



FAB SUKUK COMPANY LIMITED

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

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

Trust Certificate Issuance Programme

Under this U.S.\$2,500,000,000 trust certificate issuance programme (the "**Programme**"), FAB Sukuk Company Limited (in its capacities as issuer and as trustee, the "**Trustee**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue trust certificates (the "**Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

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

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

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

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by: (i) an amended and restated master declaration of trust dated 21 December 2017 (the "**Master Declaration of Trust**") entered into between the Trustee, First Abu Dhabi Bank PJSC (the "**Bank**") and Citicorp Trustee Company Limited as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental declaration of trust (the "**Supplemental Declaration of Trust**") in relation to the relevant Series. 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 the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**") over the relevant Trust Assets (as defined herein).

Application has been made to the United Kingdom Financial Conduct Authority (the "**FCA**"), in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") (the "**United Kingdom Listing Authority**") for Certificates issued under the Programme (other than Exempt Certificates (as defined below)) during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the United Kingdom Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Certificates to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"). References in this Base Prospectus to Certificates being "**listed**" (and all related references) shall mean that such Certificates have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**") in the European Economic Area.

The Bank has been assigned ratings of AA- by Fitch Ratings Ltd. ("**Fitch**"), Aa3 by Moody's Investors Service Ltd. ("**Moody's**") and AA- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), each with a stable outlook. The Emirate of Abu Dhabi has been assigned ratings of AA by Fitch, Aa2 by Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") and AA by S&P, each with a stable outlook. The United Arab Emirates has been assigned a rating of Aa2 with a stable outlook by Moody's Singapore.

Moody's Singapore 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 in accordance with the CRA Regulation. Each of Fitch, Moody's and S&P is established in the European Union and is registered under the CRA Regulation.

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

The Programme also permits Certificates to be issued on the basis that they will not be admitted to listing, trading on a regulated market for the purposes of MiFID in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system ("**Exempt Certificates**") or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Trustee and the Bank. No base prospectus is required to be produced in accordance with the Prospectus Directive (as defined herein) for the issue of Exempt Certificates and, accordingly, the Exempt Certificates issued are not required for, and do not, comply with the Prospectus Directive as so amended. The United Kingdom Listing Authority has neither reviewed nor approved the information contained in this Base Prospectus in relation to the Exempt Certificates.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Fatwa and Shari'a Supervisory Board of the Bank from time to time, the Shariah Supervisory Committee of Standard Chartered Bank and the Central Shariah Committee of HSBC Bank Middle East Limited. Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in the approval referred to above is in compliance with Shari'a principles.

Arrangers

First Abu Dhabi Bank

Standard Chartered Bank

Dealers

**Citigroup
HSBC**

**First Abu Dhabi Bank
Standard Chartered Bank**

The date of this Base Prospectus is 21 December 2017

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, including any relevant implementing measure in a relevant Member State of the European Economic Area) (the "Prospectus Directive") and for the purpose of giving information with regard to the Trustee, the Bank and the Certificates which, according to the particular nature of the Trustee, the Bank and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Bank.

The Trustee and the Bank accept responsibility for the information contained in this Base Prospectus, the applicable Final Terms (as defined below) or (in the case of Exempt Certificates) the applicable Pricing Supplement (as defined below) for each Series (as defined herein) of Certificates issued under the Programme and each declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from a third party, the Bank 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 such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

The Arrangers, the Dealers, the Delegate and the Agents (each as defined herein) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, the Delegate and the Agents as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Trustee or the Bank in connection with the Programme. None of the Arrangers, the Dealers, the Delegate and the Agents accept any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and the Bank in connection with the Programme.

Each Series of Certificates will be issued on the terms set out herein under "*Terms and Conditions of the Certificates*" (the "**Conditions**") as supplemented by a document specific to such Series called the applicable final terms (the "**Final Terms**") or (in the case of Exempt Certificates) the applicable pricing supplement (the "**Pricing Supplement**") or in a separate prospectus specific to such Series (the "**Drawdown Prospectus**") as described under "*Final Terms, Pricing Supplements and Drawdown Prospectuses*" in this Base Prospectus. In the case of a Series of Certificates which is the subject of a Pricing Supplement or a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement or Drawdown Prospectus unless the context requires otherwise.

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series (as defined herein) of Certificates, should be read and construed together with the applicable Final Terms.

No person has been authorised by the Trustee or the Bank to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme any information supplied by the Trustee or the Bank or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or any of the Agents.

None of the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Certificate shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the

prospects or financial or trading position of the Trustee or the Bank since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arrangers, the Dealers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Bank during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.

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

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Trustee, the Bank, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Certificates, see "*Subscription and Sale*". In particular, the Certificates have 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 or other jurisdiction of the United States. Certificates may not be offered, sold or delivered 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. The Trustee, the Bank, the Arrangers, the Dealers, the Delegate and the Agents do not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Certificates and should not be considered as a recommendation by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate, the Agents or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Certificates. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and the Bank.

The maximum aggregate face amount of Certificates outstanding at any one time under the Programme will not exceed U.S.\$2,500,000,000 (and for this purpose, any Certificates denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Certificates (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate face amount of Certificates which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained or incorporated by reference in this Base Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;

- (d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

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

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal and tax advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. 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 and regulations. In addition, potential investors should consult their own tax advisers on how the rules relating to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") may apply to payments they receive under the Certificates.

The requirement to publish a base prospectus under the Prospectus Directive only applies to Certificates which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "**Exempt Certificates**" are to Certificates issued by the Trustee for which no base prospectus is required to be published under the Prospectus Directive. Exempt Certificates do not form part of this Base Prospectus for the purposes of the Prospectus Directive and the United Kingdom Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Certificates.

PRESENTATION OF INFORMATION

Presentation of financial information

This Base Prospectus incorporates by reference the unaudited condensed consolidated interim financial statements of the Group as at and for the nine months ended 30 September 2017 (the "**Interim Financial Statements**").

This Base Prospectus also incorporates by reference the audited consolidated financial statements of National Bank of Abu Dhabi P.J.S.C. ("**NBAD**") as at and for the financial year ended 31 December 2016 (with comparative data for the year ended 31 December 2015) (the "**NBAD 2016 Financial Statements**") and as at and for the financial year ended 31 December 2015 (with comparative data for the year ended 31 December 2014) (the "**NBAD 2015 Financial Statements**" and, together with the NBAD 2016 Financial Statements, the "**NBAD Financial Statements**").

Additionally, this Base Prospectus incorporates by reference the audited consolidated financial statements of First Gulf Bank P.J.S.C. ("**FGB**") as at and for the financial year ended 31 December 2016 (with comparative data for the year ended 31 December 2015) (the "**FGB 2016 Financial Statements**") and as at and for the financial year ended 31 December 2015 (with comparative data for the year ended 31 December 2014) (the "**FGB 2015 Financial Statements**" and, together with the FGB 2016 Financial Statements, the "**FGB Financial Statements**").

The NBAD Financial Statements and the FGB Financial Statements are collectively referred to as the "**Year-End Financial Statements**" in this Base Prospectus. The Interim Financial Statements and the

Year-End Financial Statements are collectively referred to as the "**Financial Statements**" in this Base Prospectus.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 '*Interim Financial Reporting*' and have been reviewed by KPMG Lower Gulf Limited ("**KPMG**") in accordance with the International Standard on Review Engagements 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*' as stated in their review report incorporated by reference in this Base Prospectus.

The NBAD 2016 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), and have been audited without qualification by PricewaterhouseCoopers (Abu Dhabi Branch) in accordance with International Standards on Auditing ("**ISA**") as stated in their audit report incorporated by reference herein. The NBAD 2015 Financial Statements have been prepared in accordance with IFRS issued by the IASB, and have been audited by KPMG in accordance with ISA as stated in their audit report incorporated by reference herein.

The FGB Financial Statements have been prepared in accordance with IFRS issued by the IASB, and have been audited without qualification by Ernst & Young Middle East (Abu Dhabi branch) in accordance with ISA as stated in their audit reports incorporated by reference herein.

This Base Prospectus also includes the unaudited pro forma condensed consolidated financial information as at and for the financial year ended 31 December 2016 (the "**Pro Forma Financial Information**") and the accompanying report on the Pro Forma Financial Information (the "**Report on Pro Forma Financial Information**"). The Report on Pro Forma Financial Information has been issued by KPMG who have given and not withdrawn their written consent to the inclusion in this Base Prospectus of the Report on Pro Forma Financial Information, in the form included in this Base Prospectus.

The Group's financial year ends on 31 December and references in this Base Prospectus to 2016 and 2015 are to the 12 month period ending on 31 December in each year.

The Financial Statements incorporated by reference in this Base Prospectus should be read in conjunction with the respective notes thereto.

Any financial information regarding the Group included in this Base Prospectus labelled as "unaudited" has not been extracted from the Year-End Financial Statements, but has been extracted or derived from the Interim Financial Statements or from the Group's unaudited management accounts based on accounting records, as applicable, or is based on calculations of figures from the above-mentioned sources.

Certain numerical figures set out in this Base Prospectus, including financial and operating data, have been rounded. Therefore, the sums of amounts given in some columns or rows in the tables and other lists presented in this Base Prospectus may slightly differ from the totals specified for such columns or rows. Similarly, some percentage values presented in the tables in this Base Prospectus have been rounded and the totals specified in such tables may not add up to 100 per cent.

Non-IFRS financial measures and ratios

In addition, this Base Prospectus includes certain non-IFRS financial measures and ratios such as the Group's capital adequacy ratio, non-performing loans ("**NPLs**") as a percentage of gross loans, NPL provision coverage (including collective impairment allowances) and the Group's risk weighted assets.

The Group uses these non-IFRS financial measures and ratios to evaluate its performance, and this additional financial information is presented in this Base Prospectus. This information is not presented in accordance with IFRS and should be viewed as supplemental to the Group's financial information. Investors are cautioned not to place undue reliance on this information and should note that these non-IFRS financial measures and ratios, as calculated by the Group, may differ materially from similarly titled measures reported by other companies, including the Group's competitors. Within the industry in which the Group operates, non-IFRS financial measures and ratios may be calculated differently between relevant entities, limiting their value as comparative tools.

Certain Defined Terms

Capitalised terms which are used but not defined in any section of this Base Prospectus will have the meaning attributed thereto in the Conditions or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

- references to the "**Group**" are to the Bank, together with its subsidiaries;
- references to "**Abu Dhabi**" are to the Emirate of Abu Dhabi;
- references to the "**Government**" are to the government of Abu Dhabi;
- references to "**GCC**" are to the Gulf Co-operation Council;
- references to a "**Member State**" are to a Member State of the European Economic Area; and
- references to the "**UAE**" are to the United Arab Emirates.

Certain Conventions

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

All references in this Base Prospectus to "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to United States dollars being the legal currency for the time being of the United States of America; all references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the European Community, as amended; all references to "**GBP**" are to the British pound, the lawful currency of the United Kingdom; all references to "**MYR**" are to Malaysian ringgit, the lawful currency of Malaysia; all references to "**A\$**" are to Australian dollars, the lawful currency of the Commonwealth of Australia; all references to "**JPY**" are to Japanese yen, the lawful currency of Japan; all references to "**HKD**" are to Hong Kong dollars, the lawful currency of Hong Kong; all references to "**CHF**" are to Swiss francs, the lawful currency of Switzerland; and all references to "**dirham**" and "**AED**" refer to UAE dirham being the legal currency for the time being of the UAE.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The midpoint between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

References to a "**billion**" are to a thousand million.

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, the Bank, the Arrangers, the Dealers, the Delegate or the Agents, 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.

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 FSMA) which has not been authorised, recognised or otherwise approved by the FCA. 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 or Pricing Supplement, as the case may be, 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 Pricing Supplement, as the case may be, or any other marketing materials in relation to the 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 in the Cayman Islands to subscribe for any Certificates and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates.

NOTICE TO RESIDENTS OF THE 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 any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of

Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

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

NOTICE TO RESIDENTS OF 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 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 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 the Bank and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

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 the State 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 the State of Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange.

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 representation as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the Certificates 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.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates (or Pricing Supplement, in the case of Exempt Certificates) will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product

Governance Rules"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

STABILISATION

In connection with the issue of any Series, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) may 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 of the relevant Series, 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 Series. Any stabilisation action must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

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

1. the unaudited condensed consolidated interim financial statements of the Bank as at and for the nine months ended 30 September 2017 and its review report;
2. the auditors' report and audited consolidated financial statements of NBAD as at and for the financial year ended 31 December 2016;
3. the auditors' report and audited consolidated financial statements of NBAD as at and for the financial year ended 31 December 2015;
4. the auditors' report and audited consolidated financial statements of FGB as at and for the financial year ended 31 December 2016; and
5. the auditors' report and audited consolidated financial statements of FGB as at and for the financial year ended 31 December 2015.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the specified office of the Principal Paying Agent for the time being in London. In addition, copies of such documents will be available on the website of the Bank (www.nbad.com) and on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

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

Following the publication of this Base Prospectus a supplement may be prepared by the Trustee and the Bank and approved by the United Kingdom Listing Authority in accordance with Article 16 of the Prospectus Directive and relevant implementing measures in the United Kingdom. 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.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Certificates, is supplemented by the applicable Final Terms or, in the case of Exempt Certificates, the applicable Pricing Supplement.

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

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

Trustee:

FAB Sukuk Company Limited, as trustee for and on behalf of the Certificateholders and as issuer of the Certificates, an exempted company with limited liability incorporated on 1 June 2011 in accordance with the laws of, and formed and registered in, the Cayman Islands with registered number 257247 with its registered office at the offices of 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. FAB Sukuk Company Limited shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.

Pursuant to a special resolution dated 6 December 2017, the Trustee changed its name from "FGB Sukuk Company Limited" to "FAB Sukuk Company Limited" with effect from 6 December 2017.

Bank:

First Abu Dhabi Bank PJSC is a public joint stock company and is the product of the merger (the "**Merger**") of NBAD and FGB which was effected on 30 March 2017 (the "**Effective Date**"). The Merger was effected in accordance with the provisions of Article 291 of the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies, pursuant to which FGB was dissolved and its shares were delisted from the Abu Dhabi Securities Exchange on the Effective Date. NBAD, as the surviving corporate entity and the legal successor of FGB, automatically assumed all assets and liabilities of FGB with effect from the Effective Date.

On 24 April 2017, the shareholders of NBAD passed the necessary resolutions at its general assembly meeting to approve a change in its registered name to First Abu Dhabi Bank PJSC. On 25 April 2017, the requisite regulatory approvals to effect the change of name were received by NBAD from the United Arab Emirates' Securities and Commodities Authority. Accordingly, the change of name to First Abu Dhabi Bank PJSC became effective from 25 April 2017.

The registered office of the Bank is FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates. See "*Description of the Bank*".

Ownership of the Trustee:

The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares of U.S.\$1.00 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share

capital is held by MaplesFS Limited, with registered office at P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands on trust for charitable purposes.

Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the " Trustee Administrator "), who provide, <i>inter alia</i> , corporate administrative services and director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement (as amended and restated from time to time) made between the Trustee and the Trustee Administrator (the " Corporate Services Agreement ").
Arrangers:	First Abu Dhabi Bank PJSC and Standard Chartered Bank.
Dealers:	Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank plc, 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 Series of Certificates.
Delegate:	Citicorp Trustee Company Limited.
Principal Paying Agent, Calculation Agent and Transfer Agent:	Citibank N.A., London Branch.
Registrar:	Citigroup Global Markets Deutschland AG.
Initial Programme Amount:	Up to U.S.\$2,500,000,000 (or its equivalent in other currencies) aggregate face amount of Certificates outstanding at any one time. The amount of the Programme may be increased in accordance with the terms of the Programme Agreement.
Issuance in Series:	<p>The Certificates will be issued in series (each series of Certificates being a "Series"). The specific terms of each Series will be completed in a final terms document (the "applicable Final Terms").</p> <p>Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.</p>
Currencies:	Subject to any applicable legal and/or regulatory and/or central bank requirements, any currency agreed between the Trustee, the Bank and the relevant Dealer.
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, the Bank 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 (as defined in the applicable Final Terms).
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, the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Status of the Certificates:

Each Certificate will represent an undivided *pro rata* ownership interest in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Trustee and will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

In respect of each Series, the Trustee shall hold the relevant Trust Assets for such Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder of the relevant Series of Certificates. The "**Trust Assets**" of the relevant Series will comprise: (i) all of the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents; (ii) all of the interests, rights, title, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Investment; (iii) all of the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Master Murabaha Agreement) (excluding any representations given by the Bank to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust); (iv) all moneys standing to the credit of the Transaction Account from time to time; and (v) all proceeds of the foregoing.

Periodic Distribution Amounts:

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

Cross-Default:

The Certificates will have the benefit of a cross-default provision, as described in Condition 14 (*Dissolution Events*).

Negative Pledge:

The Certificates will have the benefit of a negative pledge granted by the Bank, as described in Condition 5 (*Negative Pledge*).

**Dissolution on the Scheduled
Dissolution Date:**

Unless the Certificates are previously redeemed or purchased and cancelled in full, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms.

Dissolution Amount:

Means, in relation to each Certificate, as the case may be:

- (a) the Dissolution Distribution Amount, being:
 - (i) the sum of: (A) the outstanding face amount of such Certificate; and (B) any accrued but unpaid Periodic Distribution Amounts relating to such Certificate; or
 - (ii) such other amount specified in the applicable Final Terms as being payable upon any relevant Dissolution Date; or
- (b) the Early Dissolution Amount (Tax); or
- (c) the Optional Dissolution Amount; or
- (d) the Certificateholder Put Option Dissolution Amount.

Dissolution Events:	The Dissolution Events are described in Condition 14 (<i>Dissolution Events</i>). Following the occurrence of a Dissolution Event which is continuing, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on any Dissolution Event Redemption Date. See Condition 14 (<i>Dissolution Events</i>).
Early Dissolution for Tax Reasons:	Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 (<i>Taxation</i>) or the Trustee has received notice from the Bank that the Bank has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents, in each case, as a result of a 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 relevant Series and such obligation cannot be avoided by the Trustee or the Bank, as applicable, taking reasonable measures available to it, the Trustee will, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) give notice to Certificateholders (which notice shall be irrevocable), redeem the Certificates in whole but not in part at an amount equal to the relevant Early Dissolution Amount (Tax) on any Early Tax Dissolution Date subject to and in accordance with Condition 10(b) (<i>Capital Distributions of the Trust – Early Dissolution for Tax Reasons</i>).
Optional Dissolution Right:	If so specified in the applicable Final Terms, the Bank may, in accordance with Condition 10(c) (<i>Capital Distributions of the Trust – Dissolution at the Option of the Bank</i>), require the Trustee, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) give notice to the Certificateholders (which notice shall be irrevocable) to redeem all or, if so provided, some of the Certificates only on any Optional Dissolution Date subject to and in accordance with Condition 10(c) (<i>Capital Distributions of the Trust – Dissolution at the Option of the Bank</i>). Any such redemption of Certificates shall be at their Optional Dissolution Amount.
Certificateholder Put Option:	If so specified in the applicable Final Terms, the Trustee shall, at the option of the holder of any Certificates, upon the holder of such Certificates giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) to the Trustee redeem such Certificates on any Certificateholder Put Option Date at the Certificateholder Put Option Dissolution Amount subject to and in accordance with Condition 10(d) (<i>Capital Distributions of the Trust – Certificateholder Put Option</i>).
Cancellation of Certificates held by the Bank and/or any of its Subsidiaries:	Pursuant to Condition 13 (<i>Purchase and Cancellation of Certificates</i>), the Bank and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank wishes to cancel such Certificates purchased by it and/or any of its subsidiaries (the " Cancellation Certificates "), the Bank may surrender such Certificates for cancellation in accordance with the Conditions and the Master Declaration of Trust, and following the

service of a cancellation notice by the Bank to the Trustee pursuant to the Master Declaration of Trust, require the Trustee, any time prior to the Scheduled Dissolution Date, to cancel any Certificates surrendered to it by the Bank for cancellation.

Limited Recourse:

Each Certificate of a particular Series will represent an undivided *pro rata* ownership interest in the Trust Assets for such Series. 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 from the relevant Trust Assets.

Certificateholders will otherwise have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Bank (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or the Delegate or any Agent or any of their respective affiliates in respect of any shortfall in the expected amounts due from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee and the Bank shall be extinguished. See Condition 4(b) (*Status and Limited Recourse – Limited Recourse*).

Denomination of Certificates:

The Certificates will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer(s) and as specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Certificate admitted to trading on a regulated market within the European Economic Area, or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, will be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency as at the Issue Date of such Certificates).

Form and Delivery of the Certificates:

The Certificates will be issued in registered form only. The Certificates will be represented on issue by beneficial interests in a global certificate (the "**Global Certificate**"), which will be deposited with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. See the section entitled "*Form of the Certificates*". Certificates in definitive form evidencing holdings of Certificates ("**Definitive Certificates**") will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances.

Clearance and Settlement:

Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg (or any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Trustee and the Bank). Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Withholding Tax:

Subject to Condition 9(b) (*Payment – Payments subject to Applicable Laws*), all payments by the Trustee in respect of the

Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction, except in circumstances set out in Condition 11 (*Taxation*).

Further, in accordance with each of the Master Declaration of Trust and the Master Murabaha Agreement, the Bank has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (*Taxation*), pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 11 (*Taxation*).

The Transaction Documents provide that payments by the Bank thereunder shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes unless such withholding or deduction is required by law and, in such case, provide for the payment by the Bank of all additional amounts as will result in the receipt by the Trustee of such amount as would have been received by it if no withholding or deduction had been made.

Listing and Trading:

Application has been made to the United Kingdom Listing Authority for the Certificates (other than Exempt Certificates) to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the Regulated Market.

Certificates may also be issued and listed (or admitted to trading, as the case may be), on other or further stock exchanges or markets agreed between the Trustee, the Bank 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 (or applicable Pricing Supplement, in the case of Exempt Certificates) 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.

Certificateholder Meetings:

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 18 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

Tax Considerations:

See the section entitled "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

Governing Law and Submission to

The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and

Jurisdiction: construed in accordance with, English law. Each Transaction Document and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

In respect of any dispute under any such Transaction Document, the Bank has agreed to arbitration in London under the LCIA Rules (as defined herein). The Bank has also agreed to submit to the exclusive jurisdiction of the courts of England in respect of any dispute under such Transaction Document, subject to the right of the Trustee and/or the Delegate (as applicable) to require any dispute to be resolved by any other court of competent jurisdiction.

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

Transaction Documents: The Transaction Documents in relation to each Series shall comprise the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series), the Wakala Agreement, the Master Declaration of Trust, the relevant Supplemental Declaration of Trust, the Agency Agreement and the relevant Certificates (each a "**Transaction Document**" and, together, the "**Transaction Documents**").

Rating: The rating(s) of any Series of Certificates to be issued under the Programme which is to be rated will be specified in the applicable Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

Selling and Transfer Restrictions: There are restrictions on the distribution of this Base Prospectus and the offer, sale or transfer of Certificates in the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Japan, Malaysia, Singapore, 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, the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of the Certificates. See "*Subscription and Sale*".

United States Selling Restrictions: Regulation S, Category 2.

RISK FACTORS

Each of the Trustee and the Bank believes that the following factors may affect its ability to fulfil its obligations relating to Certificates issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Trustee nor the Bank is in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Trustee and the Bank believes that the factors described below represent the principal risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Amounts or other amounts on or in connection with any Certificates or to pay any amount in respect of the relevant Dissolution Amounts or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee or the Bank based on information currently available to them or which they may not currently be able to anticipate. 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.

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

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

Risk factors relating to the Trustee

The Trustee was incorporated under the laws of the Cayman Islands on 1 June 2011 as an exempted company with limited liability and has a limited operating history. The Trustee has not and will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the relevant Transaction Documents relating to each Series.

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 the obligation of the Bank to make payments to the Trustee under the relevant Transaction Documents.

The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from the Bank of all amounts due under the Transaction Documents (which in aggregate may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents in the event that the Bank does not fully perform its obligations thereunder). As a result, the Trustee is subject to all the risks to which the Bank is subject, to the extent such risks could limit the Bank's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents. See "*Factors that may affect the Bank's ability to fulfil its obligations in respect of the Transaction Documents*" for a further description of these risks.

Factors that may affect the Bank's ability to fulfil its obligations in respect of the Transaction Documents

Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects

The Bank, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. As at the date of this Base Prospectus, global debt and equity markets have been adversely impacted by the ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the economies of the GCC states, including the UAE.

Between July 2014 and January 2016, international crude oil prices declined dramatically (falling by approximately 75 per cent. from a high monthly average OPEC Reference Basket price per barrel of U.S.\$107.89 in July 2014, to a monthly average price of U.S.\$26.50 in January 2016).

