:

The first level of protection ensures that all key technical systems at DIB's head office have onsite back-up systems.

In the event that DIB's head office back-up systems (described above) also fail, DIB's second level of Business Continuity Planning (**BCP**) and Disaster Recovery (**DR**) principally comprises two off site DR sites (located in each of Sharjah and Al Ain), which are strategically located away from its head office (which is in line with ISO 9000/8 and ISO Tec 27001 standards) and ensure further safety and security. DIB's BCP and DR infrastructure is also in compliance with the Global Good Practice Guidelines circulated by the United Kingdom's Business Continuity Institute.

All critical processes and system contingencies have been established in accordance with global best practice and incorporate business impact analysis and risk impact analysis intended to minimise any negative effects in the case of an unprecedented scenario. These processes and system contingencies include:

- business processes;
- document continuity;
- emergency management;
- facilities management; and
- human resource planning.

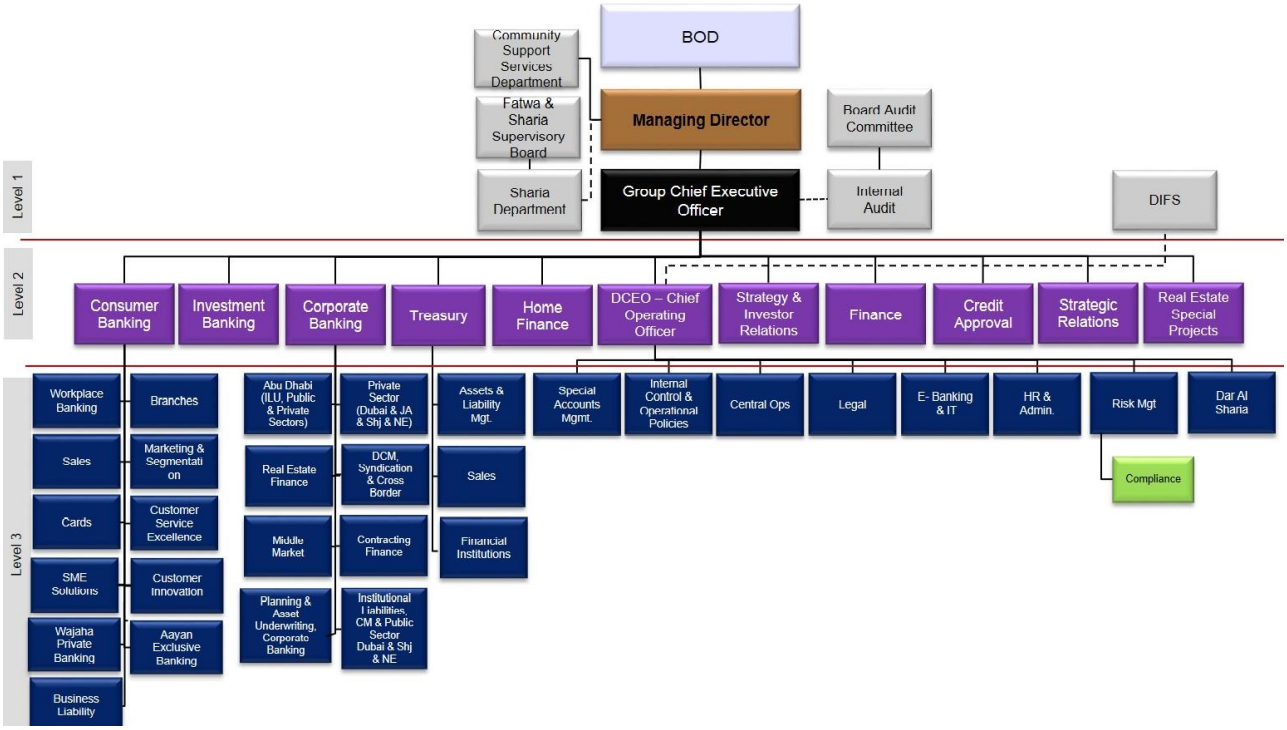
Accordingly, DIB believes that all critical systems and processes within DIB are protected by its BCP and DR strategy and planning exercise (which includes both local and international linked systems and processes as well as regulatory requirements). DIB refines its BCP and DR strategy on an ongoing basis. In order to ensure that they are up to date and effective, DIB regularly conducts BCP tests and exercises along with regular DR drills to make certain that it has a sustained and robust BCP and DR environment.

Tax

DIB is not subject to tax in Dubai or the UAE, whether corporate or otherwise. DIB may be subject to tax in other jurisdictions in which it operates.

Management and Employees

The following chart summarises the principal features of the organisational structure within DIB:



Board of Directors

The Board of Directors is elected by shareholders at a general meeting. DIB requires the majority of its Board of Directors to be UAE nationals. Each Director is appointed for a three year term at the end of which the Board is re-instituted (which is next due to take place in 2017). This composition of DIB's Board of Directors is subject to a vote at its upcoming annual general meeting on 22 February 2017. The Board of Directors has the necessary power to manage DIB and act on its behalf.

The following table sets out the names of the current members of DIB's Board of Directors:

Name	Designation
H.E. Mohammad Ibrahim Al Shaibani	Board Chairman
Mr. Yahya Saeed Ahmad Lootah	Board Member
Mr. Abdulla Ali Obaid Al Hamli	Board Member / Managing Director
Mr. Hamad Abdulla Rashed Al Shamsi	Board Member
Mr. Ahmad Mohammad Bin Humaidan	Board Member
Mr. Abdulaziz Ahmed Rahma Al Mheiri	Board Member
Mr. Hamad Mubarak Buamim	Board Member
Mr. Abdulla Hamad Rahma Al Shamsi	Board Member
Mr. Javier Marin Romano	Board Member

The address of each member of the Board of Directors is P.O. Box 1080, Dubai, UAE. There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to DIB. Each member of DIB's Board of Directors is an independent and nonexecutive director of DIB.

Detailed below is brief biographical information on the members of DIB's Board of Directors.

H.E. Mohammad Ibrahim Al Shaibani

H.E. Al Shaibani is the Chairman of DIB, and is also a member of DIB's Board of Directors.

H.E. Al Shaibani also serves as Director General of H.H. The Ruler's Court, Government of Dubai and the Chief Executive Officer and Executive Director of the Investment Corporation of Dubai. He is also Chairman of the National Bonds Corporation and a Board Member of Emaar Properties, Shuaa Capital,

Dubai Aerospace Enterprise Limited, The Knowledge Fund and International Humanitarian City. Since 1998, H.E. Al Shaibani has also held the position of President at the Dubai Office, a private management office for the Royal Family of Dubai.

H.E. Al Shaibani holds a degree in Computer Science.

Mr. Hamad Abdulla Rashed Al Shamsi

Mr. Al Shamsi serves as a member of DIB's Board of Directors.

Mr. Al Shamsi also currently serves as the Chief Executive Officer of International Capital Trading Company, Chairman of the Board of Directors of Essdar Capital, and a member of the Board of Directors of the Abu Dhabi Stock Exchange, Finance House, Etihad Airways and Royal Jet. Mr. Al Shamsi holds a degree in Business Administration from Al Ain University, UAE and has a Master's degree in Finance and Banking.

Mr. Al Hashimi holds a degree in Architecture from the Fine Arts University, Egypt.

Mr. Abdulla Ali Obaid Al Hamli

Mr. Al Hamli served as Chief Executive Officer of DIB from 2008, and is also a member of DIB's Board of Directors. Mr Al Hamli joined DIB in 1999. Before assuming the role of Chief Executive Officer, he served as DIB's Chief Information Officer where he oversaw the upgrade of its IT infrastructure. Mr Al Hamli is currently Chairman of Tamweel following his appointment to this position in November 2010. Mr Al Hamli was appointed as Managing Director of DIB in mid-2013.

Mr. Al Hamli also serves as Chairman of the property developer, Deyaar Development. He holds a degree in Economics and Mathematics from Al Ain University, UAE.

Mr. Ahmad Mohammad Bin Humaidan

Mr. Bin Humaidan serves as a member of DIB's Board of Directors.

Mr. Bin Humaidan has over 22 years' experience in strategic thinking, strategic planning, projects management, leading improvements programmes and change management and also serves as Deputy Director General of H.H. The Ruler's Court, Government of Dubai. He has also previously served as the Director of Projects for The Executive Office of His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai.

Mr. Bin Humaidan holds a degree in Electrical Engineering from UAE University as well as a Business Administration diploma from Sheffield Hallam University, United Kingdom.

Mr. Abdulaziz Ahmed Rahma Al Mheiri

Mr. Al Mheiri serves as a member of DIB's Board of Directors. Mr. Al Mheiri also serves as a member of the Board of Directors of Bourse Dubai, Vice Chairman of the Support Fund and Chairman of the Supervisory Board of Bosna Bank International. He has previously served as the Managing Director of the Investment Corporation of Dubai and as a member of the Board of Directors and Chief Executive Officer for Dubai Bank.

Mr. Al Mheiri holds a Science degree, specialising in Accounting and Finance, from the American College of Switzerland.

Mr. Abdulla Hamad Rahma Al Shamsi

Mr. Al Shamsi has served as the Chairman of Dubai Properties Group (May 2012 until 2015) and has also been a Member of the Board of Directors for Emirates Integrated Telecommunications Co. since March 2007. He was also the General Manager for United Arab Shipping Agencies Co. until 2014.

Previously, Mr. Al Shamsi served as the Chairman for Middle East Container Repair until 2013 and was a founding member and treasurer for the UAE Tennis Association until 2010.

Mr. Al Shamsi obtained a Bachelor of Science degree, Business and Public Administration with a major in Finance and Economics from New York University in 1981.

Mr. Hamad Mubarak Buamim

Mr. Buamim has been the President and CEO of Dubai Chamber of Commerce and Industry since November 2006. He also serves as the Deputy Chairman of the World Chambers Federation – ICC in Paris. Mr. Buamim is a member of the Board of Directors of the Central Bank, a Board Member of Dubai World, Chairman of National General Insurance and a Board Member of Union Properties. Previously, Mr. Buamim served as Chairman of Emirates Financial Services, Chairman of Emirates NBD Capital and a Board Member of Emirates NBD Bank and Network International.

Educated in the USA, Mr. Buamim graduated with Honours (Magna Cum Laude) from the University of Southern California, Los Angeles in 1996 with a Bachelor of Science in Electrical Engineering. In 2002, he obtained an MBA with honours in Finance from the University of Missouri, Kansas City.

Mr. Yahya Saeed Ahmad Lootah

Mr. Lootah serves as a member of DIB's Board of Directors. In addition, Mr. Lootah serves as Executive Director of the S.S. Lootah Group and is a member of the Board of Directors of the Dubai Chamber of Commerce and Industry, as well as a member of the Board of Trustees of Dubai Medical College and the Advisory Board of the Faculty of Engineering at the American University in Dubai.

Mr. Lootah holds a degree in Civil Architectural Engineering as well as a Master's degree in Science in Engineering.

Mr. Javier Marin Romano

Mr. Marin was appointed to DIB's Board of Directors in April 2016. He is an entrepreneur and an investor in technology companies linked to financial services. He also serves as a director of the UCV (Spanish University). Prior to this Mr. Marin served as CEO of Banco Santander, senior executive vice-president of Banco Santander and head of private banking, asset management and insurance. He has also been a member of the European Banking Association and the European Financial Services Association and of the board in different Banks, insurance companies and asset managers in several countries in Europe (affiliates of Banco Santander).