Notwithstanding the partial correction in global crude oil prices through 2016 and 2017 (according to the OPEC website, the average price of the OPEC Reference Basket was approximately U.S.\$51.67 per barrel for the year ended 31 December 2016 while, as at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date was U.S.\$61.06 per barrel), the economies of the oil-revenue dependent GCC states have continued to be adversely affected with greater budget deficits, a decrease in fiscal revenues and consequent lower public spending seen in 2016 and 2017. This has resulted in the downgrading, or placing on "creditwatch", of a number of GCC sovereigns including, particularly, the Sultanate of Oman and the Kingdom of Bahrain. In the UAE, the IMF expects the federal budget deficit for 2016 to widen to approximately 7.2 per cent. of GDP when final figures are ultimately released.

Additionally, in the UAE, the significant fiscal reforms implemented by the federal government in response to the low oil price environment since 2015 has had, and is expected to continue to have, a transformative effect on the UAE economy. The federal government has scaled back capital transfers to government-related entities, cut government investment, raised electricity and water tariffs and removed fuel subsidies. Additionally, the federal government has confirmed that it will be introducing a value-added tax ("VAT") regime in the UAE with effect from 1 January 2018. These measures have become an integral part of a broader federal government strategy aimed at rationalising fiscal expenditure generally and reducing fiscal dependency on hydrocarbon related revenues. When taken in totality with the ongoing oil price volatility, the diversion of significant fiscal revenues to the Saudi Arabian led military intervention in the Republic of Yemen since 2015 and domestic job losses in both the private and public sectors across the UAE (and particularly within Abu Dhabi), the impact on the UAE economy since early 2015 has been, and is expected to continue to be, significant.

Further, the performance of international debt and equity markets and investor sentiment generally across the European Union (the "EU") and the United States has been affected by political events during 2016, notably the United Kingdom's "Brexit" vote and the result of the Presidential election in the United States with the broader impact on the general political and macro-economic conditions in the United Kingdom, the EU, the United States and globally remaining unclear as at the date of this Base Prospectus until the precise terms of the United Kingdom's exit from the EU and the impact of the fiscal-stimulus policies of the Trump administration, respectively, become clearer.

As a result of market conditions prevailing as at the date of this Base Prospectus, companies to which the Bank directly extends credit have historically experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due, including amounts payable to the Bank. While the Bank's direct exposure to the energy sectors is not significant (being equal to approximately 5.1 per cent. of its on balance sheet loans and advances to customers as at 30 September 2017), a continued deterioration in global oil prices may further adversely impact the UAE economy as a whole and may indirectly and adversely impact the Bank as a result of a deterioration in other sectors of the UAE economy.

These challenging market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The decision of the U.S. federal reserve to raise interest rates in December 2015 for the first time since 2006, and again in December 2016, March 2017 and June 2017, with further increases expected in December 2017 and ahead into 2018, will likely further exacerbate the reduced liquidity and adversely impact the Bank's net interest margins and borrowing costs.

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

Credit risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation on maturity or in a timely manner, causing the other party to incur a financial loss. Concentrations of credit risk arise when a number of 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 affected similarly by changes in economic, political or other conditions. Concentrations of credit risk may also arise as a result of large exposures to individuals or a group of related counterparties. Concentrations of credit risk indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

In common with other banks in the GCC, as a result of adverse economic and political developments in recent years (see "*Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects*"), adverse changes in consumer confidence levels, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, among other factors, have historically impacted the Bank's credit portfolio.

This volatile economic environment, together with the anticipated reduction in Governmental spending and the likely impact on the level of economic activity in Abu Dhabi and the UAE is expected to continue to have an adverse effect on the Bank's credit risk profile. Although the Bank regularly reviews its credit exposures and has re-priced a portion of its loan portfolio and restructured some of its loans under stress, customer defaults may continue to occur. The occurrence of these events has affected, and could continue to materially adversely affect, the Bank's business, results of operations, financial condition and prospects.

If the Bank is unable to effectively monitor and control the level of, or successfully restructure, its non-performing loans with debtors in financial distress, or its allowances for loan impairment are insufficient to cover loan losses, the Bank's financial condition and results of operations would be adversely affected

As at 30 September 2017, the Bank had AED 10.2 billion of impaired loans and, for the nine month period ended 30 September 2017, carried impairment allowances of AED 11.2 billion to cover potential loan losses. In accordance with IFRS, the Bank is required to reflect the impairment calculated (which is established based on its best estimates of recoveries and judgments leading to calculation of probable losses) as an upfront charge to the income statement. This will be written back to the income statement as and when interest, profit or principal (as appropriate) on the debt is received. However, the actual loan losses could be materially different from the loan impairment allowances. The Bank's management believes that the levels of impairment allowances for impaired loans as at 30 September 2017 are sufficient to cover the Bank's potential loan losses as at that date. As at 30 September 2017, provision covered 109.0 per cent. of the Bank's impaired assets.

The Bank regularly reviews and monitors compliance with lending limits to individual financial institutions and country limits (see "*Risk Management*"). Further, the Bank's credit group is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives and the Bank's management believes that the systems in place to implement the Bank's loan restructuring and loan loss impairment allowances are adequate as at each reporting date.

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

The Bank's loan and investment portfolios and deposit base are concentrated by geography, sector and client

The Bank's loan and investment portfolio is concentrated, geographically, in the UAE. As a result, any deterioration in general economic conditions in the UAE or any failure of the Bank to effectively manage its geographic, sectoral and client risk concentrations could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank's loan and non-trading debt securities portfolio (net of provisions) together constituted 64.0 per cent. of its total assets, or AED 411 billion, as at 30 September 2017. As at 30 September 2017, the borrowers in respect of 66.6 per cent. of the outstanding gross loans and advances to customers are located in the UAE, 8.0 per cent. are located in other Middle East countries and the remaining 25.4 per cent. are located outside the region. Of the Bank's total gross loans and advances to customers as at 30 September 2017, real estate accounted for 24.2 per cent., personal loans and credit cards accounted for 20.8 per cent., the banks and services sectors accounted for 15.6 per cent. and the transport and communication sectors accounted for 7.9 per cent.

The Bank's investment securities portfolio comprised AED 83.1 billion (or 79.1 per cent.) non-trading debt securities as at 30 September 2017. The Bank's non-trading debt securities portfolio has significant exposure to MENA region issuers which are principally government and public sector entities. As at 30 September 2017, AED 43.8 billion, or 53.0 per cent. of the portfolio comprised exposure primarily to MENA region issuers.

Further, the majority of the population in the UAE is comprised of non-nationals who require a renewable work permit sponsored by their employer to work and reside in the UAE (see "*Overview of the UAE and Abu Dhabi*"). Therefore, most of the Bank's customer base and retail loan portfolio is comprised of UAE-based expatriates. The Bank is exposed to a "skip risk" that such customers may leave the UAE without making repayments on their loans. Although the Bank takes overseas enforcement action against "skip" borrowers in certain countries and regularly reviews its credit exposures and has in place systems for assessing the financial condition and creditworthiness of its debtors, its failure to do so accurately or effectively may result in an increase in the rate of default for the Bank's loan portfolio, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

A substantial increase in new impairment allowances or losses greater than the level of previously recorded impairment allowances for doubtful loans and advances to customers would adversely affect the Bank's results of operations and financial condition

In connection with lending activities, the Bank periodically establishes impairment allowances for loan losses, which are recorded in its income statement. The Bank's overall level of impairment allowances is based upon its assessment of prior loss experience, the volume and type of lending being conducted, collateral held, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Bank endeavours to establish an appropriate level of impairment allowances based on its best estimate of the amount of incurred loss, it might be possible, for example, due to economic stress situations or changes in the regulatory environment, that the Bank has to significantly increase its impairment allowances for loan losses. Any significant increase in impairment allowances for loan losses or a significant change in the Bank's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the impairment allowances allocated with respect thereto, would have an adverse effect on its business, results of operations, financial condition and prospects.

IFRS 9 will, when introduced for reporting periods commencing on 1 January 2018, replace IAS 39 and introduce an 'expected credit loss' model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The Bank expects that the UAE Central Bank requirement that banks hold collective provisions of a minimum amount of 1.5 per cent. of credit risk weighted assets will ease the transition to IFRS 9 when formally introduced in the UAE. Upon adoption of IFRS 9 with effect from 1 January 2018, the initial impact will be assessed against the Bank's consolidated statement of changes in equity, following which the impact will be recorded to the Bank's consolidated income statement. As at the date of this Base Prospectus, the Bank has not chosen to adopt IFRS 9 ahead of its mandatory effective date of 1 January 2018 and is continuing to utilise its existing models for assessment and calculation of impairment allowances. However, any mandatory change to such impairment calculation models imposed by IFRS 9 may adversely impact impairment allowances established by the Bank which would have an adverse effect on its business, results of operations, financial condition and prospects.

The Bank may be materially adversely affected by a loss of business from key clients that represent a significant portion of its loans and deposits

The Bank generates a significant proportion of its net operating income from certain key clients, including Government of Abu Dhabi-controlled and Government of Abu Dhabi-related entities, and

members of the ruling family of Abu Dhabi and other high net worth individuals ("HNWIs") (including the controlled/affiliated entities of these individuals). The loss of all or a substantial portion of the business provided by one or more of these clients could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

In addition, the financial condition and ongoing profitability of Government of Abu Dhabi-controlled or Government of Abu Dhabi-related entities largely depends upon Government spending and policy. Therefore, the Bank is exposed to shifts in Governmental spending and policy and its impact on the level of economic activity in Abu Dhabi and the UAE over which it has no control and the effect of such shifts on the Bank may be difficult to predict. Challenging economic conditions since mid-2014 have resulted in larger budget deficits across the GCC economies (the IMF expects the UAE federal budget deficit for 2016 to widen to approximately 7.2 per cent. of GDP when final figures are ultimately released), coupled with reduced fiscal budgets and public spending which has been particularly pronounced in Abu Dhabi (see "*Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects*").

The Bank's failure to adequately foresee and assess such shifts may have an adverse effect on its business, results of operations, financial condition and prospects.

Liquidity risks may impair the Bank's ability to fund its business and make timely payments in connection with the Certificates

Liquidity risk is the risk that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due and/or replace funds when they are withdrawn. Liquidity risks could materially adversely affect the Bank's business, results of operations, financial condition and prospects.

The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations

If the Bank's cash flow from its operations is not sufficient to meet its short- and medium-term contractual and contingent payment obligations coming due, it could experience liquidity issues. Such liquidity issues could occur if the Bank's available liquidity is not sufficient to enable it to service its debt, fulfil loan commitments or meet other on or off balance sheet payment obligations on specific dates, even if the Bank continues to receive new deposits from customers, proceeds from new financings or its future revenue streams. Such liquidity issues could also arise if there is an unexpected outflow of customer deposits, if there is a material decline in the value of the Bank's liquid securities portfolio or if the Bank is unable to secure short-term funding to bridge this funding gap.

The Bank's Group Assets and Liability Committee sets and monitors liquidity ratios, regularly revises and updates the Bank's liquidity management policies and seeks to ensure that the Bank is in a position to meet its obligations as they fall due (see further "*Risk Management*"). Further, the Bank conducts analysis of maturities of assets and liabilities on a periodic basis to determine its ongoing funding needs and to ensure adequate liquidity is maintained across the defined time horizon. The Bank's Group Risk and Compliance Committee receives regular updates on the Bank's liquidity under both normal and stressed market conditions, as well as developing strategies to ensure liquidity is available for defined time horizons under stress scenarios. As at 30 September 2017, the Bank had cash and cash equivalents of AED 116.1 billion.

As a result of the optionality provided by the Liquidity Notice (as defined below) and in preparation for the full implementation of Basel III in the UAE, the Bank manages its liquidity position through the liquidity coverage ratio ("**LCR**") (in addition to its ongoing obligation to report its ELAR, NSFR and ASRR ratios (each as defined herein) to the UAE Central Bank).

The LCR is a metric introduced by the Basel Committee on Banking Supervision as part of the Basel III criteria to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking a financial institution's stock of high quality liquid assets ("**HQLAs**") – which include low-risk, highly marketable asset classes, designed to provide significant sources of liquidity in such a stress scenario – and dividing it by its projected net cash outflows over the immediately following 30-day period. The LCR requires that banks have sufficient HQLAs in their liquidity buffer to cover the difference between expected cash outflows and expected

capped cash inflows over a 30-day stressed period. Basel III requires that the minimum value of the ratio is 100 per cent. (i.e., an institution's stock of HQLAs should at least equal total net cash outflows). As at 30 September 2017, the Bank held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent.

The Bank's maintenance of its liquidity position through LCR and the associated requirement to maintain a significant buffer of HQLAs may adversely affect the Bank's core businesses of consumer and wholesale banking, particularly given the inherent cost of maintaining a HQLA portfolio of sufficient size and quality to cover regulatory outflow assumptions embedded in the LCR. If the Bank were to choose to mitigate against these additional costs by introducing selective deposit fees or minimum lending rates, this may result in a loss of customer deposits, a key source of the Bank's funding, net new money outflows and/or a declining market share in its domestic loan portfolio.

By virtue of the inherent costs associated with LCR compliance and maintaining a sufficient portfolio of HQLAs, the Bank may be at a competitive disadvantage to its peer UAE based financial institutions who do not monitor liquidity through LCR which may have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank relies on short-term demand and time deposits as a major source of funding but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps

In common with other banks in the UAE, many of the Bank's liabilities are short-term demand and time deposits, whereas its assets are generally medium to long-term (such as loans and mortgages). Although the Bank has accessed wholesale funding markets (through bilateral or syndicated loans and international bond markets) in order to diversify and increase the maturity of its funding sources, such borrowings have not eliminated asset-liability maturity gaps. If a substantial portion of the Bank's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or the Bank fails to refinance some of its large short- to medium-term borrowings, the Bank may need to access more expensive sources to meet its funding requirements. No assurance can be given that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Bank's inability to refinance or replace such deposits with alternative funding could materially adversely affect the Bank's liquidity, business, results of operations, financial condition and prospects.

The Bank has significant off balance sheet credit-related commitments that may lead to potential losses

As part of its normal banking business, the Bank issues revocable and irrevocable commitments to extend credit, guarantees, letters of credit and other financial facilities and makes commitments to invest in securities before such commitments have been fully funded. All of these are accounted for off balance sheet until such time as they are actually funded. Although these commitments are contingent and therefore off balance sheet, they nonetheless subject the Bank to related credit, liquidity and market risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as loans and advances to customers, and commitments to extend credit are contingent on customers maintaining required credit standards. Although the Bank anticipates that not all of its obligations in respect of these commitments will be triggered, it may have to make payments in respect of a substantial portion of such commitments, which could have a material adverse effect on its financial position, and in particular its liquidity position. As at 30 September 2017, the Bank had AED 206.5 billion in such contingent liabilities.

Market risks

The Bank's business exposes it to market risk, which is the risk that changes in market prices, such as interest rates, equity prices, commodity prices, foreign exchange rates and credit spreads will affect the Bank's income or the fair value of its holdings of financial instruments. Market risks could adversely affect the Bank's business, results of operations, financial condition and prospects. Some of the market risks currently facing the Bank are described in more detail below.

Changes in interest rate levels may affect the Bank's net interest margins and borrowing costs, and the value of assets sensitive to interest rates and spread changes may be adversely affected

Any shortage of liquidity in markets that are sources of funding for the Bank could contribute to an increase in the Bank's marginal borrowing costs. Similarly, any increase in interbank reference rates could

also affect the value of certain assets that are subject to changes in applicable interest rates. As at 30 September 2017, the Bank's borrowings were largely set at floating rates based on interbank reference rates, such as 3-month LIBOR and 3-month EIBOR, plus a specified margin.

The U.S. federal reserve raised interest rates in December 2015 for the first time since 2006. In December 2016, in March 2017 and again in June 2017, further 0.25 per cent. rate hikes were announced by the U.S. federal reserve, with further increases expected in December 2017 and ahead into 2018. As at 30 September 2017, 82.1 per cent. of the Bank's total term borrowings and commercial paper issuance was denominated in U.S. dollars. If the pace of U.S. interest rate movements develops as expected, it may adversely impact the Bank's borrowing costs.

If interbank reference rates rise, the interest payable on the Bank's floating rate borrowings increases. The Bank's marginal cost of funding may increase as a result of a variety of factors, including further deterioration of conditions in the financial markets or loss of confidence by and between financial institutions. If the Bank fails to pass on such increase in funding costs to its customers in a timely manner or at all due to market, competitive or other conditions, it could have a material adverse effect on its business, results of operations, financial condition and prospects.

Changes in equity and debt securities prices may affect the values of the Bank's investment portfolios

The Bank holds investment securities and a decrease in the realised and unrealised fair value investment gains, together with fair value losses on such investment securities has had a material adverse impact as a result of global macro-economic volatility. The current instability in the international debt and equity capital markets is likely to continue to have a material adverse impact on the Bank's investment portfolios and its financial condition and results of operations. As at each reporting period, the Bank records: (i) realised gains or losses on the sale of any investment securities; (ii) unrealised fair value gains or losses in respect of any investment securities as at the end of the period on a mark to market basis; and (iii) impairment where there is a sustained decrease in fair value of any investment securities.

The amounts of such gains and losses may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of the securities, which in turn may vary considerably, and the Bank's investment policies. The Bank cannot predict the amount of realised or unrealised gain or loss for any future period, and variations from period to period are not indicative of future performance. Gains on the Bank's investment portfolio may not continue to contribute to net income at levels consistent with those from recent periods or at all.

Operational risks

The Bank defines operational risk as the risk of loss from inadequate or failed internal processes, people, systems or external events. Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems and occurrence of natural disasters. Although the Bank has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate any of the operational risks entirely, which could have a material adverse effect on its financial condition and results of operations.

The Bank's risk management and internal controls may leave it exposed to unidentified or unanticipated risks, which could result in material losses

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk. See "*Risk Management*". Investors should note that any failure to adequately control these risks could result in material adverse effects on the Bank's business, results of operations, financial condition and prospects, as well as its general reputation in the market.

The Bank's risk management techniques may not be fully effective or consistently implemented in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour. These methods may not always predict future risk exposures, which could be significantly greater than such historical measures indicate. Other risk management practices, including

"know your client" practices, depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or information otherwise accessible to the Bank.

There is a lack of publicly available information and financial data regarding debtors' credit and payment histories in the GCC (primarily due to borrowers' limited credit histories and inability (and, in certain cases, unwillingness) to provide the quality and quantity of information sought by lenders and the fact that credit bureaus in the UAE are in their infancy). Accordingly, the Bank, in common with other UAE banks, is frequently required to make risk management assessments in the absence of the quality and quantity of information available to lenders in other, more developed markets.

As such practices are less developed in the GCC than they are in other markets and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up-to-date or properly evaluated in all cases.

There can be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate. The Bank also cannot give assurance that all of its staff have adhered, or will adhere, to its risk policies and procedures. Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

If the Bank is unable to retain key members of its senior management and/or remove underperforming staff and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the business of the Bank

The Bank's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit, retain and ensure the performance and contribution of qualified and experienced financial services and leadership personnel. In common with other banks in the UAE, the Bank can experience a shortage of qualified employees residing in the UAE, which may require it to recruit from outside the UAE. In addition, even after hiring its employees, the Bank may face challenges in retaining such employees due to the continued recruitment efforts of its competitors.

Additionally, if the Bank continues to grow post-Merger, it may need to continue to increase its number of employees. The Bank is guided in its human resources decisions by the UAE federal government's recommended policy that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year. The UAE federal government's policy supporting the recruitment of UAE nationals does not set any upper limit at which the policy would no longer be applicable. If the Bank is not able to meet or exceed the UAE federal government's minimum threshold for Emirati employees as set out in the UAE federal policy on Emiratisation, promulgated by UAE Cabinet Decree number 3/10/267 of 2015, dated 25 October 2015 (the "**Emiratisation Circular**"), it may be subject to legal penalties, calculated in accordance with the Emiratisation Circular. See "*Description of the Bank – Emiratisation*".

While the Bank believes that it has effective staff recruitment, retention, development and rewards programmes in place, its failure to recruit, train and/or retain necessary personnel or the shortage of qualified UAE nationals or other nationals prepared to relocate to the UAE, could have a material adverse effect on its business, results of operations, financial condition and prospects.

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

In common with other financial institutions based in the GCC and elsewhere in the world, cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive financial and personal identifiable information stored by financial institutions globally makes them potential targets of cyber-attacks. In common with other financial institutions, the Bank recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks. Risks to technology and information systems change rapidly and require continued focus and investment and the Bank acts accordingly and takes appropriate steps on an ongoing basis to combat such threats and

minimise such risks by implementing cyber-security controls. Given the increasing sophistication and scope of potential cyber-attack, it is however possible that future attacks may lead to significant breaches of security. To actively pre-empt this, the Bank has implemented a variety of preventative and detective technical security controls, which are periodically reviewed and assessed, both internally and externally. However, failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Bank's reputation, business, results of operations, financial condition and prospects.

Factors relating to the Merger

The Bank may experience difficulties in integrating the distinct businesses carried on by NBAD and FGB

The Merger of NBAD and FGB which was effected on 30 March 2017, involves the integration of two businesses that previously operated independently. The Bank may face significant challenges integrating the two organisations, their policies, technologies and operations in a timely and efficient manner, as well as in addressing differences in the business cultures of the two companies and retaining key former NBAD and FGB personnel. The integration process may prove to be more complex and time-consuming than anticipated, requiring substantial resources and effort and leading to a degree of uncertainty for customers and employees.

The potential difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating management functions, organisations, systems and facilities;
- the task of integrating the management and personnel of NBAD and FGB, maintaining employee morale and retaining and incentivising key employees;
- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with each of NBAD's and FGB's legacy investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Bank's accounting policies;
- accurately judging market dynamics, demographics, growth potential and competitive environment (including evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses); and
- maintaining and obtaining the necessary licences and approvals from relevant governmental and regulatory authorities and agencies.

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of the Bank's businesses and the loss of key personnel. Any delays or difficulties encountered in connection with the integration of the operations of the businesses could have an adverse effect on the Bank's business, results of operations, financial condition or prospects.

Additionally, the Bank expects to incur a number of non-recurring costs associated with the integration of the businesses of NBAD and FGB, including potential costs associated with the rebranding of the business, fees to financial, accounting and legal advisers and other related costs. If the integration is not successful, the Bank will not realise the anticipated benefits of the integration and may, therefore, fail to offset these integration costs over time.

If the Bank fails to manage the integration of the legacy businesses of NBAD and FGB effectively, the Bank's growth strategy and future profitability could be negatively affected and it may fail to achieve the anticipated benefits of the Merger. In addition, difficulties in integrating the businesses could harm the Bank's reputation, which may result in the loss of customers and key employees which could, in turn, have an adverse effect on the Bank's business, results of operations, financial condition or prospects.

The Bank may not achieve the synergies expected from the Merger

The Bank may fail to achieve the synergies that it had anticipated would arise from the Merger. The success of the Merger will depend, in part, on the Bank's ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the standalone businesses of NBAD and FGB. The Bank expects to benefit from synergies resulting from the consolidation of capabilities, rationalisation of operations and headcount, greater efficiencies from increased scale and market integration and organic growth. In particular, the Bank's ability to realise anticipated synergies and the timing of this realisation may be affected by a variety of factors, including, but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating NBAD's and FGB's corporate and regional offices;
- the difficulty of implementing its cost savings plans;
- the challenges associated with the combination of NBAD's and FGB's businesses and operations and, in particular, the ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly larger business; and
- unforeseeable events, including major changes in the markets in which NBAD and FGB operate.

There is a risk that the cost savings projected from integrating the NBAD and FGB businesses will not be realised due to unforeseen inaccuracies in the pre-Merger computation of such savings. Additionally, there is a risk that these cost savings are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

Although the Bank believes that the elimination of costs, as well as the realisation of other efficiencies related to the integration of the NBAD and FGB businesses, will offset the incurred implementation and integration costs over time, the net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than the Bank anticipates which could reduce the net benefits of the Merger and impact the Bank's business, results of operations, financial condition or prospects.