Mr. Marin holds a degree in Law and a diploma in Business Administration from the Universidad Pontificia de Comillas in Madrid (Spain). He also obtained his masters in European law in Luxembourg, in banking administration from the Institute International d´Etudes Bancaires (La Joya, California), taxes from the Universidad Pontificia de Comillas (Madrid) and the advanced program of Singularity University (California).

Key Senior Management

The following table sets out the names of the current senior management of DIB:

Name	Position
Mr. Abdulla Ali Obaid Al Hamli	Managing Director
Dr. Adnan Chilwan	Group Chief Executive Officer
Mr. Mohamed Abdulla Al Nahdi	Deputy CEO – Chief Operation Officer
Mr. Sanjay Malhotra	Chief of Consumer Banking
Mr. Naveed Ali	Chief of Corporate Banking
Mr. Mohammed Saleem	Chief of Treasury
Mr. Abbas Bhujwala	Chief Credit Officer
Mr. Anil Kumar Parimoo	Chief Risk Officer
Mr. Salman Liaqat	Chief of Strategy & Investor Relations
Mr. John Macedo	Chief Financial Officer

The address of each member of the senior management of DIB is P.O. Box 1080, Dubai, UAE. There are no potential conflicts of interest between the private interests or other duties of the senior management of DIB listed above and their duties to DIB.

Detailed below is brief biographical information on the senior management of DIB.

Mr. Abdulla Ali Obaid Al Hamli

Please see biographical information provided above for Mr. Al Hamli ("*—Board of Directors*").

Dr. Adnan Chilwan

Dr. Chilwan currently serves as the Chief Executive Officer of DIB.

Dr. Chilwan has an extensive career spanning nearly two decades with reputed conventional and Islamic banks in the region including DIB, Dubai Bank, Commercial Bank of Qatar, Mashreq Bank, Abu Dhabi Islamic Bank and HSBC. Dr. Chilwan represents DIB on the boards of various strategic investments, subsidiaries and associates. He is currently a member of the board of each of Tamweel, DIB Capital, Deyaar Development, Liquidity Management Centre Bahrain and Dar Al Sharia.

Dr. Chilwan was ranked amongst the top 10 at both the Top CEO Awards 2016 and the Top CEO Awards 2015. In 2016, Forbes Middle East also ranked Dr. Chilwan in the top 5 of the Top Indian Leaders in the Arab World.

In 2015, Dr. Chilwan received the "Banking Innovation" Award from Entrepreneur ME at the Indian Innovator Awards 2015 ceremony, the "Outstanding contribution to the Islamic Economy" award by CPI Financial at the 2015 BME Industry Awards and the "Best Islamic Banking CEO, Middle East" at the 2015 Global Brands awards ceremony.

Dr. Chilwan has a PhD and an MBA in Marketing. He is a Certified Islamic Banker (CeIB), a post graduate in Islamic Banking and Insurance and an Associate Fellow Member in the Islamic Finance Professionals Board.

Mr. Mohamed Abdulla Al Nahdi

Mr. Al Nahdi has served as Deputy CEO – Chief Operation Officer of DIB since July 2008, overseeing the critical support functions of DIB.

Mr. Al Nahdi has over 26 years of leadership experience gained in the banking sector. Before joining DIB, Mr. Al Nahdi was Chief Retail Banking Officer at Dubai Bank. He began his career with HSBC, holding various positions within the personal banking, corporate banking, branches, trade finance, operations and remittances departments of that bank.

Mr. Al Nahdi also serves as a board member of each of DIB Capital, Tamweel and Deyaar Development. He holds a degree in Accountancy and Administration from Baghdad University, Iraq.

Mr. Sanjay Malhotra

Mr. Malhotra has served as Chief of Consumer Banking at DIB since February 2015.

Mr. Sanjay holds a Master of Management, an integrated MBA (Finance) & Engineering Degree Program from the leading Indian University (Birla Institute of Technology & Science, BITS Pilani). He brings to the bank a wealth of experience spanning across more than 26 years in the area of Consumer Banking through working with reputed local and international banks such as a Citibank-India, ANZ Grindlays Bank-India, UNB-Abu Dhabi, Arab Bank- Jordan/Dubai, NBK- Kuwait and National Bank of Oman.

Mr. Naveed Ali

Mr. Ali has served as Chief of Corporate Banking at DIB since June 2003.

Mr. Ali has over 24 years of banking experience with both conventional and Islamic banks. Before joining DIB, Mr. Ali was Vice President of the Commercial Banking Group at Mashreq Bank (UAE). He began his career with Habib Credit & Exchange Bank (Pakistan).

Mr. Ali holds a degree in Science from the University of Karachi, Pakistan.

Mr. Mohammed Saleem

Mr. Saleem has served as Chief of Treasury at DIB since July 2006.

Mr. Saleem has over 28 years of banking experience with both conventional and Islamic banks, including Standard Chartered Bank (Pakistan and UAE), Société Générale (Bangladesh and Pakistan) and Union National Bank (UAE). Before joining DIB, Mr. Saleem was Treasurer at Standard Chartered Bank (Pakistan).

Mr. Saleem holds a degree in Commerce.

Mr. Abbas Bhujwala

Mr. Bhujwala has served as the Chief Credit Officer of DIB since January 2015. Before that he was the Chief Risk Officer of DIB since June 2010 and before that he headed DIB's Credit Approval team and was responsible for corporate and institutional credit. Mr. Bhujwala has over 30 years of banking experience. Before joining DIB, Mr. Bhujwala worked at Faysal Bank and Standard Chartered Bank in the Middle East region, holding various senior positions in both institutions, including head of business and risk management at Faysal Bank and Standard Chartered Bank (Dubai). Mr. Bhujwala holds a degree in Management from the University of Karachi, Pakistan.

Mr. Anil Kumar Parimoo

Mr. Parimoo currently serves as the Chief Risk Officer of DIB with overall responsibility for enterprise risk management for DIB. He joined DIB in January 2015.

Mr. Parimoo has 24 years of experience in the banking sector having started his career with the State Bank of India. He has also worked with ABN AMRO Bank, Bank Danamon in Indonesia and more recently with Techcomban in Vietnam as its Group Chief Risk Officer responsible for managing enterprise-wide risks of the bank and its subsidiaries.

Mr. Parimoo has a degree in Science from the University of Kashmir, India. He is a certified associate from the Indian Institute of Bankers and also has risk management certification from the Global Association of Risk Professionals.

Mr. Salman Liaqat

Before joining DIB in 2003, Mr. Liaqat worked with Standard Chartered Bank in their Regional Office for Middle East and South Asia based in the UAE and Standard Chartered Pakistan, holding senior positions including Head of Finance for Pakistan. Prior to his appointment as Chief of Strategy and Investor Relations in January 2016, Mr. Liaqat served as Head of Finance at DIB since September 2012. Mr. Liaqat has over 25 years of banking experience with both conventional and Islamic banks. Mr. Liaqat holds a Bachelor's degree in Commerce, is a qualified Chartered Accountant and Fellow Member of Institute of Chartered Accountants of Pakistan.

Mr. John Macedo

Mr. Macedo was appointed as Chief Financial Officer of DIB in January 2016. Before joining DIB, Mr. Macedo was Chief Financial Officer of Saudi Hollandi Bank (Saudi Arabia) for 8 years and Director – Finance of Standard Bank (South Africa) for 7 years.

Mr. Macedo holds an Executive MBA, a Bachelor of Accounts degree (Honors with distinction), Bachelor of Accounts (Certificate in the Theory of Accounting) with distinction and is a Professional Chartered Accountant of South Africa. He has more than 21 years of experience in the area of finance and audit.

Fatwa and Sharia Supervisory Board

DIB's *Sharia* Board comprises scholars of high repute with extensive experience of and exposure to law, economics and banking systems in various jurisdictions. The *Sharia* Board is appointed by DIB's shareholders at a general assembly meeting and its responsibilities include supervising the development of new and innovative *Sharia*-compliant products, issuing Fatwas (*Sharia* edicts) on any matter proposed to it by business units of DIB through Dar Al Sharia, ensuring through internal *Sharia* auditors that the transactions of DIB are carried out in compliance with the Fatwas issued by the *Sharia* Board, and providing guidance on any matter referred to it by DIB's management. The *Sharia* Board is supported by the *Sharia* Executive Committee (comprised of the Chairman of the *Sharia* Board and one other member of the *Sharia* Board). The *Sharia* Executive Committee has been mandated to provide *Sharia* approvals for DIB's new products and financing and investment transactions on behalf of the full *Sharia* Board. The *Sharia* Executive Committee meets on a weekly basis (or earlier in case of urgent matters) to provide timely advice or approvals. All such matters are subsequently ratified by the full *Sharia* Board in its periodical meetings.

The *Sharia* Board works closely with Dar Al Sharia (a DIB subsidiary established in 2007 and engaged in providing Islamic finance consultancy to the industry) which is responsible for developing new *Sharia*-compliant products (including their structure, process and documentation), review structure and documentation for sukuk, syndication and fund transactions, and obtaining ongoing guidance and approval from the *Sharia* Board. Dar Al Sharia is comprised of a number of highly qualified and experienced lawyers, bankers and *Sharia* scholars with expertise in Islamic banking and finance.

The *Sharia* Board submits an annual report to the General Assembly of DIB's shareholders and the Board of Directors summarising issues, if any, which have been referred to it, as well as its opinion on DIB's overall functioning during the fiscal year under review. The *Sharia* Board's annual report is included in DIB's annual audited financial statements.

The following table sets out the names of the current *Sharia* Board:

Name	Position
Professor Dr. Hussain Hamid Hassan	Chairman
Dr. Mohamed Abdul Hakim Zoeir	Secretary General
Dr. Muhammad Qaseem	Member
Dr. Muhammad Abdulrahim Sultan Al Olama	Member
Dr. Youssif Abdullah Saleh Al Shubaily	Member

Detailed below is brief biographical information on the members of the Fatwa and Sharia Supervisory Board.

Professor Dr. Hussain Hamid Hassan

Dr. Hussain completed his PhD in the Faculty of Sharia from Al Azhar University, Egypt, Master's degree in Comparative Jurisprudence from the University of New York, USA and graduated in Law and Economics from the University of Cairo, Egypt.

Dr. Hussain is a prominent scholar and teacher, having established Islamic universities and Islamic faculties in various parts of the world including Makkah, Islamabad, Kazakhstan and Libya.

For over 50 years, he has been adviser to the Presidents and leaders of various Islamic Republics, including acting as an adviser to Presidents of the Islamic Republic of Pakistan and to the Prime Minister of the Republic of Kyrgyzstan. He is also the President of the United States Muslim Jurists Association.

Besides DIB, Dr. Hussain is the Chairman of the *Sharia* supervisory boards of several Islamic financial Institutions including Islamic Development Bank, Ajman Bank, Amlak Finance, Deutsche Bank, Liquidity Management Centre, Dubai Financial Markets, AMAN Takaful Company, Methaq Takaful Insurance Company-Abu Dhabi, Jordan Dubai Islamic Bank, Abu Dhabi Islamic Bank Egypt, Dubai Islamic Bank Pakistan, Bank Al Salam-Bahrain, Bank Sohar-Oman and various other financial institutions. He is also a member of the Sharia Board of the Accounting and Auditing Organisation for Islamic Financial Institutions

(AAOIFI), the Islamic Financial Services Board, the Fiqh Academy of Muslim World League and the International Fiqh Academy of the Organisation of Islamic Countries.

Dr. Hussain is the author of 21 books and over 400 articles on Islamic *Fiqh*, jurisprudence, Islamic banking and insurance, and frequently presides over Islamic academic and financial conferences, seminars and workshops in different parts of the world. He has supervised the translation of the Holy Quran into Russian and the translation of 200 Islamic books into various languages.

Dr. Mohamed Abdul Hakim Zoeir

Dr. Zoeir holds a PhD in Islamic Economics and is a member of the *Sharia* boards of many Islamic banks across the Middle East and Africa. He is the author of a number of research papers and studies in the field of Islamic finance and banking.

Dr Zoeir is also Chief Editor of Islamic Economics magazine.

Dr. Muhammad Qaseem

Dr. Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Dinis, University of Karachi. He has been a member of the *Sharia* boards of many other institutions. Dr. Qaseem has taught various courses for a number of B.A. and M.A. programmes of the International Islamic University, Islamabad.

Dr. Qaseem has produced many academic contributions, articles and literary and translation works.

Dr. Muhammad Abdulrahim Sultan Al Olama

Dr. Al Olama holds a PhD in Islamic jurisprudence, is an assistant professor at various universities and is a member of numerous academic committees. He has published a number of articles and reports, in addition to his contributions to seminars and conferences in the Islamic finance arena held around the world.

Dr. Youssif Abdullah Saleh Al Shubaily

Dr. Al Shubaily holds a PhD in comparative *Fiqh* and is a professor in Saudi Arabia. He has contributed and presented numerous courses and training sessions to judges in Saudi Arabia. Dr. Al Shubaily has worked in the Islamic Institution in Washington, served as a member of the *Sharia* board of many other institutions and has more than 17 published reports and research papers.

Employees (excludes outsourced staff)

As at 31 December 2016, DIB had 1,972 employees compared to 1,977 employees as at 31 December 2015 and 1,923 employees as at 31 December 2014. As at 31 December 2016, DIB had an Emiratisation level of 44.22 per cent. compared to 42.24 per cent. as at 31 December 2015 and 44.31 per cent. as at 31 December 2014. DIB's Emiratisation level is in line with the UAE federal government's minimum threshold for Emirati employees as set out in the new UAE federal policy on Emiratisation, promulgated by UAE Cabinet Decree number 3/10/267 of 2015, dated 25 October 2015. DIB had a staff turnover of 11.6 per cent. for the twelve month period between 31 December 2016 and 31 December 2015 and 12.1 per cent. for the twelve month period between 31 December 2015 and 31 December 2014.

OVERVIEW OF THE UNITED ARAB EMIRATES

The UAE is a federation of seven Emirates. The federation was established on 2 December 1971. On formation, the federation comprised the following Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. The President of the UAE is Sheikh Khalifa bin Zayed Al Nahyan, who is also the Ruler of Abu Dhabi. The Vice President and Prime Minister of the UAE is Sheikh Mohammed bin Rashid Al Maktoum who is also the Ruler of Dubai.

The federation is governed by the Supreme Council of the Rulers of the seven Emirates (the **Supreme Council**). The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates (provided that the votes of both Dubai and Abu Dhabi are included in that majority), but matters 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 and sets federal policies.

Based on IMF data for 2016 (extracted from the World Economic Outlook Database (October 2016)), in terms of nominal GDP, the UAE is estimated to be the third largest economy in the MENA region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran. The UAE economy has generally grown over the last two decades, faltering only in 2009 as a result of a significant oil price decline, the effects of the global financial crisis and the ending of the property bubbles in both Dubai and Abu Dhabi. Although the UAE has a more diversified economy than most of the other countries in the GCC region, its wealth is still largely based on oil and gas. According to data gathered by OPEC (extracted from the OPEC Annual Statistical Bulletin 2016), at 31 December 2015, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest proven crude oil reserves in the world). Fluctuations in energy prices do have a bearing on economic growth, but the UAE is viewed as being in a less vulnerable position than some of its GCC neighbours, due to the increasing size of its non-oil sector and the sizeable wealth of the Government of Abu Dhabi. The governments of Abu Dhabi and Dubai, which contribute around 80 per cent. of the UAE's GDP, are spending substantial amounts on expanding infrastructure.

Based on IMF data (extracted from the World Economic Outlook Database (October 2016)), real GDP in the UAE increased by 4.9 per cent. in 2011, 7.1 per cent. in 2012, 4.7 per cent. in 2013 and 3.1 per cent. in 2014. Based on the same source, the IMF estimated that real GDP in the UAE increased by 4.0 per cent. in 2015 and would increase by 2.3 per cent. in 2016. On 14 May 2016, Moody's Investors Service Singapore Pte. Ltd. confirmed the UAE's long-term credit rating of Aa2, assigning a negative outlook. Reasons cited for this high investment grade rating include Moody's view that the Government of Abu Dhabi stands fully behind the federal government of the UAE and the Abu Dhabi Government's very large fiscal buffers in the form of diversified offshore investments, which will support the UAE's economic and fiscal resilience during a period of low oil prices and subdued growth. The UAE is not rated by any other rating agency.

The UAE population was estimated to have reached almost 8.3 million people in mid-2010 according to data released on 31 March 2011 by the UAE National Bureau of Statistics (which has been replaced by the UAE Federal Competitiveness and Statistics Authority). In their October 2016 World Economic Outlook Database, the IMF estimated that the population of the UAE was approximately 9.6 million as at 31 December 2015.

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

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

Within the UAE as a whole, the financial corporations sector was estimated to have contributed approximately 9.8 per cent. of real GDP in 2015, according to preliminary estimates published by the Federal Competitiveness and Statistics Authority.

While UAE banks continue to be profitable, they have been affected by the liquidity issues that have been experienced by banks globally since the second half of 2008. According to the Central Bank, the aggregate loans and advances extended to residents and non-residents of the UAE at 30 September 2016 were AED 1,446 billion compared to AED 1,381 billion at 31 December 2015 and AED 1,278 billion at 31 December 2014.

The table below provides a statistical analysis of the UAE banking sector as at 31 December 2014, 31 December 2015 and 30 September 2016.

	2014	**2015**	**2016**
Total number of banks	49	49	49
Total number of branches[(1)]	955	960	942
Total number of employees[(2)]	39,051	40,159	37,283
Total credit facilities[(3)] (*AED billion*)	1,278	1,381	1,446
Total deposits[(4)] (*AED billion*)	1,421	1,472	1,509
Total assets (*AED billion*)	2,305	2,478	2,550

Notes:

(1) Excluding pay offices and electronic banking service units.

(2) Excluding auxiliary staff.

(3) Net of provisions and interest expense.

(4) Excluding inter-bank deposits.

Source: Central Bank

Supervision of Banks

Banking and financial institutions established or operating in the UAE are subject to supervision and regulation by the competent federal authorities, principally the Central Bank and the SCA, as well as the competent local authority in the Emirate in which they are established or operate. The Central Bank was established under Union Law No. (10) of 1980 Concerning the Central Bank, the Monetary System and Organisation of Banking (the **Union Law**), and the SCA was established by UAE Federal Law No. 4 of 2000.

While the responsibility for regulating and exercising oversight of banks and financial institutions in the UAE has historically rested primarily with the Central Bank, the UAE has begun to transition towards a dual regulatory model, with the Central Bank and SCA discharging different responsibilities. Under this model, the Central Bank will continue to be responsible for monetary policy, macro-economic stability, systemic risk management and the licensing of local banks and branches of foreign banks operating in the UAE. In particular, the Central Bank will remain the principal authority responsible for setting and supervising bank capital adequacy requirements. The Central Bank will also retain oversight for overseeing anti-money laundering and anti-terrorism compliance by banks and financial institutions, which is currently handled through its Anti-Money Laundering and Suspicious Cases Unit which 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 co-ordinating anti-money laundering policy, and a National Anti-Terror Committee (the **NATC**), which serves as a UAE inter-agency liaison.

The Central Bank does not act as a lender of last resort, a role which tends to fall on the individual Emirates. However, the introduction by the Central Bank in 2014 of the Interim Marginal Lending Facility (**IMLF**)

was expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access Central Bank liquidity overnight in order to help their liquidity management.

The SCA, whose role has historically been limited to being the UAE's federal securities regulator, is expected to become increasingly active in more commercial and consumer-oriented areas previously regulated by the Central Bank, including exercising oversight over financial markets and consumer protection in financial services generally, including banking services and the establishment and marketing of investment products in the UAE. The SCA also has responsibility for oversight of certain day-to-day corporate law matters affecting public joint stock companies (including DIB) incorporated in the UAE, such as the conduct of general assembly meetings and the passing of shareholder resolutions.

Monitoring by the Central Bank is undertaken by way of regular inspections of banks and their records and the requirement for regular submission to the Central Bank of data, including, but not limited to, funds on deposit, loans and mortgages, liquidity status and anti-money laundering measures. DIB submits monthly, quarterly and annual reports to the Banking Supervision and Examination Department of the Central Bank. In addition, DIB's Memorandum and Articles of Association and any amendments thereto, its audited financial statements, its distribution of dividends and certain other documents are all submitted for approval by the Central Bank.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the Central Bank to issue government debt. However, the 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 Central Bank at any time. In 2007, the Central Bank introduced an auction system and allowed U.S. dollar drawings against AED-denominated CD holdings.

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 local banks, of which there were 23 as at 30 September 2016, are required to be public shareholding companies with a minimum share capital of AED 40 million.

Licensed foreign commercial banks, of which there were 26 as at 30 September 2016, need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses financial institutions (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

Characteristics of the Banking System

Limited Progress towards Consolidation

The UAE may be, and has historically been, seen as being over-banked with 49 different banks (comprising 23 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE (excluding the DIFC) as at 30 September 2016 (source: the Central Bank), serving a population estimated to be in the region of approximately 8.3 million people in mid-2010 (according to the National Bureau of Statistics, which has been replaced by the UAE Federal Competitiveness and Statistics Authority), which is estimated to have risen to approximately 9.6 million people in 2015 (source: IMF World Economic Outlook Database). 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. The federal structure of the country has, to some extent, encouraged the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also hampered the process of consolidation. However, in October 2007, the UAE's second and fourth largest banks at the time, Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C., merged. In July 2016, the board of directors of each of National Bank of Abu Dhabi P.J.S.C. and First Gulf Bank P.J.S.C. voted unanimously to recommend to the relevant shareholders of each

institution a merger of the two Abu Dhabi-listed banks. This recommendation was approved by the shareholders of each of the banks in December 2016.

In addition, in May 2011, Dubai Bank P.J.S.C. (**Dubai Bank**) was taken over by the Government of Dubai. The objective of this was to ensure the preservation of all of Dubai Bank's depositors' interests and the takeover was designed to ensure that Dubai Bank's business continued uninterrupted while options for the bank's future, whether to be run on a standalone basis or to be potentially merged with another Government of Dubai-owned bank, were assessed. In December 2012, Emirates Islamic (**EI**), a subsidiary of ENBD, completed its acquisition of Dubai Bank, and Dubai Bank is now a fully-owned subsidiary of EI.

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

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

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, National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the 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

Sharia law forbids the charging of interest on any financial transaction. A number of banks, including DIB, 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 DIB, Abu Dhabi Islamic Bank, EI, Noor Bank, Al Hilal Bank, Sharjah Islamic Bank, Ajman Bank, Dubai Islamic Insurance & 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 *Sharia*-compliant products.