Regulatory risks

The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Bank's business

The Bank is subject to a number of prudential and regulatory requirements designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk. These regulations include UAE federal laws and regulations (particularly those of the UAE federal government and the UAE Central Bank), as well as the laws and regulations of the other countries in which the Bank operates. In particular (but without limitation), the Bank is subject to the following restrictions:

- certain credit limits in respect of real estate and construction financing, major shareholders or to a single customer (based on the Bank's customer deposits and/or capital and reserves as prescribed by the UAE Central Bank);
- concentration limits on total credit and other risk exposures to retail customers, banks, investments and country exposure (including, but not limited to, regulations promulgated by the UAE Central Bank in UAE Central Bank Notice No. 32/2013 on large exposures (the "**Large Exposure Notice**"), which was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014);
- a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January

2019. Within this minimum capital adequacy ratio, the UAE Central Bank has established additional capital requirements for systemically important banks (such as the Bank, which has been designated as a domestically systemic important bank ("**D-SIB**") with an additional Common Equity Tier 1 D-SIB buffer of 0.75 per cent. required from 1 February 2017, increasing on a sliding scale to 1.125 per cent., effective from 1 January 2018 and 1.5 per cent., effective from 1 January 2019). Additionally, and comprised within the minimum total capital adequacy ratio mandated by the UAE Central Bank, UAE banks are also subject to a capital conservation buffer of 1.25 per cent. (effective from 1 February 2017), 1.875 per cent. (effective from 1 January 2018) and 2.5 per cent. (effective from 1 January 2019), as applicable, pursuant to the February 2017 Regulations (as defined below). As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., comfortably above the minimum UAE Central Bank requirements (including the additional D-SIB buffer);

- certain limitations around the fees and interest rates which UAE banks can charge to retail customers and maximum loan to income and loan to value ratios for retail products such as residential mortgage loans (prescribed by the UAE Central Bank circular dated 23 February 2011 (the "**Retail Circular**") on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the "**Official Gazette**") on 28 November 2013 and entered into force on 28 December 2013) (the "**Mortgage Regulations**"));
- total loans and advances to customers and interbank placements over the Bank's stable resources (comprising deposits and borrowed funds with maturities of greater than six months and net shareholders' equity) cannot exceed 100 per cent.;
- increase employment and progression of UAE nationals within the Bank, in accordance with the Emiratisation Circular and the UAE federal government's Emiratisation policy promulgated through UAE Central Bank regulations (that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year) (see "*Description of the Bank – Emiratisation*");
- in accordance with UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing UAE Central Bank Notice No. 30/2012) (the "**Liquidity Notice**"), compliance with certain qualitative and quantitative liquidity requirements; and
- mandatory cash reserve of 14 per cent. of all current, call and savings deposits and 1 per cent. of all time deposits, respectively, based on balances calculated on the 15th of each month and notified in the second month following circulation pursuant to the UAE Central Bank Circular of December 2000.

In addition, in May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the "**Consultation Document**"), detailing the Basel III ("**Basel III**") requirements expected to be followed by banks operating in the UAE, once applicable legislation has been implemented domestically. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier I capital, Additional Tier I capital and Tier II capital (together, "**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.

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by accompanying standards (the "**Accompanying Standards**") which are yet to be issued as at the date of this Base

Prospectus. The Accompanying Standards will elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank (such as the Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a Supervisory Review and Evaluation process of the UAE Central Bank.

As at the date of this Base Prospectus, the UAE has not fully implemented Basel III. In advance of the enactment of the Accompanying Standards to fully implement Basel III in the UAE, it is not possible to accurately predict the precise form in which Basel III will be introduced and whether or not such implementation will be in accordance with the provisions set out in the February 2017 Regulations. Accordingly, the UAE Central Bank's ultimate implementation of Basel III may further increase the regulatory burden on UAE financial institutions, such as the Bank, which could adversely impact the Bank's business. For example, if further counter-cyclical or systemically important buffers are implemented by the UAE Central Bank as part of the wider introduction of Basel III, it is possible that UAE financial institutions, including the Bank, will be required to increase the levels of Regulatory Capital that they hold on their balance sheets. Additionally, financial institutions, such as the Bank, which hold existing Tier I or Tier II capital instruments (as so classified under Basel II principles) may also be adversely affected if the UAE Central Bank's implementation of Basel III does not provide for grandfathering treatment of these pre-existing instruments. As at 30 September 2017, the Bank's total capital adequacy ratio was 18.0 per cent. and included the AED 4.0 billion Tier I capital notes issued by each of FGB and NBAD to the Government's Department of Finance in February and March 2009, respectively. If these Tier I capital notes are not grandfathered when Basel III is fully implemented in the UAE, they would cease to qualify towards the Bank's Regulatory Capital which would have a material and adverse effect on the Bank's capital base.

Such regulations may limit the Bank's ability to increase its loan portfolio or raise capital or may increase the Bank's costs of doing business. Any further changes in laws or in UAE Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Bank's reserves, revenues and performance and may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. Furthermore, non-compliance with regulatory guidelines could expose the Bank to potential liabilities and fines. Although the Bank works closely with its regulators and continually monitors compliance with UAE Central Bank regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

For further detail on the Large Exposure Notice, the Retail Circular, the Mortgage Regulations, the Liquidity Notice, the Consultation Document, the February 2017 Regulations and other UAE Central Bank circulars and regulations see "*The United Arab Emirates Banking Sector and Regulations – Recent trends in Banking*".

Risks relating to the UAE and the Middle East

The UAE's economy is highly dependent upon its oil revenue

The UAE's economy, and the economy of Abu Dhabi in particular, is highly dependent upon oil revenue. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large-scale development projects, the oil and gas industry dominates Abu Dhabi's economy and contributed approximately 50.9 per cent. to nominal GDP in 2014 and, reflecting the lower oil price environment from mid-2014 onwards, 35.1 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 27.5 per cent. in 2016.

The Bank has historically received significant funding and other support from the Government and the UAE federal government. In the case of the Government, such funding and other support has been largely derived from the Government's significant oil revenues.

According to OPEC data, as at 31 December 2016, the UAE had approximately 6.6 per cent. of proven global crude oil reserves which generated 21.3 per cent. of its nominal GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016 (according to preliminary data produced by the FCSA and the UAE Central Bank). According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. During the second half of 2008 and into 2009, world oil prices fell approximately 70 per cent. from their peak level of U.S.\$137 per barrel of Murban crude

reached in July 2008 to an average of approximately U.S.\$62.7 per barrel for the year ended 31 December 2009, before returning to an average of approximately U.S.\$105.87 per barrel for the year ended 31 December 2013. However, between July 2014, when the monthly average OPEC Reference Basket price per barrel was U.S.\$107.89 and January 2016, crude oil prices fell sharply, by approximately 75 per cent. to a monthly average price of U.S.\$26.50. Since this low point, there has been a global correction in prices and, as at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date had recovered to U.S.\$61.06 per barrel. Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Bank has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

If the prevailing low international prices for hydrocarbon products are sustained for a significant period of time into the future, this could have a significant adverse effect on the UAE's economy which, in turn, could have an adverse effect on the Bank's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of the Transaction Documents.

The Bank is subject to political and economic conditions in Abu Dhabi, the UAE and the Middle East

The majority of the Bank's current operations and interests are located in the UAE. The Bank's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Abu Dhabi, the UAE and the Middle East and, in particular, by the level of economic activity in Abu Dhabi, the UAE and the Middle East which, in turn, is affected by the prevailing level of global crude oil prices. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Bank would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Bank's business, results of operations, financial condition and prospects.

Investors should also note that the Bank's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of interrelationships within the global financial markets. In addition, the implementation by the Government or the UAE federal government of restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates, new legal interpretations of existing regulations or the introduction of taxation or exchange controls could have a material adverse effect on the Bank's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of the Transaction Documents.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("**MENA**") region, including Egypt, Algeria, the

Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, the Republic of Turkey, Tunisia and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (for example, the multinational conflict in Syria and Iraq with Islamic State (also known as Daesh, ISIS or ISIL)) and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. Additionally, in June 2017 a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the Arab Republic of Egypt severed diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and accusing Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans.

The Bank has operations in Qatar where it has a single branch and Sudan where it has two branches. In Libya, the Bank has a 50:50 investment in First Gulf Libyan Bank, with the Economic and Social Development Fund of Libya.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and, in particular, could impact the numbers of tourists that choose to visit the UAE and the number of businesses interested in doing business in the UAE and, consequently, could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, and thereby affect the Bank's ability to perform its obligations in respect of the Transaction Documents.

Neither the Government nor the UAE federal government is under any obligation to continue to invest in or otherwise engage in business with the Bank and either or both may alter their respective relationships with the Bank at any time and for any reason

As at the date of this Base Prospectus, approximately 37 per cent. of the issued and outstanding ordinary shares of the Bank were held by the Government of Abu Dhabi (through the wholly-owned Abu Dhabi Investment Council ("ADIC") and Mubadala Development Company PJSC ("Mubadala")). The Government was instrumental in the founding of each of NBAD and FGB and in supporting the Merger, with each of NBAD and FGB maintaining very strong working relationships with the Government of Abu Dhabi and Government-related entities. For example, during the period between 2008 and 2009, the Government (through its purchase of Tier I notes issued by each of NBAD and FGB) provided a total of AED 4.0 billion in Tier I capital to each of NBAD and FGB. Despite the Government's and the UAE federal government's past investments in and deposits with the Bank and its predecessor entities and funding support, neither the Government nor the UAE federal government are under any obligation to continue to invest in, make deposits with, do business with or otherwise support the Bank. The Government and the UAE federal government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support the Bank. The reduction or elimination of government support could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The interests of the Bank's largest shareholder may conflict with the commercial interests of the Bank, which may also conflict with the interests of the Certificateholders

By virtue of the Government's ownership interest in the Bank's share capital, the Government has the ability to block actions or resolutions proposed at the Bank's annual or extraordinary general meetings. Accordingly, the Government could prevent the Bank from pursuing transactions, making dividend

payments or other distributions or payments to shareholders or undertaking other actions, which may be contrary to the commercial interests of the Bank. Such actions could have a material adverse effect on the Bank's business, results or operations, financial condition and prospects.

Neither the Certificates nor the Bank's obligations in respect of the Transaction Documents will be guaranteed by the Government or by any third party

As discussed above, the Government, through ADIC and Mubadala, holds approximately 37 per cent. of the Bank's share capital as at the date of this Base Prospectus. Like any other shareholder, the Government has no legal obligation to provide additional funding for any of the Bank's future operations. The Government is not providing a guarantee in respect of the Certificates or any of the Bank's obligations in respect of the Transaction Documents, nor is the Government under any obligation to purchase any of the Bank's liabilities or guarantee any of the Bank's obligations, and Certificateholders therefore do not benefit from any legally enforceable claim against the Government.

The competitive environment in the UAE banking industry may adversely affect the Bank's business and results of operations

The Bank faces competition within the UAE for all of its products and services. The Bank competes primarily with a large number of other domestic banks in the UAE, some of which are also owned, directly or indirectly, by the governments of the relevant Emirates, government-related entities or members of the ruling families of the relevant Emirates. As at 30 September 2017, there were a total of 48 banks registered in the UAE (source: the UAE Central Bank). The Bank's main domestic competitors in terms of size of banking franchise and product and customer segments are Emirates NBD, Standard Chartered Bank, HSBC, Mashreqbank, Dubai Islamic Bank and Abu Dhabi Islamic Bank. In the UAE market, as at 30 September 2017, and according to the Interim Financial Statements and the publically available financial statements of the Bank's main domestic competitors for the nine months ended 30 September 2017, the Bank is the largest bank in the UAE by total assets. There can be no assurance that the Bank will be able to maintain its current market share in the future.

In addition to the local commercial banks in the UAE, the Bank competes with a number of international banks in investment advisory, investment banking, corporate advisory, finance and other services. In the large corporate and government client segments, the Bank faces competition from international banks and such competition is expected to increase in the UAE over time. Although the Bank seeks to cooperate with some of the top-tier international banks, especially in securities underwriting and distribution, it will also compete with them in other areas, particularly in corporate advisory and treasury operations in which these banks have a long history of successful operations in other regions.

Further, the UAE could be viewed as an over-banked market, even by regional standards, with 48 different banks (comprising 22 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE as at 30 September 2017 (excluding the Dubai International Financial Centre (the "DIFC")) (source: the UAE Central Bank), serving a population estimated to be in the region of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United Nations Department of Economic and Social Affairs, Statistics Division). There has traditionally been little impetus for consolidation. However, the Merger is anticipated to stimulate further moves towards greater consolidation amongst UAE banks. While any such attempts at further consolidation would reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as information technology system development. (see "*The United Arab Emirates Banking Sector and Regulations – Characteristics of the Banking System – Lack of Consolidation*").

If the Bank is unable to compete successfully, it could adversely impact the Bank's business, results of operations, financial condition and prospects.

A negative change in the Bank's credit ratings could limit its ability to raise funding and may increase its borrowing costs

The Bank has a long-term foreign currency issuer default rating of AA- with stable outlook from Fitch, a long-term bank deposits rating of Aa3 with stable outlook from Moody's and an issuer rating of AA- with

stable outlook from S&P. These ratings, which are intended to measure the Bank's ability to meet its debt obligations as they mature, are an important factor in determining the Bank's cost of borrowing funds.

There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of the Bank's credit ratings, or a negative change in their outlook, may:

- limit the Bank's ability to raise funding;
- increase the Bank's cost of borrowing; and
- limit the Bank's ability to raise capital,

each of which could adversely affect its business, financial condition and results of operations. Moreover, actual or anticipated changes in the Bank's credit rating may affect the market value of the Certificates.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Certificates.

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

The Bank maintains its accounts, and reports its results, in UAE dirham. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Base Prospectus. Additionally, the following oil producing GCC countries have their currencies pegged to the U.S. dollar as at the date of this Base Prospectus: the Kingdom of Saudi Arabia; the Sultanate of Oman; and the Kingdom of Bahrain. In response to the volatility of oil prices internationally through 2015, oil producing countries with currencies that had been traditionally pegged to the U.S. dollar, faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is likely that any such de-pegged currency would face a de-valuation against the U.S. dollar immediately post-removal of the peg. Given the levels of exposure amongst regional financial institutions to other pegged currencies, it is also likely that such currency de-valuation(s) would pose a systemic risk to the regional banking systems in the UAE and across the wider GCC, thereby impacting the open cross-currency positions held by regional banks, including the Bank.

While the UAE Central Bank has, as recently as June 2016, re-iterated its intention to retain the UAE dirham peg against the U.S. dollar, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Bank's result of operations and financial condition. Additionally, any such de-pegging either in the UAE or across the wider region, particularly if such de-pegging is accompanied by the anticipated currency devaluations against the U.S. dollar (as described above), could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, and thereby affect the Bank's ability to perform its obligations in respect of the Transaction Documents.

Tax changes in the UAE may have an adverse effect on the Bank

As at the date of this Base Prospectus, the Bank is not currently subject to corporation tax on its earnings within the UAE and the UAE does not impose VAT on the sale of goods and services. However, investors should be aware that the GCC states, including the UAE, have agreed to the implementation of a GCC-wide VAT framework, to be introduced at a rate of 5 per cent. VAT on goods and services with effect from 1 January 2018.

The GCC-wide framework agreement for VAT is yet to be made available. However, the UAE national legislation implementing this framework agreement was published on 23 August 2017 (UAE Federal Decree Law No. 8 of 2017) and, on 28 November 2017, the Ministry of Finance published accompanying VAT implementing regulations.

It is possible that, once VAT is introduced in the UAE, the Bank's costs would increase and its future profitability could be negatively affected.

The implementation of VAT and/or any future corporation tax regime which may be introduced in the UAE may have a material adverse effect on the Bank's business, results of operations and financial condition, which in turn could affect the Bank's ability to perform its obligations in respect of the Transaction Documents.

Risk factors relating to the Certificates

No third party guarantees

Prospective investors should be aware that no guarantee is given in relation to the Certificates by the shareholders of the Bank or any other person.

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 such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity. An application has been made for the listing of the Certificates on the London Stock Exchange but there can be no assurance that any such listing will occur on or prior to the date of this Base Prospectus or at all, if it does occur, that it will enhance the liquidity of the Certificates.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, each Certificate represents solely an undivided *pro rata* ownership interest in the relevant Trust Assets relating to that Series. Recourse to the Trustee is limited to the relevant Trust Assets of the relevant Series and the proceeds of the relevant Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 14 (*Dissolution Events*) or upon an early redemption of the relevant Certificates in whole or, as the case may be, in part, under Condition 10 (*Capital Distributions of the Trust*), the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders) as applicable, will be (subject to Condition 15 (*Enforcement and Exercise of Rights*)) against the Bank to perform its obligations under the Transaction Documents.

Certificateholders will otherwise have no recourse to any assets of the Trustee (other than the Trust Assets) or the Delegate in respect of any shortfall in the expected amounts due on the Certificates. The Bank is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents.

No Certificateholder shall be entitled to proceed directly against the Trustee or the Bank unless the Delegate, having become so bound to proceed: (i) fails to do so within a reasonable period; or (ii) is unable for any reason to do so and such failure or inability shall be continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Bank shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series to the Certificateholders in accordance with the Conditions and the Master Declaration of Trust, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate or any other person (including the Bank) to recover any such sum in respect of the Certificates or the relevant Trust Assets.

After enforcing the relevant Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 6(b) (*Trust – Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

The Certificates may be subject to early dissolution

In certain circumstances, the Certificates may be subject to early dissolution. If the Optional Dissolution Right is specified in the applicable Final Terms, the Bank may require the Trustee to redeem the relevant Certificates (either in whole or in part) on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Final Terms.

In addition, the Certificates may be redeemed prior to their stated maturity in accordance with Condition 11 (*Taxation*) if the Trustee has or will become obliged to pay additional amounts in respect of the Certificates and/or the Trustee has received notice from the Bank that the Bank has or will become obliged to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Relevant Jurisdictions, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Conditions.

An early dissolution feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to or, as the case may be, the Bank may require the Trustee to redeem any 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 dissolution period. The Trustee may be expected to redeem the Certificates when the Bank's cost of financing is lower than the profit rate (including such additional amounts as are referred to above) 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 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.

Certificates where denominations involve integral multiples: Definitive Certificates

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional face 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.

Risk factors relating to taxation

Taxation risks on payments

Payments made by the Bank to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Wakala Agreement and the Master Murabaha Agreement each requires the Bank (acting in its relevant capacity thereunder), to pay additional amounts in the event that any withholding or deduction is required by 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 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by a Relevant Jurisdiction 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, the Bank has (pursuant to each of the Master Declaration of Trust and the Master Murabaha Agreement) unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for, or an account of Taxes) equals any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11 (*Taxation*).

Risk factors relating to enforcement

Claims for specific enforcement

In the event that the Bank fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the Bank's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement of a contractual obligation, which is a discretionary matter for 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 the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Bank to perform its obligations set out in the Transaction Documents.

Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Abu Dhabi

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

Under current Abu Dhabi law, the Abu Dhabi courts are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation 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 Abu Dhabi have no binding effect on subsequent decisions. In addition, court decisions in Abu Dhabi are generally not recorded. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The Bank has agreed that the Transaction Documents are governed by English law and that any dispute arising from such Transaction Documents will, unless the option to litigate is exercised, be referred to arbitration under the Arbitration Rules of the London Court of International Arbitration in London, England (the "**LCIA Rules**") with an arbitral tribunal with its seat in London. Under the Conditions, any disputes arising from the Conditions or any non-contractual obligations arising out of or in connection with them may be referred to arbitration in London under the LCIA Rules. Under the Conditions and the Transaction Documents, at the option of the Trustee or the Delegate (as applicable), any dispute may also

be referred to the courts of England (or such other court of competent jurisdiction which the Trustee or Delegate (as applicable) may elect). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Bank has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE 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 UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

How the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE. Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the "**Law of Civil Procedure**"). Article 238 provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the UAE courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. Therefore, there remains a risk that when faced with an action for enforcement of a foreign arbitration award under the New York Convention the UAE courts might continue to ignore Article 238 of the Law of Civil Procedure and instead apply Articles 235 to 237. If Article 238 is ignored, there is a risk that a foreign arbitration award will be refused enforcement by the UAE courts.

Additional risks

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 or withdrawn by the rating agency at any time.

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

Change of law

The conditions of the Certificates and the Transaction Documents are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or administrative practice after the date of this Base Prospectus nor whether any such change could adversely affect the ability of the Trustee to comply with its obligations and make payments under the Certificates or the Bank to comply with its obligations and make payments under the Transaction Documents.

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

Members of the Fatwa and Shari'a Supervisory Board of the Bank from time to time, the Shariah Supervisory Committee of Standard Chartered Bank and the Central Shariah Committee of HSBC Bank Middle East Limited have issued a *fatwa* in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles. However, a *fatwa* is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates and none of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradeability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, either the subject of arbitration under English law or court proceedings under the laws of England and Wales. In such circumstances, the arbitrator or judge (as applicable) may first apply the governing law of the relevant Transaction Document rather than *Shari'a* principles in determining the obligations of the parties.

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 depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates of any Series are represented by the 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 the Global Certificate, the Trustee will discharge its payment obligation 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 Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in a Global Certificate.

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

Conflicts of interest – Calculation Agent

Potential conflicts of interest may exist between the Calculation Agent (if any) and Certificateholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Certificateholders during the term of the Certificates and upon their redemption.

Exchange rate risks and exchange controls

The Trustee will pay Periodic Distribution Amounts and Dissolution Amounts on the Certificates and the Bank will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate.

Neither the Trustee nor the Bank 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: (i) the Investor's Currency equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the face amount payable on the Certificates; and (iii) 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 or the ability of the Trustee or the Bank to make payments in respect of the Certificates or Transaction Documents (as applicable). As a result, investors may receive lower Periodic Distribution Amounts or amounts in respect of the face amount of such Certificates than expected, or no such Periodic Distribution Amount or face amount.

Consents in relation to the variation of the Transaction Documents and other matters

The Master Declaration of Trust and the Conditions of the Certificates contain provisions for calling meetings of Certificateholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders of such a Series 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 Declaration of Trust 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 Declaration of Trust or any Transaction Document if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Declaration of Trust). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

In relation to each Series, during the period commencing on the relevant Issue Date and ending on the date on which all of the Certificates of that Series are redeemed in full, the Wakeel shall:

- (a) ensure that on the Issue Date of the relevant Series, and prior to the relevant Commodity Murabaha Investment being entered into, the Wakala Investment Value (as defined below) shall be equal to no less than 55 per cent. of the aggregate face amount of the Certificates for that Series;
- (b) use reasonable endeavours to ensure that at all times after the Commodity Murabaha Investment relating to the relevant Series has been entered into, the Wakala Investment Value shall be equal to no less than 30 per cent. of the Sukuk Asset Value (as defined below) for that Series at the relevant time; and
- (c) use reasonable endeavours to ensure that at all times the Sukuk Asset Value is at least equal to the aggregate face amount of the Certificates then outstanding.

Periodic Distribution Payments

The Wakeel will record: (i) all Wakala Investment Profits from the Wakala Investment for each Series as and when received by the Wakeel; and (ii) any remaining balance of the relevant outstanding Deferred Payment Price which is expressed to be payable under the Master Murabaha Agreement, to a book-entry ledger account (the "**Collection Account**"). Under the Master Murabaha Agreement, the Buyer has irrevocably and unconditionally undertaken to the Trustee to pay, on the business day prior to each Periodic Distribution Date, an amount of the outstanding Deferred Payment Price which is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the immediately following Periodic Distribution Date (the "**Required Amount**") by crediting such amount to the Transaction Account on the business day prior to each Periodic Distribution Date and any such amount paid into the Transaction Account shall be applied by the Trustee for that purpose.

If on the business day prior to the relevant Periodic Distribution Date there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the Required Amount payable on the immediately following Periodic Distribution Date, the Wakeel shall apply amounts standing to the credit of the relevant Collection Account by paying into the Transaction Account on such date (after payment of any claims, losses, actual costs and expenses (excluding funding costs and opportunity costs) properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee (the "**Wakeel Liabilities Amount**") in performing its obligations in relation to the Wakala Investment) an amount equal to such shortfall (or such lesser amount as is then standing to the credit of the Collection Account). Following payment in full of the relevant Required Amount on the relevant Periodic Distribution Date, any remaining balance in the Collection Account shall be debited from the Collection Account and shall be further invested by the Wakeel in the Bank's Islamic finance business to grow the Wakala Investment.

The Deferred Payment Price in respect of each Series shall be an amount equal to the aggregate of: (i) the aggregate face amount of the Certificates of that Series; (ii) the aggregate amount of all Periodic Distribution Amounts that will be payable under the Certificates of that Series during the period from (and including) the relevant Issue Date to (and including) the relevant Scheduled Dissolution Date; and (iii) any other amount specified in the applicable Final Terms as being payable on any Dissolution Date. As such, it is intended that the Deferred Payment Price in respect of a Series will be sufficient to pay all Periodic Distribution Amounts payable under the Certificates of that Series.