Legal Environment

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

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 and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index in 2014, they continue to experience bouts of volatility.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in 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 May 2011, the DFM acquired two thirds of the shares in NASDAQ Dubai, in accordance with plans announced in December 2009 to consolidate markets. The two markets linked their platforms in July 2010, through the outsourcing by NASDAQ Dubai of its trading, clearing, settlement and custody functions for equities to DFM's systems. Responsibility for maintaining NASDAQ Dubai's Official List was transferred to the Dubai Financial Services Authority with effect from 1 October 2011.

The DFM and ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which could lead to an increase in interest and investment from international institutional investors in the Emirate of Dubai.

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 according to estimates published by Statistics Centre − Abu Dhabi in mid-2015. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the country has been an increasing concern for the Federal Government and, as part of a policy of Emiratisation, banks were instructed, in 1999, to increase the percentage of UAE nationals on their payroll to 40 per cent. by 2009. Generally, banks have been moving closer to, or have met, this target, providing better training and compensation for UAE nationals.

Accounting Standards

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with International Financial Reporting Standards (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 and aspects of Basel III are in the process of being implemented in the UAE.

Recent Trends in Banking

Liquidity

The Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have adequate systems and controls to manage their liquidity positions, as well as contingency plans to cope with periods of liquidity stress. Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the 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 65.0 per cent. of total deposits of the UAE banking sector as at 30 September 2016, excluding interbank deposits and bank drafts but including commercial prepayments. The UAE federal government and the public sector constituted approximately 22.6 per cent. of total deposits within the UAE banking sector as at 30 September 2016. Non-resident and other sources contributed approximately 12.4 per cent. as at the same date (source: Central Bank Statistical Bulletin November 2016).

There is currently 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 of banks were restructured by the authorities and, in May 2011, Dubai Bank was taken over by the Government of Dubai. 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. Thereafter, in May 2009, the Federal National Council approved a draft law guaranteeing federal deposits, although the law is awaiting the approval of the President of the UAE and is therefore yet to be enacted. There can be no assurance that any draft law will subsequently be passed. As such, until such time as the law is passed, there is no guaranteed governmental support of deposits with banks.

In response to the global financial crisis, the 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 Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities or *Sharia*-compliant 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 Central Bank also established a CD repo facility (which also includes an Islamic-compliant version) under which banks can use CDs as collateral for dirham or U.S. dollar funding from the 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 (including DIB) 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 1 capital securities issued by the five largest Abu Dhabi banks: National Bank of Abu Dhabi, Abu Dhabi Commercial Bank, First Gulf Bank, Union National Bank and Abu Dhabi Islamic Bank.

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 4 per cent. per annum, had been issued in its entirety to the 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.

The Central Bank issued guidelines on the implementation of the Basel III Framework (as defined below) entitled “Liquidity Regulations at Banks” in July 2012 to increase regulations on how banks in the UAE manage liquidity. The Central Bank has since issued Central Bank Notice No. 33/2015 on liquidity

requirements on 27 May 2015, which entered into force in the UAE on 1 July 2015 (replacing Central Bank Notice No. 30/2012)) (the **Liquidity Notice**). The Liquidity Notice includes a set of qualitative, quantitative and reporting requirements for UAE banks on liquidity risk management. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's Board of Directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with Basel Committee recommendations and international best practices. These requirements include the following:

Responsibilities of the Board of Directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of Senior Management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the Board of Directors;
- to review the UAE bank's strategy and to report to the Board of Directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide), results being communicated to the Board of Directors and the Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In this regards Central Bank has offered banks an alternate approach, with introduction of two ratios i.e. ELAR and ASRR:

As detailed below

	Ratio	Applicability Period
Alternate Approach ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	As advised by CB-UAE. Banks may apply LCR with CB-UAE approval
	Advances to Stable Resources Ratio (ASRR < 100%)	As advised by CB-UAE. Banks may apply NSFR with CB-UAE approval
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The liquid assets ratio (**LAR**) was an interim ratio designed to apply until the liquidity coverage ratio (**LCR**) comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the eligible liquid assets ratio (**ELAR**). Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the Central Bank, the Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the Central Bank to move to assessment of bank liquidity as against the LCR (and away from assessment against the interim ELAR), with effect from 1 January 2016. Any UAE banks taking up this option were required to comply with the ELAR until 1 January 2016, after which date they are required to move to compliance with the LCR (subject to receipt of Central Bank approval). DIB has not taken up this option and are complying with ELAR as opposed to LCR.

Under ELAR, banks must hold an amount equivalent of at least 10 per cent. (or some other percentage as set by the Central Bank) of their total on balance sheet liabilities at all times in eligible assets (listed below). This ratio will be subject to upward revision from time to time either as a result of Central Bank policy or as a result of a recalibration exercise when assessing the impact of the LCR.

Eligible assets under ELAR include:

a. account balances at the Central Bank;

b. physical cash at the bank;

c. Central Bank CDs;

d. UAE federal government bonds and sukuks;

e. reserve requirements;

f. UAE local government and public sector entities' publicly traded debt securities that are assigned a 0 per cent. credit risk weighting under the Basel II standardised approach (limited to a maximum of 20 per cent. of eligible liquid assets); and

g. foreign, sovereign debt instruments or instruments issued by their central banks or multilateral development banks, all of which receive a 0 per cent. credit risk weighting under the Basel II standardised approach (limited to a maximum of 15 per cent. of eligible liquid assets).

The LCR represents a 30 day stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose by January 2019.

The Advances to Stable Resources Ratio (**ASRR**) is a measure that recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The Net Stable Funding Ratio (**NSFR**) is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding (**ASF**) factors to the sources of funds and required stable funding (**RSF**) (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Interim Marginal Lending Facility

On 15 April 2014, the Central Bank introduced the IMLF which was expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF lets lenders use certain assets as collateral to obtain one-day overnight loans from the Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

Capital Adequacy

All banks are required to follow the framework of the Basel Committee on Banking Supervision (the **BCBS**) in calculating their capital adequacy ratios, as implemented by the Central Bank. As at the date of this Base Prospectus, the Central Bank has not yet fully implemented Basel III (see "– *UAE*" below for further details).

Basel Framework

The Basel II Accord (**Basel II**) is an international capital adequacy framework, originally issued by the BCBS in June 2004, with the objective of strengthening the soundness and stability of the international banking system and providing a baseline of capital adequacy regulation among international banks. Basel II comprises risk-based guidelines on capital adequacy requirements and regulatory standards and is a progression of the original 1988 Basel I Global Capital Adequacy Rules for Banks and Financial Institutions. Basel II is based on three "pillars": minimum capital requirements, supervisory review process and market discipline.

- *Pillar I*

  The minimum capital requirements pillar was based on market, credit and operational risk and was designed to reduce the risk of failure by providing sufficient regulatory capital to enable continued access to financial markets for meeting the banks' liquidity needs as well as providing incentives for prudent risk management through allowing some discretion on the part of banks to utilise their own risk assessment as part of the minimum capital calculations.

- *Pillar II*

  The supervisory review pillar provided national regulators with increased tools to monitor internal bank risk control and capital assessment and, in certain instances, oblige banks to increase their regulatory capital beyond the minimum requirements under Pillar I.

- *Pillar III*

The market discipline pillar implemented new and improved disclosure requirements with respect to capital adequacy in order to improve the effectiveness of the other two pillars.

Basel II requires banks to maintain a minimum capital adequacy ratio of 8 per cent. calculated as the percentage of total eligible regulatory capital to total risk-weighted assets for credit risks, operational and market risks. In July 2009, BCBS revised the Basel II Accord with respect to trading book capital and market risk framework, informally known as "Basel 2.5", in response to the initial dislocations caused by the financial crisis originating in the internal valuation and classification of re securitisations such as collateralised debt obligations of asset-backed securities. Basel 2.5 obliged banks to implement more risk and stress-sensitive methodologies in the internal models utilised for calculating trading book and counterparty risk.

The Basel Committee has approved significant changes to Basel II, known as the Basel III Framework which was published by BCBS in December 2010 and January 2011, including new capital and liquidity standards for credit institutions, in response to the global financial crisis (the **Basel III Framework**). The Basel III Framework does not replace Basel II; rather, it implements a series of modifications to the existing regulatory structure.

The Basel III Framework increases the quantity and quality of the regulatory capital banks are required to hold. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit and market exposures arising from certain assets and transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity. The most significant features of the reforms introduced by the Basel III Framework are as follows:

- *Capital base*

  Between 2013 and 2019, the common equity component of capital (known as Core Tier 1) will increase from 2 per cent. of a bank's risk-weighted assets before certain regulatory deductions to 4.5 per cent. after such deductions. In addition, a new capital conservation buffer will be introduced, as well as a zero to 2.5 per cent. countercyclical capital buffer. As a result, the overall capital requirement (Tier 1 and Tier 2) will increase from 8 per cent. at the Basel II baseline to 10.5 per cent. by 2019 with full Basel III Framework implementation.

- *Common equity*

  Common equity will continue to form the basis of Tier 1 capital, but other hybrid capital instruments permitted under Basel II will be replaced with instruments that are more loss absorbing and do not have incentives to redeem. Non-qualifying instruments issued on or after 12 September 2010 were derecognised in full from 1 January 2013; certain other instruments issued prior to 12 September 2010 which qualified as Tier 1 capital under Basel II but do not so qualify under Basel III, consisting of, among other instruments, perpetual non-cumulative preference shares, are being gradually derecognised at a rate of 10 per cent. per year from 2013 to 2023.

- *Capital charges*

  Increased capital charges will be introduced with respect to re-securitisation exposures and certain liquidity commitments held in the banking book will require more capital. With respect to a banks' trading books, more robust risk assessment methodologies will be utilised to value assets and increased counterparty and market risk charges will be assessed for exposure to other financial institutions and securitised assets.

- *Leverage ratio*

  A minimum 3 per cent. leverage ratio, measured against a bank's gross (and not risk weighted) balance sheet, will be adopted on a trial basis until 2018 and definitively adopted in 2019.

- *Liquidity standards*

  A "liquidity coverage ratio" requiring high quality liquid assets to equal or exceed certain cash outflows is expected to be adopted from 2015, thereby ensuring that a bank has sufficient high quality liquid assets to survive a one-month period of market stress. In addition, a "net stable funding ratio" requiring "available" stable funding sources to equal or exceed "required" stable funding will be adopted from 2018, thereby ensuring that a bank has access to capital or high quality funding to survive a one-year period of market stress.

UAE

Since 1993, the Central Bank has imposed a 10 per cent. minimum total capital ratio. In a circular dated 30 August 2009, the Central Bank announced amendments to its 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. The circular stated that the new requirements, which were effective on 31 August 2009, apply to national and foreign banks. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. As at the date of this Base Prospectus, no further developments have been announced. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital.

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

All UAE banks were required to implement the standardised approach for credit risk proposed under the Basel II Accord by 31 December 2007 and were required to be internal risk-based compliant for credit risk by 1 January 2011.

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 Central Bank.

The Central Bank issued guidelines on the implementation of the Basel III Framework in July 2012 under the heading "Liquidity Regulations at Banks" (see "– *Liquidity*" for further details). Since then, the Central Bank has been preparing local institutions for the implementation of the Basel III standards.

In May 2016, the Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the **Consultation Document**), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (**Regulatory Capital**). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

Reserve Requirements

Reserve requirements are used by the Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Large Exposures

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.

They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries. The Central Bank defines large exposures as any funded or unfunded on-or-off balance sheet exposure to a single borrower or group of related borrowers exceeding prescribed limits. Exposures above these limits are subject to Central Bank approval.

On 17 November 2013, the Central Bank published a circular (the **2013 Large Exposures Limits Circular**) amending certain large exposure limits. Large exposures are defined as a percentage of the bank's capital base calculated under Basel II. The 2013 Large Exposure Limits Circular was effective as of the date that was one month from the date of its publication in the official gazette. UAE banks will be required to implement the 2013 Large Exposures Limits Circular within five years of its effective date. UAE banks are also required to submit a comprehensive plan to comply with the 2013 Large Exposure Limits Circular within three months of its publication. Set out below is a table showing a summary of the changes introduced by the 2013 Large Exposure Limits Circular:

	New Limit		**Old Limit**	
	Individual	**Aggregate**	**Individual**	**Aggregate**
	(percentage)			
UAE Federal Government and their non-commercial entities	N/A	N/A	Exempt	Exempt
UAE local Government	N/A	100	Exempt	Exempt
UAE local Government non-commercial entities	25	100	Exempt	Exempt
Commercial entities of federal government and UAE local governments	25	100	25	None
Single borrowers or a group of related borrowers	25	N/A	7	N/A
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20	50	7	None
Exposure to bank's subsidiaries and affiliates	10	25	20	60
Board members	5	25	5	25

In addition, the 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 shareholders' 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 Central Bank as an institution specialising in this type of business.

In February 2011, the Central Bank issued new regulations in relation to the retail banking sector, aimed at controlling lending activities and excessive charges by banks, whilst also protecting banks by regulating lending and encouraging banks to carry out proper due diligence on potential borrowers. In addition, new regulations governing personal loans and financing advances was brought into effect on 1 May 2011. These regulations cap personal loans and financing advances at 20 times a borrower's monthly salary and stipulate repayment of such personal financing within 48 months.

Mortgage Cap

Central Bank notice no. 31/2013 was published in the UAE official gazette on 28 November 2013 and entered into force on 28 December 2013. Notice no. 31/2013 (which supersedes Central Bank notice no. 3871/2012) specifies that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for the purchase of a first home with a value of less than or equal to AED 5

million and, for the purchase of a first home with a value greater than AED 5 million, the amount of mortgage loans should not exceed 65 per cent. of the property value. For purchases of second and subsequent homes, the limit for non-UAE nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of the purchase of a first home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent home purchase (irrespective of the value of the property).

Provisions for Loan Losses

Since 2009, a number of UAE banks have announced exposures to well-known GCC-based companies which have become insolvent or have been or are being restructured. These include the Saad and Algosaibi groups of the Kingdom of Saudi Arabia and Tabreed and the Dubai World Group in the UAE. As a result of declining economic conditions since late 2008 and the increasing number of insolvencies and restructurings, the amount of non-performing loans in the UAE banking system has increased steadily, with the Central Bank, in its September 2012 Financial Stability Review, estimating non-performing loans of approximately AED 50 billion at 31 December 2009, approximately AED 65 billion at 31 December 2010 and approximately 82 billion at 31 December 2011. According to the Financial Stability Review, the total specific provisions and interest in suspense of banks in the UAE amounted to approximately AED 55 billion at 31 December 2011, giving rise to a specific provision coverage ratio at that date of approximately 67 per cent.

The 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, for retail accounts between 90 and 180 days past due and for corporate accounts after the exercising of mature judgment. Any loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

In November 2010, the Central Bank published a new set of rules making it mandatory for banks and financial institutions to make provisions for their impaired loans on a quarterly basis (banks had previously written-off non-performing/impaired loans from their books after all legal options for recovery have been exhausted). The new guidelines also prescribe specific provisions for three categories of impaired loans and stipulate that lenders should build up general provisions equal to 1.5 per cent. of customer credit risk-weighted assets over a period of four years through to December 2014 and are intended to improve transparency within the banking industry in accordance with Basel Committee standards.

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.

Federal Debt Management

In December 2010, the Federal National Council approved a draft federal law on public debt (the **Public Debt Law**) under which the total value of UAE's public debt should not be more than 25 per cent. of its GDP or AED 200 billion, whichever is lower at the time of issuing public debt. The Public Debt Law is awaiting the approval of the President of the UAE and is therefore yet to be enacted. The Public Debt Law could therefore change before it is enacted.

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau (**AECB**) is a federal government organisation that collects credit data, information and financial commitments from banks and financial institutions to provide accurate credit reports to individuals, financial institutions and companies in the UAE. AECB was established by the UAE federal government in February 2012. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements (as DIB has done) and/or made successful initial data submissions to AECB by the time AECB commenced operations in 2014. The implementation of regulations for the sharing of credit report data and

the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

Purchase Agreement

The Master Purchase Agreement will be entered into on 2 February 2017 between DIB Sukuk Limited (in its capacities as Trustee and as Purchaser) and DIB (in its capacity as Seller) and will be governed by the laws of Dubai and, to the extent applicable therein, the federal laws of the UAE. A Supplemental Purchase Contract (together with the Master Purchase Agreement, each a **Purchase Agreement**) between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Dubai and, to the extent applicable therein, the federal laws of the UAE. Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, (i) (on the issue date of the first Tranche of a Series) the relevant Initial Portfolio together with the transfer and assignment by the Seller to the Purchaser of all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Assets which comprise the relevant Initial Portfolio and (ii) (on each date on which any additional Certificates are issued) the relevant Additional Portfolio together with the transfer and assignment by the Seller to the Purchaser of all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Assets which comprise the relevant Additional Portfolio.

Service Agency Agreement

The Service Agency Agreement will be entered into on 2 February 2017 between DIB Sukuk Limited (in its capacity Trustee) and DIB (as Service Agent of each Portfolio) and will be governed by English law.

Services

Pursuant to the Service Agency Agreement, the Trustee will appoint the Service Agent to service the Portfolio applicable to each Series. In particular, the Service Agent will, in relation to each Series, perform, amongst other things, the following services (the **Services**) as agent of the Trustee:

(a) it will service the Portfolio in accordance with the investment plan set out in the Schedule to the Service Agency Agreement (a copy of which will be scheduled to the relevant Supplemental Purchase Contract, which includes the annual amount of expected Portfolio Income Revenues (as defined below) of the Portfolio (the **Expected Portfolio Income Revenues Amount**), which shall be completed at the time of issue of the first Tranche of the relevant Series upon receipt from the Trustee of the relevant Supplemental Purchase Contract and shall be updated from time to time upon the issue of any further Tranche of the same Series;

(b) it will ensure that, on the Issue Date of each Tranche of a Series at least 51 per cent. of the Value of the Initial Portfolio, or the Additional Portfolio, as the case may be, is derived from Tangible Assets;

(c) it will use all reasonable endeavours to procure that, at all times following the Issue Date of the first Tranche of a Series, at least 51 per cent. of the Portfolio Value is derived from Tangible Assets and in the event that, at any time, the aggregate Value of the Tangible Assets comprised within the Portfolio should fall below 51 per cent. of the Portfolio Value, the Service Agent will use all reasonable endeavours to acquire as soon as reasonably practicable thereafter sufficient Tangible Assets to raise such percentage to a level that is equal to or greater than 51 per cent. of the Portfolio Value at such time (whether through the substitution, or procuring the substitution by DIB pursuant to the Sale Undertaking, of Tangible Assets for Intangible Assets or the acquisition for and on behalf of the Trustee pursuant to paragraph (e) below, of further Tangible Assets through the reinvestment of Portfolio Principal Revenues). A breach of this requirement will not, however, constitute a DIB Event;

(d) it will at no time substitute any Asset(s) for any Asset(s) of a Value less than the Value of the Asset(s) so substituted;

(e) it will, on behalf of the Trustee, ensure that arrangements are in place for the sale of any Salam Asset (as defined in the Master Purchase Agreement) to a third party purchaser following its delivery by the seller of the Salam Asset for an amount equal to the purchase price paid for such Salam Asset together with an amount of profit thereon;

(f) it will use its best endeavours promptly to place (for and on behalf of the Trustee) all Portfolio Principal Revenues in acquiring, for and on behalf of the Trustee, further Tangible Assets and, to the extent insufficient Tangible Assets are available, to invest the cash sums representing such Portfolio Principal Revenues in *Sharia*-Compliant Investments (being an investment product which is structured to comply with *Sharia* principles, including investment deposit with a *Sharia*-compliant financial institution) until it can, using its best endeavours, place those sums in further Tangible Assets and such sums and *Sharia*-Compliant Investments shall form part of the relevant Portfolio until they can be so placed;

(g) it will do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance by each Asset Obligor with its covenants, undertakings or other obligations under the Asset Contract to which it is a party in accordance with applicable law and the terms of the Asset Contract, in each case in respect of the Assets;

(h) it will discharge or procure the discharge of all obligations to be discharged by DIB (in whatever capacity) in respect of any of the Assets under all Asset Contracts, it being acknowledged that the Service Agent may appoint one or more agents to discharge these obligations on its behalf;

(i) it will pay on behalf of the Trustee any actual costs, expenses, losses and Taxes (as defined in the Service Agency Agreement) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Portfolio, such actual costs, expenses, losses and Taxes will be reimbursed in accordance with the Service Agency Agreement;

(j) it will use all reasonable endeavours to ensure the timely receipt of all Portfolio Revenues, the delivery and subsequent sale of Salam Assets, investigate non-payment of Portfolio Revenues and non-delivery of Salam Assets and generally make all reasonable efforts to collect or enforce the collection of such Portfolio Revenues under all Asset Contracts as and when the same shall become due;

(k) it will ensure that all Portfolio Income Revenues are received free and clear of, and without withholding or deduction for, Taxes (as defined therein);

(l) it will use all reasonable endeavours to ensure that the Portfolio Income Revenues are at least equal to the Expected Portfolio Income Revenues Amount;

(m) it will maintain the Collection Accounts as described further under " – *Collection Accounts*" below;

(n) it will obtain all necessary authorisations in connection with any of the Assets and its obligations under or in connection with the Service Agency Agreement;

(o) it will use its best endeavours to maintain the Portfolio Value at least equal to the outstanding face amount of the relevant Certificates; and

(p) it shall use its reasonable endeavours to ensure that all Asset Obligors in respect of Tangible Assets maintain industry standard insurances and fulfil all structural repair and major maintenance obligations in respect of the relevant Tangible Assets (each in accordance with the terms of the relevant Asset Contracts relating to the Tangible Assets).