Distribution Payments

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the outstanding Deferred Payment Price shall be due and payable in full; and
- (b) the Wakeel shall liquidate the Wakala Investment at its market value (as determined by the Wakeel (acting reasonably)) and the proceeds of such liquidation shall be credited to the Collection Account and any amounts standing to the credit of the Collection Account (the "**Wakala Proceeds**") shall be applied in accordance with the terms of the Wakala Agreement.

The outstanding Deferred Payment Price payable by the Bank as Buyer under the Master Murabaha Agreement (and, to the extent that on the business day prior to the relevant Dissolution Date there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the relevant Dissolution Amount payable on the relevant Dissolution Date), an amount of the Wakala Proceeds equal to such shortfall (or such lesser amount as is then standing to the credit of the Collection Account), are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates on the Scheduled Dissolution Date.

The Certificates in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) redemption following a Dissolution Event; and
- (b) an early redemption for taxation reasons.

In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Certificates in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons, in each case, if so specified in the applicable Final Terms:

- (a) at the option of the Bank; and
- (b) at the option of the Certificateholders.

Upon the exercise of any such right, the Trustee shall redeem the relevant Certificates for an amount equal to the aggregate face amount of the Certificates being so redeemed and the Periodic Distribution Amounts on such Certificates (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the applicable Final Terms.

Such redemption of the Certificates will be funded in a similar manner to that described above save for: (i) an amount of the outstanding Deferred Payment Price (in whole or, as applicable, in proportion to the aggregate face amount of the Certificates being so redeemed) becoming immediately due and payable; and (ii) the liquidation of the Wakala Investment by the Wakeel (in whole or, as applicable, in proportion to the aggregate face amount of Certificates being so redeemed) at its market value (as determined by the Wakeel (acting reasonably)), such that the amounts standing to the credit of the Transaction Account on the relevant Dissolution Date are sufficient for the Trustee to pay the relevant Dissolution Amount payable in respect of the Certificates being redeemed.

Following payment in full of all amounts due and payable under a Series, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the relevant Collection Account of that Series for its own account as an incentive payment for acting as Wakeel (in relation to each Series, an "**Incentive Payment**").

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates which, subject to completion and as supplemented by the applicable Final Terms or, as applicable, the applicable Pricing Supplement (as defined below) will be incorporated by reference into each Global Certificate and Definitive Certificate, in the case of Definitive Certificates only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Trustee and the Bank at the time of issue but, if not so permitted and agreed, each Definitive Certificate will have endorsed thereon or attached thereto such terms and conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Certificate and Definitive Certificate. Reference should be made to "Applicable Final Terms" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Certificates.

*In the case of a Series of Certificates which will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system ("**Exempt Certificates**") and, accordingly, for which no base prospectus is required to be produced in accordance with Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, including any relevant implementing measure in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**"), a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Series of Exempt Certificates. Each reference in these terms and conditions to "**Final Terms**" shall, in the case of a Series of Exempt Certificates, be read and construed as a reference to such Pricing Supplement unless the context requires otherwise.*

FAB Sukuk Company Limited (in its capacities as issuer and as trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Certificates**" and each a "**Certificate**") in a maximum aggregate face amount of U.S.\$2,500,000,000 as may be increased in accordance with the terms of the Master Declaration of Trust (as defined below).

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

Each Certificate will represent an undivided *pro rata* ownership interest in the relevant Trust Assets (as defined below) held on trust by the Trustee (the "**Trust**") for the holders of such Certificates pursuant to: (i) an amended and restated master declaration of trust (the "**Master Declaration of Trust**") dated 21 December 2017 and entered into by the Trustee, First Abu Dhabi Bank PJSC (the "**Bank**") and Citicorp Trustee Company Limited as the Trustee's delegate (the "**Delegate**"); and (ii) a supplemental declaration of trust in respect of the relevant Series (the "**Supplemental Declaration of Trust**").

The Certificates of each Series shall form a separate series and these Conditions shall apply *mutatis mutandis* separately and independently to the Certificates of each Series and, in these Conditions, the expressions "**Certificates**", "**Certificateholders**" and related expressions shall be construed accordingly.

In these Conditions, references to "**Certificates**" shall be references to the Certificates (whether in global form as a global Certificate (a "**Global Certificate**") or in definitive form as definitive Certificates (each a "**Definitive Certificate**")) which are the subject of the applicable Final Terms.

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by each relevant Supplemental Declaration of Trust and the other Transaction Documents. Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement to be dated 21 December 2017 (the "**Agency Agreement**") made between, *inter alios*, the Trustee, the Delegate, the Bank, Citibank N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**"), calculation agent (together with any further or other calculation agents appointed from time to time in respect of the Certificates, in such capacity, the "**Calculation Agent**"), Citibank N.A., London Branch as transfer agent

(together with any further or other transfer agents appointed from time to time in respect of the Certificates, in such capacity, the "**Transfer Agent**") and Citigroup Global Markets Deutschland AG as registrar (in such capacity, a "**Registrar**"). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of the following documents, copies of which are available for inspection and/or collection during usual business hours at the principal office of the Trustee (presently at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands) and at the specified office of the Principal Paying Agent:

- (a) an amended and restated master murabaha agreement dated 21 December 2017 between the Trustee (in its capacity as seller of the Commodities) and the Bank (in its capacity as buyer of the Commodities) (the "**Master Murabaha Agreement**");
- (b) an amended and restated wakala agreement dated 21 December 2017 between the Trustee and the Bank (in its capacity as wakeel) (the "**Wakala Agreement**");
- (c) the Master Declaration of Trust and, in respect of each Series, the applicable Supplemental Declaration of Trust with respect thereto;
- (d) the Agency Agreement;
- (e) a corporate services agreement entered into on 8 July 2011 between MaplesFS Limited (as provider of corporate services to the Trustee) and the Trustee (the "**Corporate Services Agreement**"); and
- (f) in respect of each Series, the applicable Final Terms,

as each may be amended and restated and/or supplemented from time to time.

Each Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed, in respect of each Series, to authorise and direct the Trustee on behalf of the Certificateholders, to: (i) apply the proceeds of the issue of the Certificates (a) in an amount equal to the Initial Wakala Investment Amount to be invested by the Bank (in its capacity as wakeel) in the relevant Wakala Investment (each as defined below); and (b) in an amount equal to the Murabaha Investment Amount for the purchase and subsequent sale of Commodities (each as defined below) to the Bank (in its capacity as buyer) pursuant to the Master Murabaha Agreement; and (ii) enter into each Transaction Document, subject to the terms and conditions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

1. **INTERPRETATION**

Words and expressions defined in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust 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 any inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions the following expressions have the following meanings:

"Accountholder" means each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular face amount of the 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);

"Additional Financial Centre(s)" means the city or cities specified as such in the applicable Final Terms;

"Bank Event" has the meaning given to it in Condition 14 (*Dissolution Events*);

"Broken Amount" has the meaning given to it in the applicable Final Terms;

"Business Day" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Financial Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant Specified Currency and in each (if any) Additional Financial Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day; and
- (d) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Amount" has the meaning given to it in the applicable Final Terms;

"Cancellation Notice" means a cancellation notice in substantially the form of schedule 6 to the Master Declaration of Trust;

"Certificateholder" means a person in whose name a Certificate is registered in the Register (or in the case of joint holders, the first named thereof) save that, for so long as the Certificates of any Series are represented by a Global Certificate, each Accountholder shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, for the purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Trustee, solely in the registered holder of such Global Certificate in accordance with and subject to the terms of the Master Declaration of Trust as supplemented by the relevant supplemental Declaration of Trust and such Global Certificates, and the expressions **"holder"** and **"holder of Certificates"** and related expressions shall (where appropriate) be construed accordingly;

"Certificateholder Put Option" means the right specified in Condition 10(d) (*Capital Distributions of the Trust – Certificateholder Put Option*);

"Certificateholder Put Option Date" means, in relation to the exercise of the Certificateholder Put Option, the date specified as such in the applicable Final Terms;

"Certificateholder Put Option Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Certificateholder Put Option Date, the aggregate of:

- (a) the face amount of such Certificate; plus
- (b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificate; plus

- (c) without duplication or double-counting, such other amount specified in the applicable Final Terms as being payable upon any Certificateholder Put Option Date (if any);

"**Commodities**" has the meaning given to it in the Master Murabaha Agreement;

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"**Day Count Fraction**" has the meaning given to it in Condition 8(b) (*Periodic Distribution Provisions – Determination of Periodic Distribution Amount*);

"**Deferred Payment Price**" has the meaning given to it in the Master Murabaha Agreement;

"**Delegation**" has the meaning given to it in Condition 19 (*The Delegate*);

"**Dispute**" has the meaning given to it in Condition 21 (*Governing Law and Dispute Resolution*);

"**Dissolution Amount**" means, in relation to each Certificate, as the case may be:

- (a) the Dissolution Distribution Amount;
- (b) the Early Dissolution Amount (Tax);
- (c) the Optional Dissolution Amount; or
- (d) the Certificateholder Put Option Dissolution Amount;

"**Dissolution Distribution Amount**" means, in relation to each Certificate, either:

- (a) the sum of:
 - (i) the outstanding face amount of such Certificate; and
 - (ii) any accrued but unpaid Periodic Distribution Amounts relating to such Certificate; or
- (b) such other amount specified in the applicable Final Terms as being payable upon any relevant Dissolution Date (if any);

"**Dissolution Date**" means, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Certificateholder Put Option Date;
- (e) any Dissolution Event Redemption Date; or
- (f) such other date as specified in the applicable Final Terms for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

"**Dissolution Event**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Dissolution Request**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"Early Dissolution Amount (Tax)" means, in respect of any Certificate, the Dissolution Distribution Amount or such other amount specified in the applicable Final Terms payable on any Early Tax Dissolution Date;

"Early Tax Dissolution Date" has the meaning given to it in Condition 10(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*);

"Euroclear" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"Extraordinary Resolution" has the meaning given to it in schedule 4 (*Provisions for Meetings of Certificateholders*) to the Master Declaration of Trust;

"Fixed Amount" has the meaning given to it in the applicable Final Terms;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Initial Wakala Investment Amount" has the meaning given to it in the Wakala Agreement;

"Issue Date" has the meaning given to it in the applicable Final Terms;

"Liability" means, in respect of any person, any actual loss, damage, cost, fee, charge, award, claim, demand, expense, judgment, action, proceeding or other liability whatsoever and including any value added tax or similar tax charged or chargeable in respect of any sums referred to in this definition and legal or other fees and expenses on a full indemnity basis and references to **"Liabilities"** shall mean all of these;

"Maximum Notice Period" has the meaning given in the applicable Final Terms;

"Maximum Optional Dissolution Amount" means the amount specified as such in the applicable Final Terms;

"Minimum Notice Period" has the meaning given in the applicable Final Terms;

"Minimum Optional Dissolution Amount" means the amount specified as such in the applicable Final Terms;

"Murabaha Investment Amount" has the meaning given to it in the Master Murabaha Agreement;

"Optional Dissolution Amount " means, in relation to each Certificate to be redeemed on the relevant Optional Dissolution Date, the aggregate of:

- (a) the face amount of such Certificate; plus
- (b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificate; plus
- (c) without duplication or double-counting, such other amount specified in the applicable Final Terms as being payable upon any Optional Dissolution Date (if any);

"Optional Dissolution Date" means, in relation to the exercise of an Optional Dissolution Right, the date specified as such in the applicable Final Terms;

"Optional Dissolution Right" means the right specified in Condition 10(c) (*Capital Distributions of the Trust – Dissolution at the Option of the Bank*);

"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 a Definitive Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and (ii) in the case of payment on a Global Certificate, by transfer to an account, 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 if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Periodic Distribution Amount" has the meaning given to it in Condition 8(a) (*Periodic Distribution Provisions – Periodic Distribution Amount*) and as specified in the applicable Final Terms;

"Periodic Distribution Date" means the date or dates specified as such in the applicable Final Terms;

"Permitted Reorganisation" means:

- (a) any solvent winding up or dissolution of a Principal Subsidiary where the remaining assets of such Principal Subsidiary are distributed to the Bank or any wholly owned Subsidiary of the Bank;
- (b) any disposal by any Subsidiary (including, but not limited to, on its solvent winding up) of the whole or a substantial part of its business, undertaking or assets to the Bank or any wholly owned Subsidiary of the Bank;
- (c) any amalgamation, consolidation or merger of a Subsidiary with any other Subsidiary or any other wholly owned Subsidiary of the Bank; or
- (d) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by a modification made by Extraordinary Resolution of the Certificateholders pursuant to Condition 18 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*);

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

"Potential Dissolution Event" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided that:

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and;
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, respectively;

"Principal Subsidiary" means any Subsidiary of the Bank: (i) whose assets from time to time represent not less than 15 per cent. of the consolidated assets of the Bank, or whose revenues from time to time represent not less than 15 per cent. of the consolidated revenues of the Bank, as shown in the Bank's most recent audited consolidated annual financial statements (or, if more recent, consolidated interim financial statements); or (ii) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary;

"Proceedings" has the meaning given to it in Condition 21 (*Governing Law and Dispute Resolution*);

"Profit Rate Determination Date" has the meaning specified in the applicable Final Terms;

"Rate" means, in relation to a particular Series, the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms for such Series and calculated or determined in accordance with these Conditions and/or the applicable Final Terms;

"Record Date" has the meaning given to it in Condition 9(a) (*Payment – Payments in respect of Certificates*);

"Register" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title – Form and Denomination*);

"Regular Period" means:

- (a) in the case of Certificates where Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including the Return Accrual Commencement Date to but excluding the first Periodic Distribution Date and each successive period from and including one Periodic Distribution Date to but excluding the next Periodic Distribution Date;
- (b) in the case of Certificates where, apart from the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Periodic Distribution Date falls; and
- (c) in the case of Certificates where, apart from one Return Accumulation Period other than the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Periodic Distribution Date falls other than the Periodic Distribution Date falling at the end of the irregular Return Accumulation Period;

"Relevant Date" has the meaning given to it in Condition 11 (*Taxation*);

"Relevant Indebtedness" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other similar instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"Relevant Jurisdiction" has the meaning given to it in Condition 11 (*Taxation*);

"Relevant Powers" has the meaning given to it in Condition 19 (*The Delegate*);

"Return Accumulation Period" means the period from (and including) a Periodic Distribution Date (or, in the case of the first Return Accumulation Period, the Issue Date) to (but excluding) the next (or, in the case of the first Return Accumulation Period, the first) Periodic Distribution Date;

"Rules" has the meaning given to it in Condition 21 (*Governing Law and Dispute Resolution*);

"Scheduled Dissolution Date" means, in respect of each Series, the date specified as such in the applicable Final Terms;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Specified Currency" has the meaning given to it in the applicable Final Terms;

"Specified Denomination(s)" has the meaning given to it in the applicable Final Terms;

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"TARGET Settlement Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET or TARGET 2) (the **"TARGET System"**) is open;

"Tax Event" has the meaning given to it in Condition 10(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*);

"Taxes" has the meaning given to it in Condition 11 (*Taxation*);

"Transaction Account" means, in relation to each Series, the non-interest bearing account in London in the Trustee's name maintained with the Principal Paying Agent, details of which are specified in the applicable Final Terms;

"Transaction Documents" means, in relation to each Series, the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series), the Wakala Agreement, the Master Declaration of Trust, the relevant Supplemental Declaration of Trust, the Agency Agreement and the relevant Certificates;

"Trust Assets" has the meaning given to it in Condition 6(a) (*Trust – Trust Assets*);

"Trustee Administrator" means MaplesFS Limited; and

"Wakala Investment" has the meaning given to it in the Wakala Agreement.

All references in these Conditions to "U.S. dollars", "USD", "U.S.\$" and "\$" are to the lawful currency of the United States of America. All references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

2. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Certificates are issued in registered form in the Specified Denomination(s). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the "**Register**") which the Trustee will cause to be kept by the Registrar outside the Cayman Islands and the United Kingdom in accordance with the provisions of the Agency Agreement.

Upon issue, Certificates will be represented by beneficial interests in one or more Global Certificates, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

References to Euroclear and Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system.

(b) Title

Title to the Certificates passes only by registration in the Register. Subject to the terms of any relevant Global Certificate and/or the definition of "**Certificateholders**", the registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

3. TRANSFERS OF CERTIFICATES

(a) Transfers

Subject to Condition 3(d) (*Transfers of Certificates – Closed Periods*), Condition 3(f) (*Transfers of Certificates – Regulations*), the limitations as to transfer set out in Condition 2(b) (*Form, Denomination and Title – Title*) and the provisions of the Agency Agreement, a Certificate may be transferred in whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of the Transfer Agent together with such evidence as the Registrar or (as the case may

be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

(b) **Delivery of New Certificates**

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

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

Except in the limited circumstances described in each Global Certificate, owners of interests in a Global Certificate will not be entitled to receive physical delivery of Certificates.

(c) **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(d) **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of fifteen days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount (as defined in Condition 8(a) (*Periodic Distribution Provisions – Periodic Distribution Amount*) as specified in the applicable Final Terms) or any other date on which payment of the face amount or payment of any profit in respect of a Certificate falls due as specified in the applicable Final Terms.

(e) **Exercise of Options or Partial Dissolution in Respect of Certificates**

In the case of an exercise of the Bank's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrar will update the entries on the Register accordingly and, in the case of Definitive Certificates, new Definitive Certificates shall be issued to the Certificateholders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Definitive Certificates shall only be issued against surrender of the existing Definitive Certificates to the Registrar or any Transfer Agent.

(f) **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge)

by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Certificateholder shall be entitled to receive, in accordance with Condition 2(b) (*Form, Denomination and Title – Title*), only one Certificate in respect of his or her entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3(b) (*Transfers of Certificates – Delivery of New Certificates*).

4. STATUS AND LIMITED RECOURSE

(a) Status

Each Certificate will represent an undivided *pro rata* ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and will be a limited recourse obligation of the Trustee. Each Certificate will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

The payment obligations of the Bank (acting in any capacity) under the Transaction Documents will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (Negative Pledge)) unsecured obligations of the Bank and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Bank, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) Limited Recourse

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. Save as provided in this Condition 4 (*Status and Limited Recourse*), Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Bank, any of the Agents or any of their respective affiliates. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 15 (*Enforcement and Exercise of Rights*), Certificateholders acknowledge that, by subscribing for or acquiring Certificates, they will not have any claim against the Trustee (and/or its directors, officers or shareholders), the Bank (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, or against any of their respective assets (other than the relevant Trust Assets) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee (and/or its directors), the Bank (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.

The Bank is obliged to make payments under the relevant Transaction Documents directly to the Trustee, the Delegate (acting in the name and on behalf of the Trustee) and/or the Agents. The Delegate will, as delegate of the Trustee for the Certificateholders, have direct recourse against the Bank to recover payments due to the Trustee from the Bank pursuant to such Transaction Documents. None of the Trustee, the Delegate and the Agents shall be liable for the late, partial or non-recovery of any such payments from the Bank save in the case of its wilful default, actual fraud or gross negligence.

(c) **Agreement of Certificateholders**

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

- (i) no payment of any amount whatsoever shall be made by any of the Trustee (acting in any capacity), the Delegate or any of their respective directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledges and agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (acting in any capacity), the Delegate or any of their respective directors, officers, employees or agents to the extent the relevant Trust Assets have been exhausted following which all obligations of the Trustee (acting in any capacity) and the Delegate shall be extinguished;
- (ii) it will not petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors);
- (iii) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with any Transaction Document to which it is a party by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee in its capacity as such for any breaches by the Trustee and any and all personal liability of every such shareholder, officer, employee, agent, director or corporate services provider in its capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law. The obligations of the Trustee hereunder or any other Transaction Document are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, employees, agent, director or corporate services provider of the Trustee (in their capacity as such), save in the case of their wilful default or actual fraud; and
- (iv) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due under the Transaction Documents with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

5. **NEGATIVE PLEDGE**

So long as any Certificate remains outstanding, the Bank shall not, and shall procure that none of its Subsidiaries will create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Bank or Guarantee (by the Bank) of Relevant Indebtedness of others, other than a Permitted Security Interest, without: (a) at the same time or prior thereto securing the Certificates equally and rateably therewith; or (b) providing such other security for the Certificates as: (i) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of the Certificateholders; or (ii) as may be approved by an Extraordinary Resolution of Certificateholders.

In this Condition 5 (*Negative Pledge*):

"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 bonds, sukuk or other securities or any moneys raised under any transaction having the commercial effect of borrowing or raising money including any *Shari'a*-compliant alternative of the foregoing;

"Non-recourse Project Financing" means any Indebtedness incurred in connection with the financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (i) any Security Interest given by the Bank or the relevant Subsidiary is limited solely to assets of the project; (ii) the Person or Persons providing such financing expressly agrees to limit their recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced; and (iii) there is no other recourse to the Bank or the relevant Subsidiary in respect of any default by any Person under the financing;

"Permitted Security Interest" means, for the purposes of this Condition 5 (*Negative Pledge*):

- (a) any Security Interest created or outstanding with the approval of an Extraordinary Resolution;
- (b) any Security Interest arising by operation of law, provided that such Security Interest is discharged within 30 days of arising;
- (c) any Security Interest arising in the ordinary course of banking transactions (such as sale and repurchase transactions and share, loan and bonding lending transactions) provided that the Security Interest is limited to the assets which are the subject of the relevant transaction;
- (d) any Security Interest on assets or property existing at the time the Bank or any Subsidiary acquired such assets or property provided that such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than proceeds of such acquired assets or property), provided that the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;
- (e) any Security Interest securing Indebtedness of a Person and/or its Subsidiaries existing at the time that such Person is merged into or consolidated with the Bank or a Subsidiary, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Bank or any Subsidiary;
- (f) any Security Interest created in connection with any Non-recourse Project Financing;
- (g) any other Security Interest provided that the aggregate outstanding amount secured by that Security Interest and any other Security Interest permitted to be created and in effect under this Condition 5 (*Negative Pledge*) does not, at any time, exceed 10 per cent. of the aggregate share capital and reserves of the Bank as shown in its most recent audited consolidated (if then prepared by the Bank) or non-consolidated (if consolidated financial statements are not then prepared by the Bank) financial statements prepared in accordance with International Financial Reporting Standards;
- (h) any Security Interest existing on the date on which agreement is reached to issue the first Series; and
- (i) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (a) to (h) above (inclusive) so long as the Relevant Indebtedness secured by such Security Interest is for an amount not materially greater than the principal (and any capitalised interest and fees) of such Relevant Indebtedness and the Security Interest does not extend to any additional property or assets (other than the proceeds of such assets).

6. **TRUST**

(a) **Trust Assets**

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

- (i) all of the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (ii) all of the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment;
- (iii) all of the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Master Murabaha Agreement) (excluding any representations given by the Bank to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust);
- (iv) all moneys standing to the credit of the Transaction Account from time to time; and
- (v) all proceeds of the foregoing.

(b) **Application of Proceeds from Trust Assets**

On each Periodic Distribution Date, any Dissolution Date or on any earlier date specified for the dissolution of the Trust for each Series, the relevant Paying Agent will apply the moneys standing to the credit of the Transaction Account in the following order of priority:

- (i) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;
- (ii) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (A) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (B) the Trustee Administrator in respect of all amounts owing to it under the Corporate Services Agreement in its capacity as Trustee Administrator; and (C) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
- (iii) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts accrued but unpaid;
- (iv) *fourth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment of the relevant Dissolution Amount; and
- (v) *fifth*, only if such payment is made on a Dissolution Date, payment of any residual amount to the Wakeel as an incentive amount for its performance.

7. COVENANTS

The Trustee covenants that, among other things, for so long as any Certificate is outstanding (as defined in the Master Declaration of Trust), it shall not:

- (a) incur any indebtedness in respect of borrowed money whatsoever, 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) except, in all cases, as contemplated in the Transaction Documents;
- (b) create any Security Interest over any of its present or future indebtedness for borrowed money or upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) (other than under or pursuant to any of the Transaction Documents));
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest (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 interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) subject to Condition 18 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*), 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 constitutional documents;
- (e) except as provided in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;
- (g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party 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 the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

8. PERIODIC DISTRIBUTION PROVISIONS

(a) Periodic Distribution Amount

A "Periodic Distribution Amount" will be payable in respect of the relevant Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions.

(b) **Determination of Periodic Distribution Amount**

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

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period or if no relevant Fixed Amount or Broken Amount is specified in the applicable Final Terms, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8(b) (*Periodic Distribution Provisions – Determination of Periodic Distribution Amount*):

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
 - (A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
 - (B) where the Determination Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;
- (ii) 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 Issue 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.

(c) **Payment in Arrear**

Subject to Condition 8(d) (*Periodic Distribution Provisions – Cessation of Profit Entitlement*), Condition 10(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), Condition 10(c) (*Capital Distributions of the Trust – Dissolution at the Option of the Bank*), and Condition 14 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution Date specified in the applicable Final Terms.