For the purposes of the Service Agency Agreement, **Value** means, in respect of any Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the spot rate of exchange (as defined in the Service Agency Agreement)) determined by DIB on the relevant date as being equal to: (i) in the case of Tangible Assets which are leased on an *ijara muntahiah bittamleek* (financial lease) basis, the aggregate of all outstanding fixed rental instalment amounts payable by the lessee or other

equivalent fixed instalment amounts payable by the obligor, in each case in the nature of capital or principal payments in respect of the relevant asset, (ii) in the case of Tangible Assets which are not leased on an *ijara muntahiah bittamleek* (financial lease) basis, the initial agreed value or the outstanding base amounts or other equivalent of aggregate fixed instalment amounts payable by the obligor or any other amounts in the nature of capital or principal payments in respect of the relevant asset, (iii) in the case of Other Tangible Assets, the outstanding capital or investment amounts, (iv) in the case of *ijara mousoofah fizzimmah* (forward *ijara*) real estate and non-real estate assets, the base amounts or aggregate of outstanding fixed rentals, (v) in the case of *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, the outstanding payment amount, and (vi) in the case of Salam Assets, the extent of the sale price corresponding to the outstanding deliverable assets, in each case determined by DIB as being equal to the value of that Asset on each day on which it remains part of the relevant Portfolio, and **Portfolio Value** means the sum of (a) the Value of each Asset comprised in the Portfolio at the relevant time and (b) any Portfolio Principal Revenues held by the Service Agent at the relevant time.

Records and documents

The Service Agent will undertake, in relation to each Series, that it will keep and maintain (and provide to the Trustee within 90 days of receiving a request in writing) all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Assets and all amounts credited to the Collection Accounts.

(a) The Service Agent will agree in the Service Agency Agreement:

(b) to provide the Services in accordance with all applicable laws and regulations;

(c) to provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and

(d) to service the Assets in accordance with *Sharia* principles as laid down by its Fatwa and Sharia Supervisory Board.

Service Agency Liabilities Amounts and Fees

The Trustee and the Service Agent will agree that any Service Agency Liabilities Amounts incurred by the Service Agent in providing the Services in relation to a Series shall be paid by the Trustee by way of the application of amounts standing to the credit of the Income Collection Account by the Service Agent on the Trustee's behalf in payment of such amounts (as described below) or otherwise on the final Dissolution Date. For these purposes, **Service Agency Liabilities Amounts** means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Service Agent or other payments made by the Service Agent on behalf of the Trustee in each case in providing the Services during a **Distribution Period** (being a period that corresponds with the relevant Return Accumulation Period under the Certificates), but does not include amounts in respect of Liquidity Facilities.

DIB shall be entitled to receive a fixed fee of U.S.$100 for acting as Service Agent under the Service Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates of each Series on the final Dissolution Date, the Service Agent will be entitled to retain any amounts that remain standing to the credit of the Income Reserve Collection Account for its own account as an incentive payment for acting as Service Agent.

Asset Substitutions

In the Service Agency Agreement the Trustee and the Service Agent will agree that, in relation to each Series and provided no Dissolution Event has occurred and is continuing, DIB may at any time exercise its rights under the Sale Undertaking to substitute (and, upon any Asset ceasing to be an Eligible Asset, the Service Agent will procure that DIB uses all reasonable endeavours to so substitute) any one or more of the Assets as DIB may select (subject to any such Substituted Asset(s) being the Asset(s) ceasing to be Eligible Asset(s), if applicable) in accordance with the Sale Undertaking. The new Asset(s) for these purposes will be Eligible Assets (as defined in the Master Purchase Agreement) of a Value not less than the Value of the Substituted Asset(s) and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the Service Agency Agreement and the Sale Undertaking.

Collection Accounts

In relation to each Series, the Service Agent will maintain three ledger accounts (such accounts being the **Principal Collection Account**, the **Income Collection Account** and the **Income Reserve Collection Account**) in its books (each of which shall be denominated in the Specified Currency) in which all revenues from the Assets (the **Portfolio Revenues**) will be recorded. The Portfolio Revenues include all rental and other amounts payable by the relevant Asset Obligor under the terms of the relevant Asset Contract, and all sale proceeds or consideration, damages, insurance proceeds, compensation or other sums received by the Service Agent or DIB in whatever currency in respect of or otherwise in connection with the relevant Assets. All Portfolio Revenues in relation to each Series will be recorded:

(a) to the extent that any such amounts comprise amounts in the nature of sale, capital or principal payments, expressed, whenever applicable, as an amount in the Specified Currency (following conversion, if necessary, of any relevant amounts at the spot rate of exchange determined by DIB) (**Portfolio Principal Revenues**) in the Principal Collection Account; and

(b) to the extent that any such amounts comprise amounts other than Portfolio Principal Revenues (**Portfolio Income Revenues**), in the Income Collection Account.

Amounts standing to the credit of the Income Collection Account relating to each Series will be applied by the Service Agent on each **Distribution Determination Date** (being the Business Day immediately prior to the relevant Periodic Distribution Date under the Certificates of the relevant Series) in the following order of priority:

(a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;

(b) *second*, in payment of any Service Agency Liabilities Amounts for the Distribution Period ending immediately before the immediately following **Distribution Date** (being the date which corresponds with the relevant Periodic Distribution Date under the Certificates of the relevant Series);

(c) *third*, the Service Agent will pay into the relevant Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Income Collection Account; and

(d) any amounts still standing to the credit of the Income Collection Account immediately following payment of all of the above amounts shall be debited from the Income Collection Account and credited to the Income Reserve Collection Account.

For the purposes of the Service Agency Agreement, the **Required Amount** will mean an amount equal to the aggregate of the Periodic Distribution Amounts and any other amounts payable by the Trustee in respect of the relevant Certificates on each relevant Periodic Distribution Date.

The Service Agent will be entitled to deduct amounts standing to the credit of the Income Reserve Collection Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall (as defined and described below).

Shortfalls and Liquidity Facilities

If on a Distribution Determination Date (after (i) payment of the relevant amounts standing to the credit of the Income Collection Account into the relevant Transaction Account in accordance with paragraph (c) under "– *Collection Accounts*" above and (ii) taking into account any other payments made or to be made into the relevant Transaction Account pursuant to any other Transaction Document) there is a shortfall (each a **Shortfall**) between:

(a) the amounts standing to the credit of the relevant Transaction Account; and

(b) the Required Amount payable on the immediately following Periodic Distribution Date,

the Service Agent will pay into the relevant Transaction Account on that Distribution Determination Date from the amounts standing to the credit of the Income Reserve Collection Account (if any) an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of the Income Reserve Collection

Account). If any Shortfall still remains after payment to the relevant Transaction Account of the amounts credited to the Income Reserve Collection Account (as described in this paragraph) and after payment to the relevant Transaction Account of all other amounts payable pursuant to any other Transaction Document, the Service Agent may either (A) provide *Sharia*-compliant funding itself or (B) procure *Sharia*-compliant funding from a third party, in each case, to the extent necessary, by payment of the same into the relevant Transaction Account, on terms that such funding is repayable (i) from Portfolio Income Revenues in accordance with the Service Agency Agreement or (ii) on the date on which the Certificates of the relevant Series are redeemed in full, to ensure that the Trustee receives on each Distribution Determination Date the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date (such funding in relation to a Series, a **Liquidity Facility**).

Payments under the Service Agency Agreement

The Service Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for or on account of tax unless required by law and (save as set out therein and without prejudice to paragraph (l) under "– *Services*" above) without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of the Service Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and (subject to the provisions of the Purchase Undertaking) unsecured obligations of the Service Agent which rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of DIB save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on 2 February 2017 by DIB in favour of DIB Sukuk Limited (in its capacity as Trustee) and the Delegate, and will be governed by English law.

DIB will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, benefits and entitlements in and to the relevant Portfolio on the relevant Scheduled Dissolution Date or any earlier Dissolution Date (other than where the Dissolution Date is a Certificateholder Put Option Date, as to which see below) for the relevant Series at the **Portfolio Exercise Price**, which shall be an amount in the Specified Currency equal to the aggregate of:

(a) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date;

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates of the relevant Series; and

(c) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liabilities Amounts.

The Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of any relevant Series of their right to require the Trustee to redeem their Certificates on a Certificateholder Put Option Date, in which case DIB will be required to purchase a portion of the relevant Portfolio (such portion to comprise the **Certificateholder Put Option Assets**) with an aggregate Value no greater than the aggregate face amount of the Certificates to be redeemed. The exercise price (the **Certificateholder Put Option Exercise Price** and, together with the Portfolio Exercise Price, each an **Exercise Price**) payable for the Certificateholder Put Option Assets will be an amount in the Specified Currency equal to the aggregate of:

(a) the product of (i) the aggregate face amount of the relevant Certificateholder Put Option Certificates and (ii) the Optional Dissolution Amount (Certificateholder Put) Percentage specified in the applicable Final Terms;

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificateholder Put Option Certificates; and

(c) (only where no Certificate of the relevant Series remains outstanding following the exercise of the Certificateholder Put Option) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liability Amounts.

If the Delegate exercises any of the options described above, an exercise notice will be required to be delivered by the Delegate under the Purchase Undertaking.

DIB will undertake in the Purchase Undertaking that, to the extent that the sale and purchase or transfer and assignment of any interest in DIB's rights, title, interests, benefits and entitlements in, to and under of the Portfolio or the Certificateholder Put Option Assets, as the case may be, is not effective in any jurisdiction for any reason, it will (i) make payment of an amount equal to the purchase price by way of restitution to the Trustee immediately upon request and (ii) indemnify fully the Trustee for any shortfall between the amount in (i) and the amount required for the purpose of redemption in full of the outstanding Certificates of the relevant Series and, accordingly, the amount payable under any such indemnity will equal the relevant Exercise Price.

In addition, if DIB fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking and provided that no Sale Agreement has been entered into, then DIB will agree in the Purchase Undertaking that it will irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Service Agent for the provision of the Services in respect of the relevant Portfolio on the terms and conditions, *mutatis mutandis*, of the Service Agreement.

DIB will expressly declare in the Purchase Undertaking that:

(a) the relevant Exercise Price represents a fair price for the purchase of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio or the relevant Certificateholder Put Option Assets, as the case may be;

(b) it shall irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the relevant Portfolio or the relevant Certificateholder Put Option Assets, as the case may be, and, accordingly, shall not dispute or challenge all or any ownership interest the Trustee may have in any way; and

(c) if it breaches any declaration or undertaking set out in (a) or (b) above or if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of the Trustee in, to and under the relevant Portfolio or the relevant Certificateholder Put Option Assets, as the case may be, DIB shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the relevant Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

In the Purchase Undertaking, DIB will undertake that, so long as any Certificate is outstanding it shall not, and shall ensure that none of its Principal Subsidiaries will, create, or have outstanding, any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto creating and according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Certificateholders.

DIB has agreed that each of the following events will constitute a DIB Event:

(a) if default is made in the payment of: (A) any Portfolio Income Revenues (as defined in the Service Agency Agreement) to be paid into the Transaction Account by the Service Agent in accordance with the terms of the Service Agency Agreement and such default continues for a period of seven days; or (B) any Exercise Price to be paid by DIB under the Purchase Undertaking or Sale Undertaking, as the case may be, and such default continues for a period of seven days; or

(b) DIB defaults in the performance or observance of any of its other material obligations under or in respect of the Transaction Documents to which it is a party, unless, in the opinion of the Delegate, the default is capable of remedy and is remedied within 30 days after written notice thereof,

addressed to DIB by the Delegate, has been delivered to DIB; provided, however, that the failure by DIB (acting in its capacity as Service Agent to perform or observe the obligations set out in Clause 3.1(c) of the Service Agency Agreement will not constitute a DIB Event; or

(c) at any time (following the expiry of any grace period permitted by applicable law) it becomes unlawful for DIB to perform or comply with any or all of its material obligations under the Transaction Documents to which it is a party; or

(d) if DIB for any reason declares a moratorium on the payment of any Indebtedness or in respect of any guarantee of any Indebtedness given by it; or

(e) any Indebtedness of DIB or any of its Principal Subsidiaries following valid demand or claim becomes due and payable prior to the stated maturity thereof (other than at the option of the debtor) or DIB or any of its Principal Subsidiaries fail to make any payment under any guarantee of any Indebtedness which is due and payable at the expiration of any grace period applicable thereto, provided that each such event shall not constitute a DIB Event unless the aggregate amount of all such Indebtedness, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing, shall be more than US$50,000,000 (or its equivalent in any other currency or currencies); or

(f) any action, condition or thing at any time required to be taken, fulfilled or done in order (A) to enable DIB lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents to which it is a party or (B) to ensure that those obligations are binding is not taken, fulfilled or done within 28 days of the Delegate giving notice in writing to DIB; or

(g) (A) DIB becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator, receiver, or liquidator of DIB or the whole or any part of the undertaking, assets and revenues of DIB is appointed, unless set aside within 28 days of such appointment, (C) DIB takes any action or commences any negotiations or proceedings with a view to (i) any adjustment of a material proportion of the whole or a specified class or category of Indebtedness, or (ii) making a general assignment or an arrangement or composition with or for the benefit of its creditors, or (D) DIB ceases or threatens to cease to carry on all or any substantial part of its business provided always that this sub-paragraph (g)(C) or (D) shall not apply to any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or

(h) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of DIB, provided always that this paragraph (h) shall not apply to any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority; or

(i) any event occurs which has an analogous effect to any of the events referred to in paragraphs (g) and (h) inclusive above; or

(j) any execution is levied against, or an encumbrancer takes possession of, the whole or 15 per cent. or more of the property, undertaking or assets of DIB and its Subsidiaries taken as a whole (calculated by reference to the Accounts of DIB) 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 DIB or the relevant Subsidiary; or

(k) DIB fails to comply with or pay any sum which amount shall not, in aggregate, be less than U.S.$50,000,000 (or the equivalent thereof in any other currency or currencies) due from it under any one or more final non-appealable judgments or any one or more final non-appealable orders made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following service by the Delegate on DIB of notice requiring the same to be paid/remedied; provided, however, that if the execution of any such judgment or order is stayed within that period of 30 days its value shall not count towards the U.S.$50,000,000 threshold amount described in this paragraph (k),

provided that, in the case of paragraph (b) and, in respect of a Principal Subsidiary only, paragraph (e), such events shall only be a DIB Event if the Delegate has certified that, in its opinion, such event is materially prejudicial to the interests of the Certificateholders.

For the purposes of the negative pledge to be given by DIB and the DIB Events:

Accounts means (in the case of DIB) its then latest audited consolidated financial statements and (in the case of the relevant Subsidiary) its then latest audited consolidated (if available) or non-consolidated financial statements, provided that if audited financial statements for any Subsidiary have not been prepared in respect of any relevant period, Accounts shall, in relation to that Subsidiary, mean its management accounts for the relevant period;

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

Limited Indebtedness means any Indebtedness, the aggregate outstanding principal amount of which does not, at any time, exceed ten per cent. (10 per cent.) of the aggregate share capital and reserves of DIB as shown in its most recent audited consolidated financial statements prepared in accordance with International Financial Reporting Standards;

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

Permitted Indebtedness means the Non-recourse Project Financing Indebtedness, the Securitisation Indebtedness and the Limited Indebtedness;

Principal Subsidiary means:

(a) a Subsidiary of DIB whose revenues or assets represent not less than ten per cent. (10 per cent.) of the consolidated revenues or consolidated assets of DIB, as calculated by reference to the Accounts; or

(b) to which is transferred all or substantially all of the undertaking or assets of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary, but shall cease to be a Principal Subsidiary under this paragraph (b) (but without prejudice to paragraph (a) above) upon publication of DIB's next Accounts.

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

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

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

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

Subsidiary means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of DIB.

DIB will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made free and clear of, and without any deduction or withholding for or on account of any Taxes (as defined therein) unless required by law and (save as set out therein) without set off or counterclaim of any kind and, in the event that there is any deduction or withholding, DIB shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of DIB under the Purchase Undertaking will be direct, unconditional, unsubordinated and (subject to the provisions described above) unsecured obligations of DIB which rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of DIB save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Sale Undertaking

The Sale Undertaking will be executed as a deed on 2 February 2017 by DIB Sukuk Limited (in its capacity as Trustee) in favour of DIB and will be governed by English law.

Pursuant to the Sale Undertaking and subject to the Trustee being entitled to redeem the Certificates of the relevant Series for tax reasons in accordance with Condition 10.2, DIB will, by exercising its right under the Sale Undertaking and serving an exercise notice on the Trustee no later than 45 days prior to the Tax Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio at the relevant Exercise Price. In addition, if the Optional Dissolution Right (Call) is specified in the applicable Final Terms as being applicable, DIB will, by exercising its right under the Sale Undertaking and serving an exercise notice on the Trustee no later than 45 days prior to the relevant Optional Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the relevant Portfolio at the relevant Exercise Price.

For these purposes, the **Exercise Price** will be an amount equal to the aggregate of:

(a) (where the Certificates of the relevant Series are to be redeemed for tax reasons in accordance with Condition 10.2) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date or (where the Certificates of the relevant Series are to be redeemed in accordance with Condition 10.3) the product of (i) the aggregate outstanding face amount of the Certificates of the relevant Series on the relevant Dissolution Date and (ii) the Optional Dissolution Amount (Call) Percentage specified in the applicable Final Terms;

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; and

(c) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) any Service Agency Liabilities Amounts.

DIB will be able to exercise its rights under the Sale Undertaking to effect the in kind substitution of Assets, subject to any substitute Assets being Eligible Assets of a Value not less than the Value of the Substituted Assets. DIB will also be able to exercise its rights under the Sale Undertaking (following any purchase of Certificates by DIB or any Subsidiary of DIB pursuant to Condition 13) to provide for the transfer, assignment and conveyance to it of an undivided ownership interest (the **Cancellation Interest**) in the relevant Portfolio calculated as the ratio, expressed as a percentage, of the aggregate face amount of the relevant Certificates to be cancelled (the **Cancellation Certificates**) to the aggregate face amount of the Certificates of the relevant Series immediately prior to the cancellation of such Cancellation Certificates, all as more particularly described in the Sale Undertaking. The Cancellation Interest will be specified in a cancellation notice and will have a Value no greater than the aggregate face amount of the Certificates of the relevant Series so purchased. Transfer of the Cancellation Interest will occur against cancellation of such Certificates by the Principal Paying Agent pursuant to the Conditions.

Trust Deed

The Master Trust Deed will be entered into on 2 February 2017 between DIB, the Trustee and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by English law.

Upon issue of the Global Certificate initially representing the first Tranche 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 comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Portfolio, its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than (i) in relation to any representations given to the Trustee by DIB pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents and (ii) the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed) and any amounts standing to the credit of the relevant Transaction Account.

Each Trust Deed will specify that, on or after the relevant Scheduled Dissolution Date or, as the case may be, Dissolution Date of a Series, the rights of recourse in respect of the relevant Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Certificates and the Conditions. The Certificateholders have no claim or recourse against DIB Sukuk Limited in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series, *inter alia:*

(a) hold the relevant Trust Assets on trust absolutely for the relative Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder; and

(b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Master Trust Deed, the Trustee by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders will irrevocably and unconditionally appoint the Delegate to be its attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise all the present and future duties, powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed that the Delegate may consider to be necessary or desirable in order upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction to perform the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed and any of the other Transaction Documents (provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Master Trust Deed or any other Transaction Document will be imposed on the Delegate by virtue of such delegation). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate will undertake in the Master Trust Deed that, following it becoming aware of the occurrence of a Dissolution Event in respect of any Series and subject to Condition 14 it shall (a) promptly notify the relevant Certificateholders of the occurrence of such Dissolution Event. Subject to the Delegate being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing, the Delegate may take all such steps as are necessary to enforce the obligations of DIB (in whatever capacity it is acting) under the relevant Trust Deed and any other Transaction Document to which DIB (in whatever capacity) is a party.

If and to the extent the Trustee has exercised its rights under Condition 20 to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the assets comprising the relevant Additional Portfolio

transferred to the Trustee (in respect of the issuance of the additional Certificates) and the Assets comprising the Portfolio immediately prior to the acquisition of the Additional Portfolio (in respect of the relevant Series as in existence immediately prior to the issue of such additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

(i) following enforcing or realising the relevant Trust Asset and distributing the net proceeds of the Trust Assets in respect of the relevant Series to the Certificateholders in accordance with the Conditions and the relevant Trust Deed the obligations of the Trustee in respect of the Certificates shall be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the relevant Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum or asset in respect of the relevant Certificates or the relevant Trust Assets;

(ii) no Certificateholder shall be entitled to proceed directly against the Trustee and/or DIB, or provide instructions (not otherwise permitted by the Trust Deed) to the Delegate to proceed against the Trustee and/or DIB under any Transaction Document unless (i) the Delegate having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders of the relevant Series who propose to proceed directly against the Trustee or DIB, as the case may be) holds at least one-fifth of the then aggregate outstanding face amount of the Certificates of the relevant Series. Under no circumstances shall the Delegate or any Certificateholders have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than pursuant to the Transaction Documents), and the sole right of the Delegate and the Certificateholders against the Trustee and DIB shall be to enforce their respective obligations under the Transaction Documents;

(iii) the Delegate shall not be bound in any circumstances to take any action to enforce or realise the relevant Trust Assets or take any action against the Trustee and/or DIB under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth of the then aggregate outstanding face amount of the Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing provided that the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders; and

(iv) after enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets in accordance with the terms of the relevant Trust Deed, the obligations of the Trustee and the Delegate in respect of the Series shall be satisfied and no Certificateholder may take any further steps against the Trustee and the Delegate to recover any further sums in respect of the relevant Series and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Certificates of the relevant Series shall be entitled in respect thereof to petition or to take any other steps for the winding-up of DIB Sukuk Limited.

TAXATION

The following is a general description of certain tax considerations relating to Certificates issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective purchasers of any Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of the relevant Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates is based on the taxation law in force at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in the Emirate of Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments of profit and principal to any holder of the Certificates or any payments to be made by DIB to the Trustee pursuant to the Transaction Documents. If any such withholding or deduction is required to be made in respect of payment(s) due by DIB under any Transaction Document to which it is party, DIB has undertaken to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates, (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions) and (ii) DIB has undertaken to pay such additional amounts to the Trustee to enable it to discharge such obligation.

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

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates, nor will gains derived from the disposal of 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 or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

FATCA Disclosure

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to 1 January 2019 and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under "*Terms and Conditions of the Certificates—Further Issues*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

The Proposed Financial Transactions Tax (*FTT*)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear.. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 2 February 2017, agreed with the Trustee and DIB a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Certificates*". In the Programme Agreement, each of the Trustee and DIB 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, offer and sale of Certificates under the Programme.