(d) **Cessation of Profit Entitlement**

Provided that, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including the relevant Dissolution Date. For the avoidance of doubt, in the event that the relevant Dissolution Date falls after the Scheduled Dissolution Date, no profit will accrue from and including the Scheduled Dissolution Date.

9. **PAYMENT**

(a) **Payments in respect of Certificates**

Subject to Condition 8 (*Periodic Distribution Provisions*), payment of each Periodic Distribution Amount and the relevant Dissolution Amount will be made by the relevant Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Certificateholder. Payments of the relevant Dissolution Amount will only be made against surrender of the relevant Certificate, where the Certificate is in definitive form, at the specified office of the relevant Paying Agent. Payments of the relevant Dissolution Amount and each Periodic Distribution Amount in respect of the Global Certificate will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions:

- (i) a Certificateholder's "**registered account**" means an account denominated in the Specified Currency maintained by or on behalf of it with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;
- (ii) a Certificateholder's "**registered address**" means its address appearing on the Register at that time; and
- (iii) "**Record Date**" means:
 - (A) in the case of the payment of a Periodic Distribution Amount, the close of business on the day prior to the relevant Periodic Distribution Date; and
 - (B) in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the relevant Dissolution Date or other due date for payment of the relevant Periodic Distribution Amount.

(b) **Payments subject to Applicable Laws**

All payments are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 9 (*Payment*) and Condition 11 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) **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 by the relevant Paying Agent, on the due date for payment or, in the case of a payment of the relevant Dissolution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the relevant Paying Agent.

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

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

(d) **Agents**

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 in the Master Declaration of Trust and the Agency Agreement) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party to the Transaction Documents.

The names of the initial Agents and their initial specified offices are set out in this Condition. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents provided that: (i) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); and (ii) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any such change or any change of any Specified Office shall be given to the Trustee, the Delegate and the Certificateholders in accordance with the provisions of the Agency Agreement.

The name and specified office of the Principal Paying Agent, Calculation Agent and Transfer Agent:

Citibank N.A., London Branch
Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

The name and specified office of the Registrar:

Citigroup Global Markets Deutschland AG
Reuterweg 16 D-60323
Frankfurt am Main
Germany

10. **CAPITAL DISTRIBUTIONS OF THE TRUST**

(a) **Dissolution on the relevant Scheduled Dissolution Date**

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at its Dissolution Distribution Amount and the Trust will be dissolved by the Trustee on the relevant Scheduled Dissolution Date as specified in the applicable Final Terms, following the payment of such amount in full.

(b) **Early Dissolution for Tax Reasons**

If a Tax Event occurs, where "**Tax Event**" means:

- (i) (A) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in,

or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Series; and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

- (ii) (A) the Trustee has received notice from the Bank that it has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document 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 Series; and (B) such obligation cannot be avoided by the Bank taking reasonable measures available to it,

the Certificates shall be redeemed by the Trustee in whole, but not in part, at any time (such dissolution date being an "**Early Tax Dissolution Date**"), on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Certificateholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable) at their Early Dissolution Amount (Tax) if the Trustee satisfies the Delegate immediately before the giving of such notice of the occurrence of such a Tax Event provided, however, that no such notice of dissolution shall be given earlier than 90 days prior to the earliest date on which (in the case of (i) 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 (ii) above) the Bank would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due.

Prior to the publication by or on behalf of the Trustee of any notice to Certificateholders pursuant to this Condition 10(b) (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), the Bank shall deliver to the Trustee and the Delegate: (i) a certificate signed by two directors of the Bank stating that the Trustee is entitled to effect such redemption and settling forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect either that the Trustee or the Bank, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice to Certificateholders as is referred to above and payment in full of the Early Dissolution Amount (Tax) to Certificateholders, the Trustee shall be bound to dissolve the Trust and redeem the Certificates in accordance with this Condition 10 (*Capital Distributions of the Trust*).

(c) **Dissolution at the Option of the Bank**

If the Optional Dissolution Right is specified in the applicable Final Terms, the Bank may, in its sole discretion, require the Trustee to, upon giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the relevant Certificateholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem all or, if so specified in such notice, some only of the Certificates at the relevant Optional Dissolution Amount on the relevant Optional Dissolution Date specified in such notice in accordance with this Condition 10(c) (*Capital Distributions of the Trust – Dissolution at the Option of the Bank*).

Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed and no greater than the Maximum Optional Dissolution Amount to be redeemed (in each case as specified in the applicable Final Terms).

If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 10(c) (*Capital Distributions of the Trust – Dissolution at the Option of the Bank*), upon payment in full of the Optional

Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

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

(d) **Certificateholder Put Option**

If the Certificateholder Put Option is specified in the applicable Final Terms, the Trustee shall, at the option of any Certificateholder, upon such holder giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Trustee, upon the expiry of such notice, redeem such Certificates on the Certificateholder Put Option Date at its Certificateholder Put Option Dissolution Amount. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Option Date in accordance with this Condition 10(d) (*Capital Distributions of the Trust – Certificateholder Put Option*), upon payment in full of the Certificateholder Put Option Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 10(d) (*Capital Distributions of the Trust – Certificateholder Put Option*) the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deposit its Certificate(s), on any business day in the city of the specified office of the Principal Paying Agent falling within the notice period, with the Principal Paying Agent, giving notice to the Principal Paying Agent of such exercise (a "**Certificateholder Put Option Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, then in order to exercise the option in this Condition 10(d) (*Capital Distributions of the Trust – Certificateholder Put Option*), a Certificateholder must, within the notice period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Certificateholder Put Option Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent) 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 a Paying Agent for notation or entry in the Register accordingly.

Any Certificateholder Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificates pursuant to this Condition 10(d) (*Capital Distributions of the Trust – Certificateholder Put Option*) shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 14 (*Dissolution Events*), 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(d) (*Capital Distributions of the Trust – Certificateholder Put Option*).

(e) **Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date, if the conditions set out in Condition 14 (*Dissolution Events*) are satisfied, and the Trust will be dissolved by the Trustee.

(f) **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 10 (*Capital Distributions of the Trust*), Condition 13 (*Purchase and Cancellation of Certificates*) and Condition 14 (*Dissolution Events*).

(g) **Effect of payment in full of Dissolution Amount**

Upon payment in full of all amounts due and payable in respect of the Certificates of any Series and the dissolution of the Trust as provided for in this Condition 10 (*Capital Distributions of the Trust*) or Condition 14 (*Dissolution Events*) (as applicable), such Certificates shall cease to represent interests in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

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, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate presented for payment (where presentation is required):

- (a) by or on behalf of a holder who 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
- (b) 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 the last day of the period of 30 days.

In these Conditions:

"**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Paying Agent or the Trustee or the Registrar on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to Certificateholders by the Trustee in accordance with Condition 17 (*Notices*); and

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

The Transaction Documents provide that payments thereunder by the Bank shall be made without any deduction or withholding for, or on account of, any present or future taxes, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Bank of all additional amounts as will result in the receipt by the Trustee of such amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with each of the Master Declaration of Trust and the Master Murabaha Agreement, the Bank has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11 (Taxation), pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for

or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 11 (Taxation).

If the Trustee or the Bank becomes subject to any taxing jurisdiction other than the Cayman Islands, the United Arab Emirates, or any Emirate therein, references in these Conditions to the Cayman Islands, United Arab Emirates, or any Emirate therein, shall be construed as references to the Cayman Islands, the United Arab Emirates, or any Emirate therein, and/or such other jurisdiction, as the case may be.

12. **PRESCRIPTION**

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

13. **PURCHASE AND CANCELLATION OF CERTIFICATES**

(a) **Purchases**

The Bank and/or any Subsidiary may at any time purchase Certificates at any price in the open market or otherwise at any price. Such Certificates may be held, re-sold or, at the option of the Bank, surrendered to the Registrar for cancellation in accordance with Condition 13(b) (*Purchase and Cancellation of Certificates – Cancellation of Certificates held by the Bank and/or any of its Subsidiaries*).

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

If the Bank wishes to cancel any of the Certificates purchased by it and/or any Subsidiary pursuant to Condition 13(a) (*Purchase and Cancellation of Certificates – Purchases*), the Bank shall deliver a Cancellation Notice to the Trustee in accordance with the terms of the Master Declaration of Trust and require the Trustee to cancel such Certificates.

(c) **Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series**

In the event the Bank and/or any of its Subsidiaries purchase all the outstanding Certificates in a Series pursuant to this Condition 13 (*Purchase and Cancellation of Certificates*) and all such Certificates are subsequently cancelled by the Trustee, the relevant Trust will be dissolved by the Trustee and such Certificates shall cease to represent interests in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

14. **DISSOLUTION EVENTS**

If, upon the occurrence of any of the following events (each a "**Dissolution Event**"):

- (a) default is made in the payment of the relevant Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or
- (b) the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 days after written notice of such default shall have been given to the Trustee by the Delegate; or
- (c) a Bank Event occurs; or

- (d) the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (e) at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (f) either: (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (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); (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; 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 any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) and (g) above,

provided however that in the case of the occurrence of any of the events described in paragraphs (b) and (e) above, the Delegate shall have certified in writing to the Bank that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates, the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), subject to it having been notified in writing of the occurrence of such Dissolution Event, give notice in writing of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 17 (*Notices*) with a request to such holders to indicate if they wish the Trust to be dissolved. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (a "**Dissolution Request**") it shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee and the Bank of the Dissolution Request and, upon receipt of such notice: (a) the outstanding Deferred Payment Price shall be immediately due and payable under the Master Murabaha Agreement; and (b) the Wakeel will liquidate the Wakala Investment in accordance with the terms of the Wakala Agreement, and the Trustee shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date specified in such notice (the "**Dissolution Event Redemption Date**") and the Trust shall be dissolved by the Trustee on the day after the last outstanding Certificate has been redeemed.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of this Condition, a "**Bank Event**" will occur if one or more of the following events occurs:

- (a) *Non-payment*: the Bank (acting in any capacity) fails to pay any amount in the nature of principal (corresponding to the relevant Dissolution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document on the due date for payment thereof and such failure has continued for a period of seven days, or fails to pay any amount in the nature of profit (corresponding to the Periodic Distribution Amounts payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document on the due date for payment thereof and such failure has continued for a period of 14 days; or
- (b) *Breach of other obligations*: the Bank, acting in any capacity, defaults in the performance or observance of any of its other obligations in relation to the Certificates

under the Transaction Documents to which it is a party and such default remains unremedied for a period of 30 days after written notice of such default shall have been given to the Bank by the Delegate (acting on behalf of the Trustee) (except where such default is, in the opinion of the Delegate, based on information received by the Delegate (as applicable) from the Bank and/or the Trustee (as applicable), not capable of remedy in which case no such notice of default shall be required); or

(c) *Cross-default:*

- (i) any Indebtedness of the Bank or any Principal Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Bank or (as the case may be) any of its Principal Subsidiaries or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (iii) the Bank or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that such an event listed in paragraphs (i), (ii) and/or (iii) shall not constitute a Bank 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 U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment:* one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount in excess of U.S.\$50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Bank or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days following the service by the Delegate on the Bank or any Principal Subsidiary of notice requiring the same to be paid / remedied; or
- (e) *Security enforced:* a secured party takes possession of, or a receiver, manager or other similar officer is appointed in respect of the whole or (in the opinion of the Delegate, based on information received by the Delegate from the Bank and/or the Trustee) any substantial part of the undertaking, assets and revenues of the Bank or any Principal Subsidiary; or
- (f) *Insolvency, etc.:* (i) the Bank or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator is appointed (or application for any such appointment is made) of the Bank or any Principal Subsidiary in respect of the whole or (in the opinion of the Delegate, based on information received by the Delegate from the Bank and/or the Trustee) any substantial part of the undertaking, assets and revenues of the Bank or any Principal Subsidiary; (iii) the Bank or any Principal Subsidiary 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 Bank or any Principal Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business save in connection with a Permitted Reorganisation; or
- (g) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Bank or any Principal Subsidiary save in connection with a Permitted Reorganisation; or
- (h) *Analogous event:* any event occurs which under the laws of the United Arab Emirates has an analogous effect to any of the events referred to in paragraphs (d) to (g) inclusive above; or

- (i) *Unlawfulness*: it is or will become unlawful for the Bank to perform or comply with any of its obligations under or in respect of the Transaction Documents to which it is a party,

provided however that in the case of the occurrence of any of the events described in paragraphs (b) or (i) or (in respect of a Principal Subsidiary only), (e) to (h) inclusive, the Delegate shall have certified in writing to the Bank that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

- (a) Upon the occurrence of a Dissolution Event, to the extent any amount payable in respect of the Certificates has not been paid in full, the Trustee (or the Delegate, acting on behalf of the Trustee), (subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction), may (acting for the benefit of the Certificateholders) take one or more of the following steps:
 - (i) enforce the Bank's obligations under the Transaction Documents to which the Bank is a party; and/or
 - (ii) take such other steps as the Trustee or the Delegate (acting in the name and on behalf of the Trustee) may consider necessary to recover amounts due to the Certificateholders.
- (b) Following the enforcement, realisation of the Certificates and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates to the Certificateholders in accordance with these Conditions and the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied. In such circumstances, the obligation of the Trustee in respect of the Certificates will 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 such sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including the Bank) to recover any such sum or asset in respect of the relevant Certificates or the Trust Assets. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.
- (c) No Certificateholder shall be entitled to proceed directly against the Trustee or the Bank under any Transaction Document to which either of them is a party unless the Delegate, having become so bound to proceed: (i) fails to do so within a reasonable period; or (ii) is unable for any reason to do so and such failure or inability shall be continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets and the sole right of the Delegate and the Certificateholders against the Trustee and the Bank shall be to enforce their respective obligations under the Transaction Documents.
- (d) Subject to paragraph (b) above, neither the Trustee nor the Delegate shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action against (as applicable) the Trustee and/or the Bank under any Transaction Document to which either of the Trustee or the Bank is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the then outstanding aggregate 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 and 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.

16. **REPLACEMENT OF CERTIFICATES**

If any Definitive Certificate is 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 in any particular place, the Paying 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 and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

17. **NOTICES**

Save as provided in this Condition 17 (*Notices*) all notices regarding the Certificates will be in the English language and will be deemed to be validly given if published in a leading English language daily newspaper published in London which is expected to be the Financial Times, or if such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Certificates are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any Definitive Certificates are issued, there may, so long as the Global Certificate representing the Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relevant Certificate or Certificates, with the Principal Paying Agent.

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

- (a) The Master Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Master Declaration of Trust or any other Transaction Document. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee and shall be convened by it upon the request in writing of Certificateholders holding not less than one-tenth of the aggregate face amount of the Certificates of a Series. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing in the aggregate more than half of the then outstanding aggregate face amount of the Certificates (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting one or more Certificateholders, proxies or representatives (whatever the outstanding face amount of the Certificates of all the relevant Series held or represented by him/ her or them), provided however that any meeting the business of which includes the modification of certain provisions of the Certificates (including, among others, modifying the relevant Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates, altering the currency of payment of the Certificates or amending any of the

Bank's covenants to make a payment under any Transaction Document), the quorum shall be one or more Certificateholders, proxies or representatives holding or representing in the aggregate at least three-quarters of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting one or more Certificateholders, proxies or representatives holding or representing not less than one quarter of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all Certificateholders, whether or not they are present at the meeting and whether or not voting.

- (b) The Master Declaration of Trust provides that a resolution in writing signed by or on behalf of all the holders of the Certificates outstanding who for the time being are entitled to receive notice of a meeting in accordance with schedule 4 to the Master Declaration of Trust shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.
- (c) The Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document and the Trustee's memorandum and articles of association may only be amended by the Trustee with the consent of the Delegate and the Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification is not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter or any provisions of the Master Declaration of Trust referred to in the definition of a Reserved Matter. Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding on the Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.
- (d) The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time: (i) give its consent under the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association and agree to waive or to authorise any breach or proposed breach of any provision of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that: (A) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Certificateholders; and (B) the Delegate will not do so in contravention of an express direction given by Extraordinary Resolution or a request made pursuant to Condition 14 (*Dissolution Events*). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Certificateholders and unless the Delegate otherwise requires, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.
- (e) In connection with the exercise by it of any of its powers, trusts, authorities and discretions under the Master Declaration of Trust (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class (except where the context otherwise requires (as determined

by the Delegate in its absolute discretion)) and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Bank or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and the Bank, to the extent already provided for in Condition 11 (*Taxation*)).

19. **THE DELEGATE**

The Trustee has in the Master Declaration of Trust irrevocably and unconditionally appointed the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, to exercise all of the rights of the Trustee under any of the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, (together the "**Delegation**" of the "**Relevant Powers**"), provided that in no circumstances will such Delegation result in the Delegate holding on trust or otherwise managing the relevant Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any obligation, duty, liability or covenant of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document or any duty, power, trust, authority or discretion to dissolve the trusts constituted by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Declaration of Trust contains provisions for the indemnification of the Delegate 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. In particular, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Master Declaration of Trust, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 15 (*Enforcement and Exercise of Rights*), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Bank under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Bank but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Delegate may rely without liability to Certificateholders on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution, auditors, insolvency officials or any other expert (whether or not addressed to the Delegate and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Delegate or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise) in accordance with or for the purposes of the Master Declaration of Trust or the other relevant Transaction Documents. The Delegate may accept and shall be entitled to rely on any such report, confirmation or certificate or advice as sufficient evidence of the facts stated therein and such report, confirmation, certificate or advice shall be binding on the Trustee, the Delegate and the Certificateholders. The Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets (other than, with respect to the Trustee, in accordance with the Transaction Documents) or any cash; and (c) 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 the Trustee's or the Delegate's own gross negligence, wilful default or fraud, as the case may be.

Nothing shall, in any case where the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Master Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Master Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Master Declaration of Trust.

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

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

21. **GOVERNING LAW AND DISPUTE RESOLUTION**

(a) **Governing law**

The Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust (including these Conditions), and the Certificates and any non-contractual obligations arising out of or in connection with the same (including the remaining provisions of this Condition 21 (*Governing Law and Dispute Resolution*)) are and shall be governed by, and construed in accordance with, English law.

(b) **Agreement to arbitrate**

Subject to Condition 21(c) (*Governing Law and Dispute Resolution – Option to litigate*), any dispute, claim, difference or controversy arising out, relating to or having any connection with the Master Declaration of Trust and/or the Certificates (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of any nullity thereof and any dispute relating to any non-contractual obligations arising out of or in connection with them) ("**Dispute**") shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("**LCIA**") Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 21 (*Governing Law and Dispute Resolution*). For these purposes:

- (i) the seat or legal place of arbitration shall be London;

- (ii) 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
- (iii) the language of the arbitration shall be English.

(c) **Option to litigate**

Notwithstanding Condition 21(b) (*Governing Law and Dispute Resolution – Agreement to arbitrate*), the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, may, in the alternative and at its sole discretion, by notice in writing to the Trustee and the Bank:

- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (ii) 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 21(d) (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*) and subject as provided below, any arbitration commenced under Condition 21(b) (*Governing Law and Dispute Resolution – Agreement to arbitrate*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration (other than the Delegate whose costs will be borne by the Bank) will bear its own costs in relation to the terminated arbitration.

If any notice to exercise the option to litigate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, as the case may be, must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (i) 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;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) **Effect of exercise of option to litigate**

In the event that a notice pursuant to Condition 21(c) (*Governing Law and Dispute Resolution – Option to litigate*) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Trustee submits to the exclusive jurisdiction of such courts;
- (ii) the Trustee agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition 21(d) (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (i) above, the Delegate or, but only where it is permitted to take action in accordance with

the terms of the Master Declaration of Trust, any Certificateholder, may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Certificateholders may take concurrent Proceedings in any number of jurisdictions.

(e) **Process agent**

The Trustee agrees that the documents which start any Proceedings and any other documents required to be served in relation to the London branch of the Bank at First Abu Dhabi Bank PJSC, London Branch, One Knightsbridge, London SW1X 7LY, United Kingdom or at any other address for the time being at which process may be served on it in accordance with Section 1139 of the Companies Act 2006 (as modified or re-enacted from time to time). If the Bank ceases to have a London branch which can accept service of process on the Trustee's behalf, the Delegate shall be entitled to appoint such a person by written notice addressed to the Trustee and delivered to the Trustee or to the Specified Office of the Principal Paying Agent. Nothing in this Condition shall affect the right of any party to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF THE CERTIFICATES

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

Global Certificates

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

Payments to registered Holder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Trustee, the Delegate, the Bank, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of 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 provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 9(a) (*Payments – Payments in respect of Certificates*)) immediately preceding the due date for payment in the manner provided in that Condition.

Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. For these purposes, an "**Exchange Event**" will occur if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; or (b) any of the circumstances described in Condition 14 (*Dissolution Events*) occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any Certificate 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 Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate 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 as the holder of such face amount of such Certificate for all purposes other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and their respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

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

MiFID II product governance / professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

APPLICABLE FINAL TERMS

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

Final Terms dated [Date]

FAB Sukuk Company Limited

Issue of [Aggregate Face Amount of Series] [Title of Certificates]

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

Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 21 December 2017 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, including any relevant implementing measure in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus (including any supplement thereto).

Full information on the Trustee, the Bank and the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [as so supplemented] [is][are] available for viewing in accordance with Article 14 of the Prospectus Directive at the market news section of the London Stock Exchange website (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>) and during normal business hours at the registered offices of the Bank at FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates and the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

- | | | | |
|----|------|----------------------------------|--|
| 1. | (i) | Trustee: | FAB Sukuk Company Limited |
| | (ii) | Bank: | First Abu Dhabi Bank PJSC |
| 2. | | Series Number: | [•] |
| 3. | | Specified Currency: | [•] |
| 4. | | Aggregate Face Amount of Series: | [•] |
| 5. | (i) | Issue Price: | [•] per cent. of the Aggregate Face Amount |
| | (ii) | Murabaha Investment Amount: | [•] |

- (iii) Initial Wakala Investment Amount: [•]
- 6. (i) Specified Denominations: [•]
- (ii) Calculation Amount: [•]
- 7. Issue Date: [•]
- 8. (i) Return Accrual Commencement Date: [•]/[Issue Date]
- (ii) Scheduled Dissolution Date: [•]
- 9. Periodic Distribution Amount Basis: [•] per cent. Fixed Periodic Distribution Amount
- 10. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed at [100] per cent. of this Aggregate Face Amount
- 11. Call Option: [Not Applicable] [Optional Dissolution Right] [Certificateholder Put Option]
- 12. Date [Board] approval for issuance of Certificates obtained: [•] in the case of the Trustee
[•] in the case of the Bank
- 13. Status: Senior

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

- 14. Periodic Distribution Provisions
 - (i) Profit Rate[(s)]: [•] per cent. per annum [payable [annually/ semi-annually/ quarterly/ monthly] in arrear]
 - (ii) Periodic Distribution Date(s): [•] in each year up to and including the Scheduled Dissolution Date
 - (iii) Fixed Amount[(s)]: [•] per Calculation Amount
 - (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in]/[on] [•]]/[Not Applicable]
 - (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
 - (vi) Profit Rate Determination Date(s): [[•] in each year]/[Not Applicable]
 - (viii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]

PROVISIONS RELATING TO DISSOLUTION

- 15. Optional Dissolution Right: [Applicable]/[Not Applicable]
 - (i) Optional Dissolution Amount(s) of each Certificate: [Dissolution Distribution Amount]/[[•] per Calculation Amount]
 - (ii) Optional Dissolution Date(s): [•]
 - (iii) If redeemable in part:

- | | | |
|-------|---|--|
| (A) | Minimum Optional
Dissolution Amount: | [•] |
| (B) | Maximum Optional
Dissolution Amount: | [•] |
| (iv) | Notice period: | Minimum Notice Period: [•] days
Maximum Notice Period: [•] days |
| 16. | Certificateholder Put Option: | [Applicable]/[Not Applicable] |
| (i) | Certificateholder Put Option Date(s): | [•] |
| (ii) | Certificateholder Put Option
Dissolution Amount(s) of each
Certificate: | [Dissolution Distribution Amount]/[[•] per
Calculation Amount] |
| (iii) | Notice period: | Minimum Notice Period: [•] days
Maximum Notice Period: [•] days |
| 17. | Dissolution Distribution Amount of each
Certificate: | [•] per Calculation Amount |
| 18. | Early Dissolution Amount (Tax) of each
Certificate (following early dissolution for tax
reasons): | [Dissolution Distribution Amount]/[[•] per
Calculation Amount] |
| | Notice period: | Minimum Notice Period: [•] days
Maximum Notice Period: [•] days |

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

- | | | |
|-----|--|---|
| 19. | Form of Certificates: | Registered Certificates

Global Certificate exchangeable for
Certificates in definitive registered form in the
limited circumstances specified in the Global
Certificate |
| 20. | Additional Financial Centre(s) relating to
payment: | [Not Applicable] |
| 21. | Details of Transaction Account: | FAB Sukuk Company Limited Transaction
Account No; [•] for Series No.: [1]/[2]/[3]/[•] |

Signed on behalf of
FAB SUKUK COMPANY LIMITED

By:
Duly authorised

Signed on behalf of
FIRST ABU DHABI BANK PJSC

By:
Duly authorised

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 Regulated Market of the London Stock Exchange 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 Regulated Market of the London Stock Exchange with effect from [•].]
- (ii) Estimate of total expenses related to admission to trading; [•]

2. RATINGS

- Ratings: [The Certificates to be issued have not been rated]/[The Certificates to be issued have been rated:
- [Fitch: [•]]
- [Moody's: [•]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Trustee and the Bank are aware, no person involved in the offer 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 Bank and its affiliates in the ordinary course of business for which they may receive fees.]

4. PROFIT RATE

- [Indication of profit rate: [•]
- The profit rate 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: [•]
- (ii) Common Code: [•]
- (iii) Names and addresses of additional Paying Agent(s) or Calculation Agent (if any): [•]/[Not Applicable]
- (iv) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[•]
- (v) Delivery: Delivery [against]/[free of] payment

6. **THIRD PARTY INFORMATION**

[•] has been extracted from [•]. The Trustee and the Bank confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

MIFID II product governance / target market - [appropriate target market legend to be included]

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement for use in connection with each Series of Exempt Certificates, whatever the denomination of those Certificates, issued by the Trustee under the Programme.

Pricing Supplement dated [•]

No base prospectus is required to be produced in accordance with Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, including any relevant implementing measure in a relevant member state of the European Economic Area) (the "**Prospectus Directive**") for this issue of Certificates described below and, accordingly, the Certificates issued as described below are not required to, and do not comply with, the Prospectus Directive as so amended. The United Kingdom Listing Authority has neither approved nor reviewed the information contained in this Pricing Supplement.

FAB Sukuk Company Limited

Issue of [Aggregate Face Amount of Series] [Title of Certificates]

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

Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 21 December 2017 [and the supplemental Base Prospectus dated [•]]. This document constitutes the Pricing Supplement relating to the issue of Certificates described herein and must be read in conjunction with the Base Prospectus [and its supplement(s)]. This Pricing Supplement must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Trustee, the Bank and the Certificates is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at the market news section of the London Stock Exchange website (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>) and during normal business hours at the registered offices of the Bank at FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates and the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

Any person making or intending to make an offer of the Certificates may only do so in circumstances in which no obligation arises for the Trustee, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

- | | | | |
|----|------|----------------------------------|--|
| 1. | (i) | Trustee: | FAB Sukuk Company Limited |
| | (ii) | Bank: | First Abu Dhabi Bank PJSC |
| 2. | | Series Number: | [•] |
| 3. | | Specified Currency: | [•] |
| 4. | | Aggregate Face Amount of Series: | [•] |
| 5. | (i) | Issue Price: | 100 per cent. of the Aggregate Face Amount |
| | (ii) | Murabaha Investment Amount: | [•] |

- (iii) Initial Wakala Investment Amount: [•]
- 6. (i) Specified Denominations: [•]
- (ii) Calculation Amount: [•]
- 7. Issue Date: [•]
- 8. (i) Return Accrual Commencement Date: [•]/[Issue Date]
- (ii) Scheduled Dissolution Date: [•]
- 9. Periodic Distribution Amount Basis: [•] per cent. Fixed Periodic Distribution Amount
- 10. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed at [100] per cent. of this Aggregate Face Amount
- 11. Call Option: [Not Applicable] [Optional Dissolution Right] [Certificateholder Put Option]
- 12. Date [Board] approval for issuance of Certificates obtained: [•] in the case of the Trustee
[•] in the case of the Bank
- 13. Status: Senior

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

- 14. Periodic Distribution Provisions
 - (i) Profit Rate[(s)]: [•] per cent. per annum [payable [annually/ semi-annually/ quarterly/ monthly] in arrear]
 - (ii) Periodic Distribution Date(s): [•] in each year up to and including the Scheduled Dissolution Date
 - (iii) Fixed Amount[(s)]: [•] per Calculation Amount
 - (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in]/[on] [•]/[Not Applicable]
 - (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
 - (vi) Profit Rate Determination Date(s): [[•] in each year]/[Not Applicable]

PROVISIONS RELATING TO DISSOLUTION

- 15. Optional Dissolution Right: [Applicable]/[Not Applicable]
 - (i) Optional Dissolution Amount of each Certificate: Dissolution Distribution Amount/[•] per Calculation Amount]
 - (ii) Optional Dissolution Date: [Any Periodic Distribution Date]/[•]
 - (iii) If redeemable in part:
 - (A) Minimum Optional Dissolution Amount: [•]

- (B) Maximum Optional Dissolution Amount: [•]
- (iv) Notice period: Minimum Notice Period: [•] days
Maximum Notice Period: [•] days
16. Certificateholder Put Option: [Applicable]/[Not Applicable]
- (i) Certificateholder Put Option Date(s): [•]
- (ii) Dissolution Amount(s) of each Certificate: [Dissolution Distribution Amount]/[[•] per Calculation Amount]
- (iii) Notice period: Minimum Notice Period: [•] days
Maximum Notice Period: [•] days
17. Dissolution Distribution Amount of each Certificate: [•] per Calculation Amount
18. Early Dissolution Amount (Tax) of each Certificate (following early dissolution for tax reasons): [Dissolution Distribution Amount]/[[•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

19. Form of Certificates: Registered Certificates
Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
20. Additional Financial Centre(s) relating to payment: [Not Applicable]
21. Details of Transaction Account: FAB Sukuk Company Limited Transaction Account No; [•] for Series No.: [1]/[2]/[3]/[•]

Signed on behalf of
FAB SUKUK COMPANY LIMITED

By:
Duly authorised

Signed on behalf of
FIRST ABU DHABI BANK PJSC

By:
Duly authorised

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 [Other] 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 [Other] with effect from [•].]

[Not Applicable]

- (ii) Estimate of total expenses related to admission to trading; [•]

2. RATINGS

Ratings: [The Certificates to be issued have not been rated]/[The Certificates to be issued have been rated:

[Fitch: [•]]

[Moody's: [•]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Trustee and the Bank are aware, no person involved in the offer 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 Bank and its affiliates in the ordinary course of business for which they may receive fees.]

4. PROFIT RATE

[Indication of profit rate: [•]

The profit rate 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: [•]
- (ii) Common Code: [•]
- (iii) Names and addresses of additional Paying Agent(s) or Calculation Agent (if any): [•]/[Not Applicable]
- (iv) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[•]
- (v) Delivery: Delivery [against]/[free of] payment

6. **THIRD PARTY INFORMATION**

[•] has been extracted from [•]. The Trustee and the Bank confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

REPORT ON THE PRO FORMA FINANCIAL INFORMATION



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Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Accountant's Assurance Report on the Compilation of Pro Forma Combined Financial Information

The Board of Directors
National Bank of Abu Dhabi PJSC
PO Box 4
Abu Dhabi
UAE

Report on the Compilation of Pro Forma Combined Financial Information

We have completed our assurance engagement to report on the compilation of pro forma combined financial information of National Bank of Abu Dhabi PJSC (the "Issuer") and First Gulf Bank ("FGB") prepared in connection with the proposed merger of the Issuer and FGB (the "Merger") and to be included in the supplement to the base prospectus dated 1 September 2016 (the "Base Prospectus") prepared by the Issuer in connection with the update of its USD 7,500,000,000 Euro Medium Term Note Programme ("the Programme") for the issue of Euro Medium Term Notes and for which the Issuer will be solely responsible. This report is required by paragraph 7 of Annex II of Commission Regulation (EC) No 809/2004, as amended (the "Prospectus Regulation") and is given for the purpose of complying with Annex II of the Prospectus Regulation and for no other purpose.

The pro forma financial information consists of pro forma combined financial information for NBAD and FGB (the "Merged Entities") as at 31 December 2016 which includes an unaudited consolidated pro forma balance sheet of the Merged Entities as at 31 December 2016, an unaudited consolidated pro forma statement of profit or loss and other comprehensive income of the Merged Entities for the year ended 31 December 2016 and accompanying explanatory notes ("the pro forma combined financial information"), to illustrate how the Merger might have affected such financial information of the Issuer had it been undertaken on 31 December 2016.

The applicable criteria on the basis of which the Issuer has compiled the pro forma combined financial information is in accordance with laws of the UAE and paragraphs 1 to 6 of Annex II of the Prospectus Regulation. Because of its nature, the pro forma financial information does not represent the actual combined financial position of the Merged Entities as at and for the year ended 31 December 2016.



*Report on the Compilation of Pro Forma Combined Financial Information
(continued)*

The pro forma combined financial information has been compiled by the Issuer to illustrate the impact of the Merger on the financial information of the Issuer, as if the proposed merger had taken place on the respective dates indicated. As described on pages 5 and 6 of the pro forma combined financial information management of the Issuer has concluded that the Issuer is the legal acquirer and FGB is the accounting acquirer. For the preparation of the pro forma combined financial information, the Issuer has extracted information about the Issuer and FGB from the financial information of the Issuer and FGB as at and for the year ended 31 December 2016, on which an unmodified review conclusion has been expressed by the respective auditors of the Issuer and FGB.

Issuer's Responsibility for the Pro Forma Combined Financial Information

The Issuer is responsible for compiling the pro forma combined financial information as required by paragraphs 1 to 6 of Annex II of the Prospectus Regulation.

Accounting Policies used by the Issuer

The pro forma combined financial information has been compiled based on the accounting policies of FGB as the accounting acquirer. Those accounting policies are disclosed in the audited consolidated financial statements of FGB as at and for the year ended 31 December 2016. An explanation of any significant differences between the accounting policies of the Issuer and the accounting policies of FGB as the accounting acquirer used in the compilation of the pro forma combined financial information is set out on page 5 of the pro forma combined financial information.

Accountant's Responsibilities

Our responsibility is to express an opinion about whether the pro forma combined financial information has been compiled, in all material respects, by the Issuer on the basis stated and that basis is consistent with the accounting policies of the FGB.

We conducted our engagement as required by paragraph 7 of Annex II of the Prospectus Regulation and in accordance with International Standard on Assurance Engagements (ISAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board.

This standard requires that the accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Issuer has compiled, in all material respects, the pro forma combined financial information on the basis stated on pages 5 and 6.



Accountant's Responsibilities (continued)

For the purpose of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined financial information. Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 13.1 of Annex XI of the Prospectus Regulation, consent to its inclusion in the Base Prospectus.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma statement of financial position with the management.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the combined pro forma financial information has been properly compiled in accordance with the basis of preparation set out on pages 5 and 6 of the pro forma combined financial information of the Merged entity by performing the following procedures:

- Made inquiries of management regarding the process management has applied to compile the pro forma combined financial information;
- Checked whether management has used an appropriate source of the unadjusted financial information in compiling the pro forma combined financial information;
- Checked whether management has appropriately extracted the unadjusted financial information from the source documents;
- Checked whether management has compiled the pro forma combined financial information on the basis as set out on pages 5 and 6 of the pro forma combined financial information;
- Checked the consistency of the Issuer's and FGB financial reporting framework and its accounting policies under that framework;
- Considered management's evidence supporting the pro forma adjustments;
- Checked whether the calculations within the pro forma combined financial information are arithmetically accurate; and
- Checked the overall presentation and disclosure of the pro forma combined financial information and related explanatory notes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion:

- the pro forma combined financial information has been properly compiled on the basis stated on pages 5 and 6 of the pro forma combined financial information; and
- that basis is consistent with the accounting policies of FGB as the accounting acquirer of the Issuer.

Declaration

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the Base Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Base Prospectus in compliance with paragraph 1.2 of Annex XI of the Prospectus Regulation.

KPMG

KPMG Lower Gulf Limited

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PRO FORMA PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following pro forma preliminary condensed consolidated financial information and related notes (“Pro forma financial information”) illustrates the effects on the statement of financial position and financial performance of the combination (Merger) between National Bank of Abu Dhabi and its subsidiaries (together referred to as “NBAD”) and First Gulf Bank and its subsidiaries (together referred to as “FGB”). The closing of the Merger is subject to the occurrence or waiving of certain conditions precedent and is expected to occur in the first quarter of 2017.

The Pro forma financial information consists of the Unaudited Pro Forma Condensed Consolidated Statement of Financial Position of NBAD and FGB (together referred to as “the Group”) as at 31 December 2016, as if the Merger has taken place as at 31 December 2016, and its Unaudited Pro forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2016 and Notes to the Unaudited Pro Forma Financial Information.

The purpose of the Pro forma financial information is to show the material effects that the Merger of NBAD and FGB would have had on the historical consolidated statement of financial position if the Group had already existed in the structure created by the Merger as at 31 December 2016 and on the historical consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2016. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date.

The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma consolidated statement of financial position and financial performance addresses a hypothetical situation and, therefore, does not represent and may not give a true picture of the financial position and financial performance of the Group. Furthermore, the Pro forma financial information is only meaningful in conjunction with the historical consolidated financial statements of NBAD and FGB as at and for the financial year ended 31 December 2016.

The Pro forma financial information has been prepared on figures extracted from the audited consolidated financial statements of NBAD, and the audited consolidated financial statements of FGB as at 31 December 2016, both prepared on the basis of International Financial Reporting Standards.

The Pro forma financial information have been compiled based on the accounting policies of FGB being the accounting acquirer. Those accounting policies are disclosed in the consolidated financial statements as at 31 December 2016 of FGB. The principles/criteria used in the compilation of these pro forma financial information and assumptions used are explained in this document (Notes).

The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the Merger. The Pro forma financial information gives no indication of the results and future financial situation of the activities of the Group.

**PRO FORMA PRELIMINARY CONDENSED
CONSOLIDATED FINANCIAL INFORMATION (continued)**

Under IFRS 3 *Business Combinations*, the Group accounts for the Merger as an acquisition by FGB of NBAD (“reverse acquisition”) and is required to fair value the assets, liabilities and contingent liabilities acquired at the date of acquisition and to reflect the difference between their fair value and the purchase consideration as goodwill or gain on acquisition. The fair value exercise (“purchase price allocation”) has not been completed as at the date of this document and may result in different values being attributed to the assets, liabilities and contingent liabilities acquired than those that are shown in the Pro forma financial information.

**PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2016

	NBAD	FGB	Pro forma adjustments	Notes	Pro forma Consolidated
	AED 000	AED 000	AED 000		AED 000
ASSETS					
Cash and balances with central banks	98,664,599	24,777,953	-		123,442,552
Investments at fair value through profit or loss	14,525,506	899,524	(4,043,179)	i	11,381,851
Due from banks and financial institutions	8,523,107	12,936,687	(4,147,419)	i	17,312,375
Reverse repurchase agreements	9,566,579	5,449,019	(736,756)	i	14,278,841
Derivative financial instruments	12,019,406	1,953,003	(175,640)	i	13,796,769
Loans and advances	200,531,811	155,778,326	(64,070)	i	356,246,067
Non-trading investments	64,441,924	28,373,469	-		92,815,393
Other assets	9,545,979	6,819,129	(68,827)	i	16,296,281
Investment properties	45,604	6,422,502	-		6,468,106
Property and equipment	2,848,985	1,528,255	216,990	ii	4,594,230
Goodwill and intangible assets	-	170,398	13,713,791	iv	13,884,189
Total assets	420,713,500	245,108,264	4,694,890		670,516,654
LIABILITIES					
Due to banks and financial institutions	40,963,741	11,585,628	(4,147,419)	i	48,401,949
Repurchase agreements	17,222,136	13,109,155	(736,756)	i	29,594,535
Euro commercial paper	7,372,911	10,016,916	(3,663,930)		13,725,897
Derivative financial instruments	13,380,789	2,835,008	(175,640)	i	16,040,157
Customer accounts and other deposits	253,382,492	146,911,122	-		400,293,614
Term borrowings	28,915,650	16,458,045	(379,250)	i	44,994,445
Other liabilities	12,614,291	4,698,918	(132,897)	i	17,180,312
Sukuk financing instruments	-	1,836,500	-		1,836,500
Subordinated notes	355,987	-	-		355,987
Total liabilities	374,207,997	207,451,292	(9,235,891)		572,423,398
EQUITY					
Share capital	5,254,546	4,500,000	1,143,000	iii, v	10,897,546
Additional paid-in capital	307,885	-	52,463,799	iii, v	52,771,684
Treasury shares	(48,746)	-	-	iii, v	(48,746)
Legal reserve	5,254,546	11,030,110	(11,030,110)	iii, v	5,254,546
Tier 1 capital notes	6,754,750	4,000,000	-	iv, v	10,754,750
Share option scheme	228,349	-	-	iv, v	228,349
Convertible notes-equity component	108,265	-	-	iv, v	108,265
Revaluation reserve	-	280,601	-		280,601
Other reserves	21,196,859	444,463	(21,196,859)	v	444,463
Retained earnings	7,449,049	16,969,016	(7,449,049)	v	16,969,016
Equity attributable to equity holders of the Bank	46,505,503	37,224,190	13,930,781		97,660,474
Non-controlling interests	-	432,782	-		432,782
Total equity	46,505,503	37,656,972	13,930,781		98,093,256
Total liabilities and equity	420,713,500	245,108,264	4,694,890		670,516,654

See notes to the Pro forma financial information.

**PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED**

31 DECEMBER 2016

	NBAD	FGB	Pro forma adjustments	Notes	Pro forma Consolidated
	AED 000	AED 000	AED 000		AED 000
Interest income	9,656,957	8,039,512	(158,601)	i	17,537,868
Interest expense	(2,836,654)	(1,951,322)	158,601	i	(4,629,375)
Net interest income	6,820,303	6,088,190	-		12,908,493
Income from Islamic financing contracts	509,473	506,160	-		1,015,633
Islamic financing expense	(24,969)	(208,458)	-		(233,427)
Net income from Islamic financing contracts	484,504	297,702	-		782,206
Net interest and Islamic financing income	7,304,807	6,385,892	-		13,690,699
Net fees and commission income	2,178,104	1,848,700	-		4,026,804
Net foreign exchange gain	961,286	194,022	-		1,155,308
Net gain on investments and derivatives	327,816	377,067	-		704,883
Other operating income	36,171	776,719	-		812,890
Operating income	10,808,184	9,582,400	-		20,390,584
General, administration and other operating expense	(4,012,759)	(1,997,740)	-		(6,010,499)
Profit before net impairment charge and taxation	6,795,425	7,584,660	-		14,380,085
Net impairment charge	(1,190,677)	(1,473,014)	-		(2,663,691)
Profit before taxation	5,604,748	6,111,646	-		11,716,394
Overseas income tax expense	(308,706)	(41,846)	-		(350,552)
Net profit	5,296,042	6,069,800	-		11,365,842
Other comprehensive income	548,125	(78,643)	-		469,482
Total comprehensive income	5,844,167	5,991,157	-		11,835,324

See notes to the Pro forma financial information.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

BASIS OF PRO FORMA FINANCIAL INFORMATION PRESENTATION

The Group has adopted the acquisition method of accounting under IFRS 3 *Business Combinations*. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. For the purposes of this Pro forma financial information, FGB has been identified as the acquirer. The Merger however is to be effected by a capital issuance of 5,643 million shares of AED 1 by NBAD to the shareholders of FGB, in a share swap transaction at the exchange rate of 1.254 shares of NBAD for each share of FGB. Accordingly, the transaction is accounted for as a reverse acquisition.

The consolidated statement of financial position of NBAD at 31 December 2016 has been extracted from the audited consolidated financial statements of NBAD. The consolidated statement of financial position of FGB at 31 December 2016 has been extracted from the audited consolidated financial statements of FGB.

The consolidated statement of profit or loss and other comprehensive income of NBAD for the financial year ended 31 December 2016 has been extracted from the audited consolidated financial statements of NBAD. The consolidated statement of profit or loss and other comprehensive income of FGB for the financial year ended 31 December 2016 has been extracted from the audited consolidated financial statements of FGB.

The Pro forma financial information has been prepared and are presented on the basis of accounting policies of FGB as disclosed in its consolidated financial statements for the year ended 31 December 2016. The accounting policies used by FGB as described in its financial statements for the year ended 31 December 2016 do not materially differ from those used by NBAD except for the following:

- a. Lands classified under property and equipment are measured by FGB under the revaluation model compared to the cost model adopted by NBAD and thus carried at fair value in the statement of financial position. Based on the fair value of land properties provided by NBAD, an increase of AED217 million has been recognised.
- b. Investment properties are measured at fair value by FGB compared to cost model as adopted by NBAD. However, as disclosed in NBAD's audited financial statements as at 31 December 2016, the fair value of investment properties approximates its carrying amounts and thus no adjustment has been recognised.

The following presentation adjustments have been made to ensure consistency of presentation with the consolidated statement of financial position between NBAD and FGB, in particular:

- a. FGB's investments have been separately presented as investments at fair value through profit or loss and non-trading investments;
- b. FGB's investments in associates have been presented under other assets;
- c. FGB's derivative financial assets and liabilities have been separately presented out of other assets and other liabilities, respectively;
- d. FGB's repurchase agreements have been separately presented out of due to banks and financial institutions, customer accounts and other deposits, and term borrowings;
- e. FGB's reverse repurchase agreements have been separately presented out of loans and advances, and due from banks;
- f. FGB's goodwill and intangible assets have been separately presented out of other assets; and
- g. FGB's foreign currency translation reserve and cumulative change in fair value reserve have been presented as part of other reserves.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (continued)

BASIS OF PRO FORMA FINANCIAL INFORMATION PRESENTATION (continued)

The following presentation adjustments have been made to ensure consistency of presentation with the consolidated statement of profit or loss and other comprehensive income between NBAD and FGB, in particular:

- a. FGB's income from Islamic financing contracts have been separately presented and reclassified from 'Interest income and income from Islamic financing' in its financial statements; and
- b. FGB's expense from Islamic financing have been separately presented and reclassified from 'Interest expense and Islamic financing expense' in its financial statements; and
- c. FGB's net foreign exchange gain and net gain on investments and derivatives have been separately presented out of other operating income.

PRO FORMA ADJUSTMENTS

The pro forma adjustments made for purposes of the Pro forma financial information are based on information available and on preliminary estimates, as well as certain pro forma assumptions of the Group as described in these pro forma notes. The Pro forma financial information neither contains any potential synergies or cost savings nor any normalisation adjustments or any additional future expenses that could result from the Merger. Furthermore, the Pro forma financial information does not contain any potential or future effects resulting from any possible remedies imposed on the Group by authorities or regulators in connection with the Merger. The Pro forma financial information has not been adjusted for acquisition-related costs.

For purposes of the Pro forma financial information, it is assumed that the closing of the Merger occurred as at 31 December 2016. The pro forma financial information has not been adjusted for acquisition-related costs.

The pro forma adjustments included in the Pro forma financial information are as follows:

- i. To record elimination of intercompany balances between FGB and NBAD. Intercompany balances for accounts under statements of financial position (assets and liabilities) and statements of profit or loss and other comprehensive income (income and expenses) between FGB and NBAD have been reconciled against each other.
- ii. To record the adjustments relating to the fair valuation of NBAD land within property and equipment as follows:

	<u>AED'000</u>
Carrying value	1,100,695
Fair value	1,317,685
Difference	216,990

The following is the journal entry to record the above adjustment:

	<u>AED'000</u>	<u>AED'000</u>
Land (Dr.)	216,990	
Retained earnings (Dr.)	185,997	
Revaluation reserve (Cr.)		402,987

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (continued)

PRO FORMA ADJUSTMENTS (continued)

- iii. To record the issuance of shares of NBAD to FGB shareholders. For the Pro forma financial information purposes, the consideration for the acquisition has been calculated on the basis of a share swap transaction at the rate of 1.254 shares in NBAD for each share in FGB which would result to 52.01% ownership interest of FGB shareholders in the Group and a 47.99% ownership interest of NBAD shareholders, as shown below:

	Units 000	%
Outstanding shares of FGB	4,500,000	
Exchange ratio	1.254	
Number of shares to be issued by NBAD to FGB	5,643,000	
Par value of shares issued by NBAD to FGB	5,643,000	52.01%
Outstanding share capital of NBAD (net of treasury shares)	5,205,800	47.99%
Total shares of NBAD post combination (net of treasury shares)	10,848,800	100.00%

Accordingly, NBAD's share capital post-Merger amount to AED10,849 million which is presented as follows:

	AED'000
Share capital	10,897,546
Treasury shares	(48,746)
Total share capital	10,848,800

Applying the rules of IFRS 3 for reverse acquisitions, the consideration for FGB's acquisition of NBAD is the fair value of the equivalent number of shares that FGB would have to issue to NBAD shareholders that would give FGB shareholders and NBAD shareholders the same percentage of equity ownership of 52.01% and 47.99%, respectively, in the Group. The purchase consideration has been calculated on the basis of FGB's closing price of AED12.85 per share on Abu Dhabi Securities Exchange on 29 December 2016. The purchase consideration is an indicative cost, and will be revised to reflect the market price of the shares of FGB as on the date of acquisition.