SELLING RESTRICTIONS

United States

The Certificates have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates (i) as part of their distribution at any time or (ii) otherwise until expiration of 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of a Tranche of Certificates sold to or through more than one Dealer, by each of such Dealers with respect to Certificates of a Tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until the expiration of 40 days after the commencement of the offering of any Tranche of Certificates, an offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering of such Tranche of Certificates) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Trustee and DIB for use in connection with the offer and sale of the Certificates outside the United States. The Trustee, DIB and the Dealers reserve the right to reject any offer to purchase the Certificates, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Trustee of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the EEA 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 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 Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or

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

provided that no such offer of Certificates referred to above shall require the Trustee, DIB or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Certificates to the public** in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by 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 Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or DIB; and

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

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Certificates has been or will be made to the public in the Cayman Islands.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

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 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.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 10 or Article 11 of the Offers of Securities Regulations as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**), through a person authorised by the Capital Market Authority (the **CMA**) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations. The Certificates may thus not be advertised, offered or sold to any person in Saudi Arabia other than to "Sophisticated Investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates will be made in compliance with the KSA Regulations.

Each offer of Certificates shall not therefore constitute a public offer pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 10 and/or Article 11 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (i) the Certificates are offered or sold to a Sophisticated Investor; (ii) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis to persons in Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer or sell any Certificates in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Singapore

This Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**); (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 Certificates other than (i) to "professional investors" as defined in the Securities and Futures

Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **CO**) or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Malaysia

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

(a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the **CMSA**); and

(b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

People's Republic of China

Each Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the certificates in, the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (**PRC**) as part of the initial distribution of the certificates.

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, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any 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 Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, DIB, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Trustee, DIB, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Certificates have been duly authorised by a resolution of the Board of Directors of the Trustee dated 10 May 2012. The 2017 update of the Programme and the issue of Certificates thereunder has been duly authorised by a resolution of the Board of Directors of the Trustee dated 30 January 2017. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents to which it is a party. The entry into of the Transaction Documents to which it is a party has been duly authorised by resolutions of the Board of Directors of DIB dated 29 April 2012.

Listing

The admission of Certificates to the Official List will be expressed as a percentage of their nominal amount (excluding any due but unpaid Periodic Distribution Amounts). It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Tranche.

This Base Prospectus has been approved by the Irish Central Bank as competent authority under the Prospectus Directive. Such approval relates only to the Certificates which are to be admitted to trading on the Main Securities Market or any other MiFID regulated markets or which are to be offered to the public in any Member State. The Irish Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to listing on the Official List and admitted to trading on the Main Securities Market.

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

However, Certificates may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Trustee and the relevant Dealer may agree.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation Certificates issued under the Programme and is not itself seeking admission of such Certificates to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the offices of the Trustee and the Paying Agent for the time being in London:

(a) the Transaction Documents including each Supplemental Trust Deed and each Supplemental Purchase Contract in relation to each Series (save that any such documents relating to a Series which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificates and identity);

(b) the Memorandum and Articles of Association of the Trustee and the constitutional documents (with an English translation thereof) of DIB;

(c) the consolidated audited financial statements of DIB in respect of the two financial years ended 31 December 2015 and 31 December 2016 together with the audit reports prepared in connection therewith. DIB currently prepares audited consolidated accounts on an annual basis. The Trustee is not required to, and does not intend to, publish any annual financial statements;

(d) the most recently published unaudited condensed consolidated interim financial statements (if any) of DIB, together with any audit or review reports prepared in connection therewith. DIB currently prepares unaudited consolidated interim accounts on a quarterly basis. The Trustee is not required to, and does not intend to, publish any interim financial statements;

(e) this Base Prospectus; and

(f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

This Base Prospectus will be available for viewing on (i) the website of the Irish Central Bank (*http://www.centralbank.ie*) and (ii) the website of Nasdaq Dubai (*http://www.nasdaqdubai.com*).

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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

Significant or Material Change

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.

There has been (i) no significant change in the financial or trading position of DIB and its subsidiaries, taken as a whole and (ii) no material adverse change in the financial position or prospects of DIB and its subsidiaries, taken as a whole, in each case, since 31 December 2016.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Save as disclosed on (i) pages 17 and 18 of this Base Prospectus in "*Risk Factors – Risks Relating to DIB – 9/11 Litigation*" and (ii) pages 18 and 19 of this Base Prospectus in "*Risk Factors – Risks Relating to DIB – Plantation Holdings Litigation*", neither DIB nor any of its Subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which DIB is aware) during the 12 months preceding the date of the Base Prospectus that may

have or have in such period had a significant effect on the financial position or profitability of DIB and/or its Subsidiaries, respectively.

Auditors

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

The auditors of DIB are KPMG Lower Gulf Limited (**KPMG**) of P.O. Box 3800, Dubai, UAE. KPMG were appointed as auditors of DIB on 2 March 2014. The 2015 Financial Statements and the 2016 Financial Statements have been audited by KPMG, as stated in their audit reports incorporated by reference into this Base Prospectus. KPMG has no material interest in DIB. KPMG are independent auditors regulated by and registered to practice as auditors with the Ministry of Economy in the UAE. 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 which they received their professional qualification.

Dealers transacting with DIB

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, DIB (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 Trustee, DIB and their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, DIB and their affiliates routinely hedge their credit exposure to the Trustee, DIB and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

***Sharia* Approvals**

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Fatwa and Sharia Supervisory Board of DIB, The Executive Shariah Committee of HSBC Saudi Arabia Ltd and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Sharia* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Sharia* principles.

Description of the members of the Fatwa and Sharia Supervisory Board of DIB, The Executive Shariah Committee of HSBC Saudi Arabia Ltd and the Shariah Supervisory Committee of Standard Chartered Bank

Fatwa and Sharia Supervisory Board of DIB

Professor Dr. Hussain Hamid Hassan

Dr. Hussain completed his PhD in the Faculty of Sharia from Al Azhar University, Egypt, Master's degree in Comparative Jurisprudence from the University of New York, USA and graduated in Law and Economics from the University of Cairo, Egypt.

Dr. Hussain is a prominent scholar and teacher, having established Islamic universities and Islamic faculties in various parts of the world including Makkah, Islamabad, Kazakhstan and Libya.

For over 50 years, he has been adviser to the Presidents and leaders of various Islamic Republics, including acting as an adviser to Presidents of the Islamic Republic of Pakistan and to the Prime Minister of the Republic of Kyrgyzstan. He is also the President of the United States Muslim Jurists Association.

Besides DIB, Dr. Hussain is the Chairman of the *Sharia* supervisory boards of several Islamic financial Institutions including Islamic Development Bank, Ajman Bank, Amlak Finance, Deutsche Bank, Liquidity Management Centre, Dubai Financial Markets, AMAN Takaful Company, Methaq Takaful Insurance Company-Abu Dhabi, Jordan Dubai Islamic Bank, Abu Dhabi Islamic Bank Egypt, Dubai Islamic Bank Pakistan, Bank Al Salam-Bahrain, Bank Sohar-Oman and various other financial institutions. He is also a member of the Sharia Board of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board, the Fiqh Academy of Muslim World League and the International Fiqh Academy of the Organisation of Islamic Countries.

Dr. Hussain is the author of 21 books and over 400 articles on Islamic *Fiqh*, jurisprudence, Islamic banking and insurance, and frequently presides over Islamic academic and financial conferences, seminars and workshops in different parts of the world. He has supervised the translation of the Holy Quran into Russian and the translation of 200 Islamic books into various languages.

Dr. Mohamed Abdul Hakim Zoeir

Dr. Zoeir holds a PhD in Islamic Economics and is a member of the *Sharia* boards of many Islamic banks across the Middle East and Africa. He is the author of a number of research papers and studies in the field of Islamic finance and banking.

Dr Zoeir is also Chief Editor of Islamic Economics magazine.

Dr. Muhammad Qaseem

Dr. Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Dinis, University of Karachi. He has been a member of the *Sharia* boards of many other institutions. Dr. Qaseem has taught various courses for a number of B.A. and M.A. programmes of the International Islamic University, Islamabad.

Dr. Qaseem has produced many academic contributions, articles and literary and translation works.

Dr. Muhammad Abdulrahim Sultan Al Olama

Dr. Al Olama holds a PhD in Islamic jurisprudence, is an assistant professor at various universities and is a member of numerous academic committees. He has published a number of articles and reports, in addition to his contributions to seminars and conferences in the Islamic finance arena held around the world.

Dr. Youssif Abdullah Saleh Al Shubaily

Dr. Al Shubaily holds a PhD in comparative *Fiqh* and is a professor in Saudi Arabia. He has contributed and presented numerous courses and training sessions to judges in Saudi Arabia. Dr. Al Shubaily has worked in the Islamic Institution in Washington, served as a member of the *Sharia* board of many other institutions and has more than 17 published reports and research papers.

The Executive Shariah Committee of HSBC Saudi Arabia Ltd

Dr Mohamed Ali Elgari

Dr Ali Elgari graduated from the University of California with a Ph.D in Economics and is currently Professor of Islamic Economic and Director of Islamic Economic Research at King Abdulaziz University in Jeddah. He is a member of the International Islamic Fiqh Academy and serves as an expert at the Islamic jurisprudence academies of the Organisation of Islamic countries and the Islamic World League as well as member of the Sharia Council of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He is a member of *Sharia* boards at Islamic banks and takaful companies across the region including those of SAAB, Standard Chartered Bank, Dow Jones Islamic Market Indices, Citi Islamic Investment Bank, Credit Agricole CIB and SAMBA Financial Group.

Sheikh Nizam Yaquby

Sheikh Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in economics and comparative religions from McGill University, Canada. He has served in Bahrain Mosques from 1981 to 1990 where he taught Tafsir, Hadith and Fiqh in Bahrain since 1976. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, Sheikh Nizam Yaquby is a member of the Islamic Fiqh Academy and Auditing and Accounting Organisation for Islamic Financial Institutions. He has published several articles and books on various Islamic subjects including banking and finance.

Shariah Supervisory Committee of Standard Chartered Bank

Dr Mohamed Ali Elgari

See the description of Dr Mohamed Ali Elgari set out above.

Sheikh Nizam Yaquby

See the description of Sheikh Nizam Yaquby set out above.

Sheikh Dr. Abdussattar Abu Ghuddah

Dr. Abu Ghuddah holds a PhD in Comparative Jurisprudence from Al-Azhar University, a Bachelors in Sharia from Damascus University, a Bachelors of Law from Damascus University, a Masters in Sharia from Al-Azhar University and a Masters in Al-Hadith Sciences from Al-Azhar University. Dr. Abu Ghuddah is Chairman and General Secretary of the Unified Sharia Board of Al-Baraka Banking Group, an expert and a former reporter of the Jurisprudence Encyclopaedia at the Kuwaiti Ministry of Awqaf & Islamic affairs, and a visiting professor at Saleh Kamel's Center for Islamic Economic Studies, Al-Azhar University.

He is also a member of the International Islamic Fiqh Academy in Jeddah, the Zakat International Sharia Board, the Accounting Standards Council and the Sharia Council of AAOIFI. He also serves as vice chairman of the Sharia Board of Dubai Financial Market (DFM), an executive member of the Sharia Board of the Central Bank of Syria, a member of the Sharia Committee of the Central Bank of Bahrain, vice chairman of the Sharia Board of the Abu Dhabi Islamic Bank, a member of the Sharia Board of the Sharjah Islamic Bank, chairman of the Sharia Board of Abu Dhabi National Takaful Co., a member of the Sharia Board of Takaful Re Limited, chairman of the Al Hilal Bank Sharia Board, in addition to being the chairman or a member of many other *Sharia* boards, including those of Standard Chartered Bank, Dow Jones Islamic Market Indices, Credit Agricole CIB, SAMBA Financial Group, Qatar Islamic Bank and Jordan Islamic Bank.

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