The consideration is computed as follows:

Outstanding shares of FGB (units'000)	4,500,000
Divided by: FGB's percentage ownership in the Group	52.01%
Total number of shares of the Group (units'000)	8,651,356
Multiplied by: NBAD's percentage ownership in the Group	47.99%
Number of shares to be issued by FGB to NBAD (units'000)	4,151,356
Multiplied by: Share price of FGB	12.85
Total consideration (AED'000)	53,344,920

A share premium of AED47,702 million arises on NBAD issuance of the new shares for this transaction computed as follows:

	AED'000
Total consideration	53,344,920
Less: Par value of shares issued by NBAD to FGB	5,643,000
Share premium	47,701,920

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (continued)

PRO FORMA ADJUSTMENTS (continued)

- iv. To record AED13,714 million excess of total consideration over the net assets of NBAD as at 31 December 2016 after adjustments for other equity items. This amount has not been bifurcated between goodwill and intangible assets pending the results of the purchase price allocation exercise. Moreover, the Pro forma financial information does not include any adjustments to the fair value of the assets, liabilities and contingent liabilities of NBAD as required by IFRS 3. A full fair value exercise will be undertaken as on the date of acquisition.

	AED'000
Total consideration	53,344,920
Less: Adjusted net assets of NBAD as at 31 December 2016	(39,631,129)
Goodwill / intangible	13,713,791

The adjusted net assets of NBAD has been computed by deducting other equity items which represents NBAD's continuing interest in the Group and thus were excluded from computation of goodwill.

	AED'000
Net assets of NBAD as at 31 December 2016	46,722,493
Less: Other equity items	
Tier 1 capital notes	(6,754,750)
Share option scheme	(228,349)
Convertible notes-equity component	(108,265)
Adjusted net assets of NBAD as at 31 December 2016	39,631,129

- v. The consolidated retained earnings and other equity balances at the date of the pro forma combination represents FGB's pre-combination balances with the exception of the following:
- The legal reserve represents NBAD total legal reserve being the legal surviving entity;
 - Tier 1 capital represents both NBAD and FGB's balances as NBAD tier 1 capital has been excluded from the acquired net assets (see note iv); and
 - NBAD share option reserve and equity component of convertible notes has been retained as these represent non-controlling continuing interest in the Group.

Accordingly, the total paid-in capital of NBAD post combination is presented below:

	AED'000
FGB's capital pre combination	4,500,000
Total consideration	53,344,920
Capital post combination	57,844,920
Adjustment to retain NBAD's legal reserve	5,775,564
Total paid-in capital	63,620,484

The following shows the breakdown of total paid-in capital:

	AED'000
Share capital	10,897,546
Additional paid-in capital	52,771,684
Treasury Shares	(48,746)
Total paid-in capital	63,620,484

USE OF PROCEEDS

The proceeds of each Series of Certificates issued under the Programme will be applied by the Trustee as follows:

- (i) the Initial Wakala Investment Amount to the Bank (in its capacity as Wakeel) to invest, pursuant to the terms of the Wakala Agreement and the relevant Wakala Investment Plan, in the Bank's Islamic finance business on an unrestricted basis, as a *Wakala bil Istithmar*; and
- (ii) the Murabaha Investment Amount for the purchase and subsequent sale of Commodities to the Bank (in its capacity as Buyer) pursuant to the terms of the Master Murabaha Agreement and the proceeds of any on-sale of such Commodities shall be invested in the Bank's Islamic finance business.

DESCRIPTION OF THE TRUSTEE

General

FAB Sukuk Company Limited, a Cayman Islands exempted company with limited liability, was incorporated on 1 June 2011 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 257247. The Trustee was established as a company 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 the offices of MaplesFS Limited at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, and its telephone number is +1 345 945 7099.

Pursuant to a special resolution dated 6 December 2017, the Trustee changed its name from "FGB Sukuk Company Limited" to "FAB Sukuk Company Limited" with effect from 6 December 2017.

The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of a par value of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 8 July 2011 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit a Qualified Charity (as defined in the Declaration of Trust). 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 such Qualified 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 business of the Trustee has been limited to issuing Certificates under the Programme and performing its obligations under the Transaction Documents. The Trustee has no substantial liabilities other than in connection with the Certificates 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 1 June 2011.

Financial Statements

Since its date of 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:

<u>Name</u>	<u>Function at the Trustee</u>	<u>Other appointments outside Trustee</u>
Cleveland Stewart	Director	Senior Vice President at MaplesFS Limited
Amelia Pascual	Director	Assistant Vice President at Maples Fund Services (Middle East) Limited

The business address for Cleveland Stewart is c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The business address for Amelia Pascual is c/o Maples Fund Services (Middle East) Limited, Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The Trustee has no subsidiaries, employees or non-executive directors.

Conflicts

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 Trustee Administrator

MaplesFS Limited acts as the corporate 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 an amended and restated corporate services agreement entered into between the Trustee and the Trustee Administrator (the "**Corporate Services Agreement**"), the Trustee Administrator performs in the Cayman Islands, the United Arab Emirates and/or such other jurisdictions as may be agreed by the Trustee and the Trustee Administrator from time to time, various administrative functions on behalf of the Trustee, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator also provides registered office facilities for 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 provide that either party may terminate the agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations thereunder.

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

The Trustee Administrator's principal office is at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

DESCRIPTION OF THE BANK

Overview

The Bank is a public joint stock company and is the product of the Merger of NBAD and FGB which was effected on the Effective Date. The Merger was effected in accordance with the provisions of Article 291 of the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the "CCL"), pursuant to which FGB was dissolved and its shares were delisted from the Abu Dhabi Securities Exchange on the Effective Date. NBAD, as the surviving corporate entity and the legal successor of FGB, automatically assumed all assets and liabilities of FGB with effect from the Effective Date.

On 24 April 2017, the shareholders of NBAD passed the necessary resolutions at its general assembly meeting to approve a change in its registered name to First Abu Dhabi Bank P.J.S.C. On 25 April 2017, the requisite regulatory approvals to effect the change of name were received by NBAD from the United Arab Emirates' Securities and Commodities Authority ("SCA"). Accordingly, the change of name to First Abu Dhabi Bank P.J.S.C. became effective from 25 April 2017.

Following the Merger, the Bank's principal shareholder is the Government of Abu Dhabi which holds (through the wholly-owned ADIC and Mubadala) approximately 37 per cent. of the Bank's share capital as at the date of this Base Prospectus.

The Bank is a full service bank and its core businesses include consumer, wholesale, treasury and Islamic banking capabilities. The Bank is primarily a regionally focussed banking group, offering its consumer, wholesale, treasury and Islamic banking products and services within the UAE and the wider MENA region. Additionally, the Bank has a strong international presence across 19 countries through its subsidiary or affiliate entities and its branches and representative offices.

As at the date of this Base Prospectus, the market response to the Merger has been positive with each of the major international credit rating agencies assigning the post-Merger Bank with a high investment grade long-term credit rating. As at the date of this Base Prospectus, the Bank has been assigned long-term credit ratings of AA- by each of Fitch and S&P and Aa3 by Moody's, in each case with a stable outlook.

As at 30 September 2017, and according to the Interim Financial Statements and the publically available financial statements of the Bank's main domestic and regional competitors for the nine months ended 30 September 2017, the Bank is the largest bank in the UAE, in addition to being the second largest bank in the GCC, in each case by total assets. As at 30 September 2017, the Bank had total assets of AED 644.1 billion, total loans and advances (net of provisions) of AED 328.3 billion and total customer accounts and other deposits of AED 378.9 billion. For the nine month period ended 30 September 2017, the Bank's net profit was AED 6,334.8 million.

The Bank currently operates its principal areas of business through the following four distinct business segments for financial reporting purposes:

- **Corporate and Investment Banking ("CIB")**: the CIB segment covers the Group's corporate and institutional clients through 5 dedicated client sub-segments including institutional banking, corporate banking, a privileged clients group, commercial banking and a financial institutions group. The CIB segment offers a broad range of products and services to corporate and investment banking clients within the UAE and internationally including credit facilities, global transaction services, corporate finance, Islamic finance and global markets products. For the nine months ended 30 September 2017, AED 5,568.5 million, or 49.1 per cent., of the Group's operating income for the period and AED 4,428.8 million, or 69.9 per cent., of the Group's net profit for the period was attributable to the CIB segment;
- **Personal Banking Group ("PBG")**: the PBG segment targets retail, affluent, small-to-medium enterprise ("SME") and high-net-worth customers through a wide range of diverse distribution and sales channels, including mobile and internet banking, branches and direct sales agents. Product offerings range from day-to-day banking products such as current accounts, deposits, credit cards and loans to more sophisticated investment solutions and business banking products

and services. The PBG segment is structured on the basis of the diverse needs of the targeted broad customer base with dedicated teams covering the retail, affluent, private banking and SME customer segments. For the nine months ended 30 September 2017, AED 4,090.1 million, or 36.1 per cent., of the Group's operating income for the period and AED 1,291.4 million, or 20.4 per cent., of the Group's net profit for the period was attributable to the PBG segment;

- **Subsidiaries:** the subsidiaries segment represents the financial results of the Bank's principal operating subsidiary entities across real estate management, Islamic finance, credit card finance, brokerage and fund management. The segment includes the financial results of the following subsidiaries: FAB Securities LLC ("**FAB Securities**"), Abu Dhabi National Islamic Finance Pvt JSC ("**ADNIF**"), Mismak Properties Co. LLC ("**Mismak**"), First Merchant International LLC ("**FMI**"), First Gulf Properties LLC ("**FGP**"), Aseel Finance PJSC ("**Aseel**"), Dubai First PJSC ("**Dubai First**") and First Gulf Information Technology LLC ("**FGIT**"). For the nine months ended 30 September 2017, AED 848.2 million, or 7.5 per cent., of the Group's operating income for the period was attributable to the subsidiaries segment while the segment made a net loss for the period of AED 13.9 million; and
- **Head office:** the head office segment provides centralised human resources, information technology ("**IT**"), operations, finance, strategy, investor relations, risk management, credit management, corporate communications, legal and compliance, internal audit, procurement, treasury operations, integration management office and administrative support to all of the Group's distinct businesses units. For the nine months ended 30 September 2017, AED 824.9 million, or 7.3 per cent., of the Group's operating income for the period and AED 628.4 million, or 9.9 per cent., of the Group's net profit for the period was attributable to the head office segment.

For further details on the Bank's reporting segments, see "*— Strategy*" below.

The Bank is registered in accordance with the CCL and is licensed to operate as a commercial bank in the UAE and is regulated by the UAE Central Bank. The Bank's registered office is at FAB Building, Khalifa Business Park — Al Qurm District, P.O. Box 6316, Abu Dhabi, UAE and its telephone number is +971 (0) 2 305 3012.

As at 30 September 2017, the Bank had 115 branches and 625 automated teller machines ("**ATMs**") in the UAE, with the majority in Abu Dhabi and Dubai. Additionally, the Bank had 38 branches, 3 subsidiaries, 5 representative offices and one joint venture internationally as at 30 September 2017. The Bank also offers services to individuals and corporate customers through a diverse range of alternate distribution channels including its internet banking, phone and SMS banking systems and through the FGB and NBAD mobile applications.

Strengths

Largest bank in the UAE and one of the largest in the GCC with a dominant market position

The Merger created a leading local and regional financial institution with total assets of AED 644.1 billion, total loans and advances (net of provisions) of AED 328.3 billion and total customer accounts and other deposits of AED 378.9 billion, representing the largest financial institution in the UAE and the second largest in the GCC, as at 30 September 2017. The combination of two, best-in-class and complementary consumer and wholesale banking businesses (comprising NBAD, one of the leading wholesale banks in the UAE with a significant international footprint, and FGB, a market-leading consumer banking franchise) significantly enhances the value proposition that the Bank is able to offer its customers.

The Bank has one of the largest customer bases in the UAE and maintains one of the largest domestic distribution networks. This distribution network offers significant opportunities to attract additional clients and expand the Bank's range of products and services to existing clients. As at 30 September 2017, the Bank had one of the largest branch networks in the UAE, comprising 115 branches, a network of 625 ATMs, together with tele-banking, internet banking and mobile banking platforms.

The Bank's dominant market position throughout the UAE and wider GCC region reflects the Bank's focus on high quality customer service, creation of innovative products and services, in addition to the strength of its offering and its established track record in both consumer and wholesale banking. As at 30 September 2017, the Bank had customer accounts and other deposits of AED 378.9 billion, which represented an estimated market share of 23.7 per cent. of total UAE bank deposits and a loan and advances to customers portfolio (net of loan loss provisions) of AED 328.3 billion, which represented an estimated 20.6 per cent. of the total loans of all UAE banks, according to the UAE Monthly Banking Indicators for September 2017 published by the UAE Central Bank.

The significant scale of the Bank post-Merger has enabled the Bank to derive tangible synergistic benefits, including greater economies of scale and cost efficiencies as a result of the consolidation of common businesses, the integration of IT platforms and banking systems and the reduction (and, in some cases, closure) of overlapping branch locations. The Bank's executive management anticipates that cost synergies of approximately AED 1 billion will be realised in the three year period post-Merger. The Bank has also derived revenue synergies as a result of its increased financial strength, with a greater ability to achieve revenue growth by virtue of its broader product and customer diversification, giving the Bank a strong platform for sustained profitability in its core banking markets in addition to making the Bank uniquely placed to capture new growth opportunities. Management anticipates that revenue synergies of approximately AED 400 million will be realised from optimisation of funding costs within the combined business.

Broad regional and international network

In the UAE, the Bank is the leading financial institution with a broad portfolio of conventional and Islamic consumer and wholesale products, an extensive distribution network and well established relationships with its broad client base. The Bank has one of the largest customer bases in the UAE and maintains one of the largest domestic distribution networks. This distribution network offers significant opportunities to attract additional clients and further expand the Bank's range of products and services to existing clients. As at 30 September 2017, the Bank had 115 branches and a network of 625 ATMs throughout the UAE with a suite of alternate banking channels, including internet banking, mobile banking channels and SMS alerts.

Internationally, the Bank has a significant presence with subsidiaries in each of the United States of America, Switzerland and Malaysia and a 50:50 joint venture in Libya; fully operational branches in Qatar, Kuwait, Oman, Bahrain, Jordan, Sudan, Egypt, India, the United Kingdom, France, Hong Kong and Singapore; as well as representative offices in Brazil, Lebanon, South Korea, Switzerland and China.

This broad geographical footprint provides opportunities for the Bank to grow its product and service offering, in addition to developing its existing client base and leveraging off the Bank's well established domestic operations.

Strong capital base and liquidity

As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., a Tier I capital adequacy ratio of 16.8 per cent. and a Tier II capital adequacy ratio of 1.2 per cent., calculated in each case in accordance with UAE Central Bank guidelines. Pursuant to the February 2017 Regulations, the Bank, as a D-SIB, is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019. The Bank's capital adequacy ratio has been bolstered by the issuance by each of NBAD and FGB of AED 4.0 billion of Tier I capital notes in February and March 2009, as well as by the issuance by NBAD of U.S.\$750 million perpetual Tier I capital securities in July 2015, which are accounted for as equity in accordance with IAS 32: Financial Instruments — Presentation. The Bank also maintains a strong liquidity position with an advances to stable resources ratio of 88.0 per cent. as at 30 September 2017. As at 30 September 2017, the Bank had cash and cash equivalents of AED 116.1 billion.

As part of the gradual introduction of the Basel III reforms in the UAE, certain banks operating in the UAE have begun transitioning to LCR compliance and reporting their LCR to the UAE Central Bank. As part of its LCR reporting to the UAE Central Bank, the Bank is required to maintain a portfolio of HQLAs which is sufficient to survive a significant stress scenario, lasting for a period of up to 30 days.

As at 30 September 2017, the Bank held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent. The Bank believes that its adherence to the LCR criteria will ensure that it is well equipped to absorb any unanticipated systemic shocks to the UAE or MENA economies or banking sectors. See "*Risk Factors – The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*".

The Bank believes that the benefits of its strong capital and liquidity profile will, principally, be two-fold; with its sound capital base and a well-diversified business mix and funding profile better positioning the Bank to meet increasing regulatory demands, while the Bank's larger capital base and increased underwriting capacity will enable it to better serve UAE corporates with international ambitions and to better support international companies operating in the UAE.

Supportive principal shareholder

As at the date of this Base Prospectus, 37 per cent. of the issued and outstanding ordinary shares of the Bank were held by the Government of Abu Dhabi (through ADIC and Mubadala). The Government was instrumental in the founding of each of NBAD and FGB and in supporting the Merger, with each of NBAD and FGB maintaining very strong working relationships with the Government of Abu Dhabi, a situation which the Bank expects to continue post-Merger. Government support for the Bank (and, historically, for NBAD and FGB) has typically manifested itself in many ways such as Government controlled entities engaging the Bank (and, formerly, NBAD and FGB) in new business opportunities and remaining as long standing clients of each institution. Furthermore, in common with other regional governments, the Government provided financial support to its local banks, including each of NBAD and FGB, during the 2008 global financial crisis which helped domestic banks to maintain liquidity and achieve a high capital adequacy ratio, well above the UAE Central Bank guidelines. The historic financial support and continued strong business relationships with the Government has, historically, helped to stabilise the performance of each of NBAD and FGB in turbulent economic periods and to enhance customer and market confidence in these institutions.

Although there can be no assurance that the Government will continue to support the Bank in the same manner as it has historically supported each of NBAD and FGB, management believes that the Bank's relationship with the Government remains strong post-Merger and is unlikely to change in the foreseeable future.

Full service offering of conventional and Islamic products

Following the Merger, the Bank is able to provide a comprehensive range of both conventional and Islamic banking products and services to its customer base, therefore diversifying income sources as well as offering the Bank the opportunity to grow its balance sheet and strengthen its position in its core domestic market. As a full-service bank, the Bank has wider access to a more diverse customer base than its domestic competitor banks that offer either purely conventional products or, as the case may be, purely Islamic products. This product flexibility provides the Bank with a greater ability to cross-sell an enhanced product and service offering than many of its domestic competitors, providing a strong platform from which the Bank can continue to drive revenue growth and increased profitability.

Experienced Board and executive management team with proven track record in the banking industry

The Bank believes that it has a strong and experienced Board of Directors (the "**Board**") and a long-serving executive team with a proven track record in the UAE and international banking sectors.

The Bank's strategy (see "*– Strategy*") is supported by the executive management team's broad expertise in the region, proven record for implementing industry leading initiatives, and by its focus on best practices and customer service. The Bank benefits from continuity of personnel within its executive management team, with the experienced management team being drawn from the legacy NBAD and FGB executive management and having extensive experience in the financial services sector in the UAE, the MENA region and internationally. Additionally, the Bank's Board are also largely drawn from the former NBAD and FGB boards of directors with a similarly strong track record in the banking industry. Further details of the Bank's Board and executive management are set out under "*Management*".

Prudent risk management culture

The Bank has a well-diversified loan portfolio and limited foreign exchange risk. It has invested, and continues to invest, significantly in improving its risk management procedures. Post-Merger, and as a function of the size and financial strength of the Bank, the Bank's management plans to commit even greater resources and investment to the internal risk management, compliance and control functions.

As at 30 September 2017, the Bank had AED 10.2 billion of impaired loans while the ratio of the Bank's impaired loans to gross loans was 3.0 per cent. As at 30 September 2017, the Bank carried impairment allowances of AED 11.2 billion to cover potential loan losses.

The Bank's management believes that the levels of impairment allowances for impaired loans and loans under stress as at 30 September 2017 are sufficient to cover potential loan losses as at that date. As at 30 September 2017, provision covered 109.0 per cent. of the Bank's impaired assets.

Strategy

As the largest full-service bank in the UAE, the Bank has developed individual strategies for each of its core business segments of CIB, PBG and Subsidiaries. As its overarching strategic goal, the Bank aims to defend and grow its dominant position in the domestic market across consumer and wholesale markets, with a particular focus on strengthening its Islamic banking franchise.

CIB

The Bank's CIB segment is sub-divided into 5 dedicated, targeted customer segments, as follows: (i) the institutional banking group, which focuses on large institutional clients with an annual turnover in excess of AED 1 billion in addition to Government and Government-related entities; (ii) the corporate banking group, which targets corporate clients with an annual turnover between AED 350 million and AED 1 billion; (iii) the privileged client group, which aims to provide a tailored service for ultra-high net worth clients; (iv) commercial banking, which focuses on SMEs and other corporate customers with annual turnover of between AED 100 million to AED 350 million; and (v) the financial institutions group, which offers products and services to global financial institutions that are primarily liquidity and funding providers.

CIB offers a differentiated coverage model within each of the 5 above customer sub-segments, uniquely tailored according to the specific client requirements and sub-segment dynamics. The 5 CIB coverage teams work on a 'follow the client' model and oversee client requirements across the international locations in which the Group has a presence.

The CIB segment is also structured with dedicated product teams including the Global Banking Transactions product team through which the Bank offers core credit facilities to clients including term loans and overdrafts; Islamic finance facilities; global cash management solutions and global trade finance products. CIB's Global Banking Corporate Finance product unit offers clients debt capital markets and syndicated loan solutions (including distribution); project finance and structured finance solutions; and corporate finance advisory services (includes merger and acquisition advisory; equity capital markets advisory; project finance advisory; and capital restructuring advisory services). Additionally, CIB also includes the Global Markets, Treasury Sales and Investments product unit that offers clients across geographies and across the 5 customer sub-segments a comprehensive range of treasury products including: flow and structured foreign exchange products; interest rate products; liquidity management solutions; credit derivatives; commodities trading; and investment solutions.

The key strategic priorities for CIB are to firstly protect the Group's dominant position in the Abu Dhabi market while also focusing on increasing its 'share of wallet' in the Dubai market.

A key strength of the post-Merger Bank is the significant size of the balance sheet which management intends to leverage to increase market share in particular product and customer classes, particularly in the competitive debt capital markets and loan syndication markets within the MENA region. Through its offering of best-in-class global transaction banking products and services, the Group intends to increase and diversify its customer base. Additionally, CIB intends to defend and foster its strategic relationships with the Government and Government-related entities, remaining as the preferred banking partner for the Government with a focus on liabilities, trade finance and Government-related payments.

At an individual customer level, the institutional banking group and the corporate banking group aim to widen their sector exposure with clients across industry sectors that have high transaction needs, while the commercial banking team will aim to establish the Bank as the bank of choice for SMEs in the UAE, differentiating itself from competitors by virtue of its comprehensive product offering.

PBG

The Group aims to maintain its dominance in the personal banking market in the UAE by offering its customers the best customer experience, a digitally enabled service delivery model while deploying an aggressive direct sales force.

The Bank has structured the PBG business around dedicated client segments to offer segment-specific customer value propositions with the particular goal of increasing market share from the 'affluent' segments which include the private banking, wealth management and 'elite' customer segments. Customers falling within these segments will be primarily served through dedicated relationship managers and will be offered tailored investment and asset products and services. The Bank aims to establish itself as the 'wealth advisor of choice' for its affluent customers.

The Bank is also focused on defending its market leading position amongst UAE nationals, which tends to be a more lucrative customer segment than expatriate clients by virtue of the typically higher average household incomes of UAE nationals, relative to expatriates.

Further, and notwithstanding the Bank's significant presence in Abu Dhabi, the Bank aims to leverage its scale to further strengthen and grow its presence in Dubai within the personal banking market. The Bank intends to focus particularly on small businesses with annual turnover of less than AED 100 million while maintaining a constant focus on cost efficiencies to be able to drive higher returns. Additionally, and as part of the Bank's focus on cost optimisation in the post-Merger integration process, management intends to rationalise the Bank's domestic branch footprint, in an attempt to eliminate cross-over in geographical coverage of the branch network.

Subsidiaries

The Bank's principal subsidiaries operate across real estate management, Islamic finance, brokerage and fund management and credit card finance and include FAB Securities, ADNIF, Mismak, FMI, FGP, Aseel, Dubai First and FGIT.

- *FAB Siraj, ADNIF and Aseel*

As at the date of this Base Prospectus, the Group's Islamic banking offering primarily comprises the Group's Islamic banking window which operates under the "FAB Siraj" brand. Additionally, the Group offers Islamic finance products and services through its Islamic finance house subsidiaries; namely ADNIF and Aseel. As part of the ongoing post-Merger integration process, Aseel is expected to be merged into ADNIF which will remain as the Group's sole Islamic finance house subsidiary.

Following completion of this internal re-organisation, the Group will continue to operate the "FAB Siraj" brand and offer Islamic banking products and services across the Group's client base with a particular focus on CIB customers. As at 30 September 2017, FAB Siraj is the largest Islamic banking window in the UAE in terms of asset size.

The Group believes that the internal re-organisation of its Islamic banking franchise will deliver a more streamlined Islamic offering, yielding greater cost and revenue synergies and positioning the Group to capitalise on opportunities arising from the growth of the Islamic banking sector.

- *Dubai First*

Dubai First is a conventional finance company specialising in credit card finance and personal finance solutions to individuals and small businesses in the UAE. As part of the post-Merger integration process, the Bank has decided to integrate Dubai First into PBG. The integration of the Dubai First business into PBG will enhance PBG's overall customer proposition and result in greater opportunities to cross-sell a larger set of the Bank's products to its customers. PBG intends to continue leveraging existing

associations and partnerships in Dubai including an exclusive partnership that Dubai First holds with Dubai Parks and Resorts.

- *FAB Securities*

FAB Securities is the Group's securities brokerage business and is licensed by SCA. FAB Securities is one of the largest brokerage service providers in the UAE operating through four locations across the UAE in addition to its own dedicated e-trading platform. FAB Securities trades across the Abu Dhabi Securities Exchange, the Dubai Financial Market, Nasdaq Dubai and selected markets in the GCC (through various third party partners). FAB Securities offers clients securities from various asset classes including equities, fixed income and initial public offerings. In addition to securities sales, FAB Securities provides market research and analysis to clients and offers securities trade execution services.

The Bank's strategy for FAB Securities is to maintain and grow its position as one of the primary brokerage service providers in the UAE, leveraging the post-Merger Bank's expanded client base, and to develop the subsidiary from a local brokerage operation into a global brokerage operation, which is able to offer its customers services on local, regional and international equity markets, as well as fixed income brokerage services.

- *FGP*

The Group's real estate business is predominantly managed by its wholly-owned subsidiary, FGP. FGP commenced operations in 2011 under the legacy FGB business and also includes the legacy NBAD property management subsidiary, Abu Dhabi National Properties PJSC, which was consolidated into FGP during Q2 2017. Through FGP, the Group offers property management, facility management and hospitality services. FGP manages a mixed and varied property portfolio in the UAE with a total annual rent roll of more than approximately AED 2.0 billion. The property management business of FGP is an ancillary service provided to select CIB and high net-worth individual clients of the Bank which the Group expects to continue to grow opportunistically.

The Group also provides engineering advisory services to support the Group's internal credit department when assessing client requests for credit for real estate development projects. Additionally, the Group provides asset management and advisory services in circumstances where a client is in default and the Group's real estate subsidiaries (including Mismak and FMI) take over the management of real estate assets which have been pledged as collateral.

- *Mismak and FMI*

The Group's real estate investment and development activities are contained within Mismak, which also holds the real estate investments made by FMI. Each of Mismak and FMI are legacy FGB subsidiaries and are wholly-owned subsidiaries of the Bank.

- *FGIT*

FGIT is the Group's wholly-owned, specialised and dedicated IT subsidiary, which is focused on delivering customised technology solutions for the Group. FGIT is a legacy FGB subsidiary that was established as a dedicated IT provider with the aim of creating an entity that specialises in developing IT infrastructure and delivering specialised IT banking services. FGIT is responsible for developing the strategy and delivering all IT services throughout the Group. FGIT supports remote banking facilities and distribution channels for the Group, such as interactive voice response technology, internet banking and mobile banking.

To ensure that it adequately supports the Group's risk management policies, FGIT's systems utilise various automated tools and processes, which are subject to both internal and external audits.

- *International operations*

Internationally, the Bank's operations are predominantly focused on the CIB segment with the ultimate objective of positioning the Bank as the primary link for businesses and governments seeking access to regional and global capital markets, particularly in emerging markets such as the UAE and wider GCC.

The Bank also has selective PBG operations internationally, the most significant of which is in Egypt.

The Bank's overall strategic mission is to create value for customers, employees, shareholders and communities to grow stronger through differentiation, agility and innovation. This strategic mission of value creation is embodied in the strategic priorities which the Bank has established for its distinct core operating segments.

Capital Structure and Shareholders

The Bank's share capital is listed on the Abu Dhabi Securities Exchange and, as at 30 September 2017, had a market capitalisation of U.S.\$30.3 billion. As at 30 September 2017, the Bank's authorised, issued and paid up share capital comprised 10,897,545,000 shares with a nominal value of AED 1 each.

The Bank's principal shareholder is the Government of Abu Dhabi (through ADIC and Mubadala) which holds 37 per cent. of the issued and outstanding ordinary shares of the Bank, as at the date of this Base Prospectus.

Financial Performance

Income statement

The Bank reported net profits of AED 6,334.8 million for the nine month period ended 30 September 2017, while net interest income was AED 7,907.2 million for the same period. Net fee and commission income was AED 1,965.4 million for the nine month period ended 30 September 2017, with operating income of AED 11,331.8 million and general, administration and other operating expenses of AED 3,285.1 million for the same period. Annualised return on tangible equity was 14.3 per cent. and the cost to income ratio (excluding Merger integration costs) was at 27.6 per cent., in each case for the nine month period ended 30 September 2017.

The following table shows the breakdown, by the division indicated, of the Bank's net profit/(loss) for the nine month period ended 30 September 2017:

Division	Net profit/(loss) for the nine month period ended 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Corporate and Investment Banking	4,428.8
Personal Banking Group	1,291.4
Subsidiaries	(13.9)
Head office	628.4
Total	6,334.8

Statement of financial position

The Bank's total loan portfolio (net of provisions) was AED 328.3 billion as at 30 September 2017. The distribution of the corporate loan portfolio across economic sectors is oriented towards real estate, transport and communication, energy and banks and financial institutions, which is in line with the domestic economy.

The following table provides a breakdown of the Bank's total loan portfolio by customer sector as at 30 September 2017:

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Government	4,518.4
Public sector	58,577.9
Banking sector	23,300.2
Corporate/private sector	183,867.8
Personal/retail sector	70,993.7
Gross loans and advances	341,258.0

As at 30 September 2017*(unaudited)*
(AED million)

Less: interest suspended	(1,824.3)
Less: allowance of impairment	(11,153.4)
Total (Net of Provisions)	328,280.3

The Bank's loan portfolio contains a high proportion of loans to the government and public sector entities. As at 30 September 2017, 18.5 per cent. of gross loans and advances was to government and public sector entities. This concentration of lending reflects the historically close relationship between each of NBAD and FGB and government and public sector entities.

Approximately 57 per cent. of the Bank's loan portfolio was denominated in foreign currency as at 30 September 2017. The Bank has implemented risk management methods to mitigate and control these foreign currency risks along with other market risks to which the Bank is exposed (see "*Risk Management*").

The Bank maintains a securities portfolio (both trading and investment) of high credit quality. The Bank has a Board approved comprehensive risk appetite for these portfolios and they are managed and limited by value-at-risk ("**VaR**"), notional exposure, credit spread and interest rate sensitivities, geographic and single name exposure concentrations (see "*Risk Management*").

The Bank has no direct exposure to collateralised debt obligations, structured investment vehicles and other sub-prime related issues. The securities portfolios are concentrated in the European and MENA markets. The trading portfolio mainly comprises debt instruments and a managed portfolio of funds and equities. The held-to-maturity portfolio comprises debt issuances by sovereigns, corporates and financial institutions.

The following table provides a breakdown of the Bank's securities portfolio as at 30 September 2017:

As at 30 September 2017*(unaudited)*
(AED million)

Trading portfolio	19,669.5
Available-for-sale	77,498.2
Held-to-maturity	7,758.1
	104,925.8

Capital Adequacy

The Bank calculates its capital ratios in accordance with UAE Central Bank guidelines which requires UAE based banks that have been designated as D-SIBs (such as the Bank) to maintain a minimum ratio of total capital to risk-weighted assets of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019, taking into account both on and off balance sheet transactions.

As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., a Tier I capital adequacy ratio of 16.8 per cent. and a Tier II capital adequacy ratio of 1.2 per cent. The Bank's strong capital base has been bolstered by the issuance by each of FGB and NBAD of AED 4.0 billion of Tier I capital notes in February and March 2009, respectively, as well as by the issuance by NBAD of U.S.\$750 million perpetual Tier I capital securities in July 2015.

The Bank's capital management is aimed at maintaining an optimum level of capital to enable it to pursue strategies that build long-term shareholder value, whilst always meeting minimum regulatory capital adequacy ratio requirements. The principal difference between the UAE Central Bank's guidelines and Bank of International Settlements requirements is that, under the UAE Central Bank's guidelines, GCC government exposure is risk weighted at zero per cent. whereas, under the Bank of International Settlements guidelines, GCC government exposure is risk weighted according to the relevant country's

credit rating. Details of the Bank's risk weighted assets as at 30 September 2017, calculated in accordance with UAE Central Bank guidelines, are set out in the table below.

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED millions, other than percentage figures)</i>
Tier I capital:	
Share capital	10,897.5
Share premium account	53,024.9
Capital notes	10,754.8
Legal reserves	5,254.5
General reserves	120.0
Retained earnings	11,498.2
Current year profits	6,310.3
Minority interests	474.3
Total	98,334.5
Tier I capital:	
Goodwill and intangible assets	(15,487.5)
Other deductions from Tier I capital	(98.2)
Deductions from Tier I capital	(15,585.8)
Total Tier I capital (A)	82,748.7
Tier II capital:	
Undisclosed reserves / General provisions	5,275
Asset revaluation reserves	308.6
Subordinated term loans	400.9
Deductions from Tier II Capital	(42)
Total Tier II capital (B)	5,942.6
Total capital base (A +B)	88,691.3
Risk weighted assets:	
Balance sheet and off balance sheet items	
Credit risk	422,005.8
Market risk	36,432.1
Operational risk	35,103.8
Total risk weighted assets	493,541.8
Tier I capital adequacy ratio (%)	16.8%
Total capital adequacy ratio (%)	18.0%

Equity

The Bank's total equity (which comprises, amongst other things, its issued share capital of AED 10.9 billion as at 30 September 2017 and its reserves and retained earnings (of AED 23.1 billion in aggregate as at 30 September 2017)) amounted to AED 98.3 billion as at 30 September 2017.

Of the Bank's reserves, the most significant is the legal reserve into which, under the CCL and the Bank's articles of association, 10.0 per cent. of net profit each year must be contributed until the legal reserve reaches 50.0 per cent. of the nominal value of the Bank's paid up share capital. This reserve is not available for distribution and amounted to AED 5.3 billion as at 30 September 2017 and below the CCL prescribed 50.0 per cent. of share capital threshold.

As at 30 September 2017, shareholders' equity includes AED 4.0 billion Tier I capital notes issued by FGB in February 2009 to the Government of Abu Dhabi; AED 4.0 billion Tier I capital notes issued by NBAD in March 2009 to the Government of Abu Dhabi; and U.S.\$750 million perpetual Tier I capital securities issued by NBAD in July 2015, which are accounted for as equity in accordance with IAS 32: Financial Instruments — Presentation.

Funding

As at 30 September 2017, the Bank had customer accounts and other deposits which totalled AED 378.9 billion. The Bank's principal source of its funding is its short-term demand and time deposits which accounted for 60.9 per cent. of the Bank's total customer accounts and other deposits as at 30 September 2017. The Bank's customer accounts and other deposits contain a high proportion of deposits from government and public sector entities, again reflecting the linkage between NBAD, FGB and these governmental and government-related entities. As at 30 September 2017, approximately 17.1 per cent. of the Bank's customer accounts and other deposits were from government entities and a further 18.9 per cent. were from public sector entities. The Bank's funding needs are also met by equity reserves and retained earnings, interbank lines of credit and repurchase agreements. Additionally, and prior to the Merger, the legacy NBAD and FGB entities accessed wholesale funding markets (through bilateral or syndicated loans and international bond markets) in order to diversify and increase the maturity of their funding sources. The Bank intends to continue to utilise the following debt capital markets funding platforms as a key source of funding:

- this Programme;
- the U.S.\$15,000,000,000 Euro Medium Term Note programme;
- the U.S.\$7,500,000,000 Euro Commercial Paper programme;
- the A\$2,000,000,000 Australian and New Zealand Domestic Debt Issuance programme;
- the U.S.\$5,000,000,000 U.S. Commercial Paper programme;
- the EUR1,000,000,000 French Certificates de Depot programme;
- the HKD5,000,000,000 Certificate of Deposit programme;
- the GBP7,500,000,000 Certificate of Deposit programme;
- the NBAD Americas N.V. Certificate of Deposit programme;
- the MYR3,000,000,000 Medium Term Note and Trust Certificate issuance programme;
- the U.S.\$2,000,000,000 Structured Note programme; and
- the U.S.\$1,000,000,000 Certificate of Deposit programme.

As at the date of this Base Prospectus, the Bank also has outstanding the following standalone debt capital markets instruments:

- the (NBAD issued) AED 4,000,000,000 6 month EIBOR plus 2.3 per cent. per annum Tier I capital notes;
- the (FGB issued) AED 4,000,000,000 6 month EIBOR plus 2.3 per cent. per annum Tier I capital notes;
- the (NBAD issued) JPY10,000,000,000 2.60 per cent. "Samurai" bond due 2026;
- the (NBAD issued) U.S.\$500,000,000 1.00 per cent. convertible bond due 2018;
- the (NBAD issued) U.S.\$750,000,000 perpetual Tier I capital securities; and
- the (FGB issued) CHF200,000,000 0.625 per cent. notes due 2022.

Additionally, and as at the date of this Base Prospectus, the Bank had a syndicated bank loan outstanding, totalling U.S.\$2 billion with a scheduled maturity date of December 2019.

The following table shows the sources of the Bank's funding as at 30 September 2017:

	As at 30 September 2017
	<i>(unaudited)</i>
	<i>(AED million)</i>
Due to banks and financial institutions	31,558.3
Repurchase agreements	34,419.6
Commercial paper	21,426.4
Customer accounts and other deposits	378,869.8
Term borrowings	44,188.7
Derivative financial instruments	15,128.2
Other liabilities	18,566.8
Subordinated notes	400.9
Total equity	99,560.1
	644,118.6

Competition

The UAE banking sector as at 30 September 2017 comprised 48 banks, including eight Islamic banks, and branches or subsidiaries of 26 foreign banks. The licensed foreign bank branches and subsidiaries focus mainly on consumer banking, trade finance, foreign currency operations and government-related business. Foreign bank participation in public sector financing has had a significant downward effect on margins in this area. The UAE banking market is becoming increasingly competitive and challenging, with the consummation of the Merger anticipated by many commentators to act as a catalyst for further consolidation amongst locally incorporated banks.

UAE local banks enjoy tax advantages with zero corporate, income and sales tax while international banks operating in the UAE are subject to 20 per cent. corporate tax on their profits. However, as at the date of this Base Prospectus, the UAE federal government has confirmed that it will be introducing a VAT regime in the UAE at the rate of 5 per cent. with effect from 1 January 2018. See "*Risk Factors – The UAE may introduce corporation or value added tax*" and "*Taxation - United Arab Emirates*".

Employees

As at 30 September 2017, the Bank employed 5,604 staff. These staff members do not include the approximately 3,659 members of the Bank's outsourced workforce (who principally work within the consumer areas of sales, collections, call centre operations and credit card processing).

The Bank's human resources policy is aligned to its strategic vision and ambitious growth plans and is designed to attract, retain and motivate high-calibre, professional, skilled and knowledgeable employees. The Bank strives to foster a transparent working environment and invests significant resource in the provision of employee training and development schemes, in addition to providing a competitive remuneration and compensation structure.

Emiratisation

In 1999, as part of a policy of "Emiratisation", UAE banks were instructed by the UAE federal government to increase the number of UAE nationals on their payroll by at least 4 per cent. per annum. This policy has now been supplemented by, and operates in tandem with, the Emiratisation Circular which has introduced a scoring system which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

As at 30 September 2017, the Bank's Emiratisation percentage stood at 31.4 per cent. of its workforce in the UAE, equating to 1,361 UAE nationals employed in positions at different levels across the Bank.

In line with the Emiratisation Circular, the Bank has made a commitment to employing and training UAE nationals. The Bank's Emiratisation strategy supports the Bank's position as a nationalisation leader across the UAE. The Bank's Emiratisation strategy, implemented through recruitment and employee selection as well as training programmes, enjoys the support and commitment of business heads and management across all business areas of the Bank.

Property

The Bank's principal fixed assets include its head office building in Abu Dhabi and its other branch buildings and offices. Such properties had a net book value of AED 4,546 million as at 30 September 2017.

As at 30 September 2017, the value of the Bank's investment properties, stated at fair value and representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, was AED 6,659.1 million.

The fair values of the Bank's investment properties are based on valuations performed by third party valuers. The valuers are accredited with recognised and relevant professional qualifications and with recent experience in the location and category of investment properties being valued. The fair values have been determined based on varying valuation models depending on the intended use of the investment properties in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The property rental income earned by the Bank from its investment properties that are leased out under operating leases, amounted to AED 63.3 million for the nine month period ended 30 September 2017.

Information Technology

The Bank's IT department delivers an effective, efficient and sustainable management of information assets and technology and is focused on utilising advanced IT systems to serve the Bank's customers and ensure that customers' data is well protected and secured.

Following the Merger, the Bank is in the process of integrating the IT systems of NBAD and FGB. Once the integration process is completed, the target IT business systems are intended to offer enhanced services to the Bank's customers across all geographies in which the merged Bank operates. As part of the Bank's investment in its technology systems, it is also building a new, enhanced data centre, with the aim of providing a robust physical and technical platform for the merged Bank's business application systems. See "*Strategy – Subsidiaries – FGIT*" for further information.

Litigation

As at the date of this Base Prospectus, the Bank is not involved in any pending or, to the best of the Bank's knowledge, threatened litigation or arbitration proceedings which may constitute a threat to the Bank or to any of its subsidiaries or which would have a material adverse effect on its financial position. Therefore, no material provision has been made as at 30 September 2017 regarding any outstanding legal proceedings. Pending legal proceedings are reviewed on an ongoing basis and, where required, provisions are made at the end of each fiscal quarter subject to appropriate internal approvals.

Insurance

The Bank has various insurance policies in place, including a Banker's Blanket Bond Insurance Policy. The Bank's Blanket Bond Insurance Policy covers, among other risks, loss of its property whilst on the Bank's premises and whilst in transit; forgery of cheques, securities and other documents; and employee frauds, errors and negligence. The Bank believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which the Bank is exposed.

Sustainability Policy

The Bank's approach in terms of sustainability is to create long-term stakeholder value through the identification of opportunities and active management of risks, while balancing the needs of people and society, the environment and profitability. The Bank's commitment to sustainability is fundamental to the Bank's wider objectives to deliver long-term profitable growth to its shareholders.

The Bank will address sustainability challenges through the adoption of innovative models to ensure that its efforts are focused on issues that are globally significant and regionally relevant, and which can be addressed locally. The Bank is focused and committed to the success of Abu Dhabi and the UAE as a whole, and will ensure that its sustainability strategy and objectives are aligned with the Abu Dhabi Economic Vision 2030 and the UAE's policies and commitments towards green growth and sustainability.

Undertaking business in a responsible way is an important focus and the Bank's Sustainability Policy sets out broad principles for taking a precautionary and responsible approach to operations and business. This policy will be reviewed and updated in line with the sustainability strategy that will be developed for the Bank.

Within its own operations and facilities, the Bank continues to monitor and measure its environmental impacts and continuously seeks ways to minimise electricity and water usage, fuel use and greenhouse gas emissions. In the coming years, the Bank plans to conduct annual climate and carbon reporting as the next step in quantifying and strengthening its sustainability performance.

The Bank was the first UAE bank to become a signatory to the "Equator Principles Association" and in so doing, confirmed its commitment to comply with an internationally-recognised social and environmental risk assessment framework. Through adoption of the "Equator Principles", the Bank will align its business practices with a voluntary set of guidelines based on International Finance Corporation standards on social and environmental sustainability, and on the World Bank Group's Environmental, Health and Safety general and industry-specific guidelines.

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.

The Group

The following tables set out certain consolidated interim statement of financial position and consolidated interim statement of profit or loss financial information of the Group as at and for the nine months ended 30 September 2017, as extracted from the Interim Financial Statements.

Consolidated interim statement of financial position

	As at 30 September 2017
	<i>(AED millions)</i>
Assets	
Cash and balances with central banks	116,402.9
Investments at fair value through profit or loss	19,669.5
Due from banks and financial institutions	835.9
Reverse repurchase agreements	25,371.8
Derivative financial instruments	11,047.5
Loans and advances	328,280.3
Non-trading investments	85,325.9
Other assets	15,924.4
Investment properties	6,659.1
Property and equipment	4,546.0
Intangibles	15,055.4
Total assets	644,118.6
Liabilities	
Due to banks and financial institutions	31,558.3
Repurchase agreements	34,419.6
Commercial paper	21,426.4
Derivative financial instruments	15,128.2
Customer accounts and other deposits	378,869.8
Term borrowings	44,188.7
Other liabilities	18,566.8
Subordinated notes	400.9
Total liabilities	544,558.6
Equity	
Share capital	10,897.5
Share premium	53,024.9
Treasury shares	(42.7)
Statutory and special reserves	5,254.5
Other reserves	1,030.9
Tier I capital notes	10,754.8
Share option scheme	249.1
Convertible notes – equity component	108.3
Retained earnings	17,808.5
Total equity attributable to shareholders of the Group	99,085.8
Non-controlling interest	474.3
Total equity	99,560.1
Total liabilities and equity	644,118.6

Consolidated interim statement of profit or loss

	As at 30 September 2017
	<i>(AED millions)</i>
Interest income	11,390.1
Interest expense	(3,482.9)
Net interest income	7,907.2

As at 30 September 2017	
<i>(AED millions)</i>	
Fee and commission income	2,735.7
Fee and commission expense	(770.3)
Net fee and commission income	1,965.4
Net foreign exchange gain.....	836.9
Net gain on investment and derivatives.....	438.9
Other operating income	183.3
Operating income	11,331.8
General, administration and other operating expenses	(3,285.1)
Profit before net impairment charge and taxation	8,046.7
Net impairment charge	(1,524.4)
Profit before taxation	6,522.2
Overseas income tax expense	(187.4)
Net profit for the period	6,334.8

First Gulf Bank P.J.S.C.

The following tables set out certain consolidated balance sheet and consolidated income statement financial information of FGB as at and for the financial years ended 31 December 2015 and 2016, as extracted from the FGB Financial Statements.

Consolidated balance sheet

	As at 31 December	
	2015	2016
<i>(AED millions)</i>		
Assets		
Cash and balances with central banks	21,075.9	24,778.0
Due from banks and financial institutions	15,096.8	17,415.7
Loans and advances, net	149,766.1	156,748.3
Investments.....	22,692.1	29,273.0
Investments in associates.....	39.5	40.0
Investment properties	8,242.2	6,422.5
Other assets	9,098.0	8,902.5
Property and equipment.....	1,485.7	1,528.3
Total assets	227,496.4	245,108.3
Liabilities		
Due to banks.....	17,883.1	22,163.8
Customers' deposits	142,462.6	149,233.9
Euro commercial paper.....	2,834.8	10,016.9
Term loans.....	15,857.5	16,666.3
Sukuk financing instruments	4,224.0	1,836.5
Other liabilities	7,390.4	7,533.9
Total liabilities	191,192.3	207,451.3
Equity		
Share capital	4,500.0	4,500.0
Capital notes	4,000.0	4,000.0
Legal reserve	8,780.1	8,780.1
Special reserve.....	2,250.0	2,250.0
General reserve	120.0	120.0
Revaluation reserve	280.6	280.6

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Proposed cash dividends	4,500.0	4,500.0
Retained earnings	11,132.0	12,469.0
Cumulative changes in fair values	410.6	412.8
Foreign currency translation reserve	(69.8)	(88.3)
Non-controlling interests	400.4	432.8
Total equity	36,304.1	37,657.0
Total equity and liabilities	227,496.4	245,108.3

Consolidated income statement

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Interest income and income from Islamic financing	8,289.8	8,545.7
Interest expense and Islamic financing expense	(1,860.3)	(2,159.8)
Net interest income and income from Islamic financing	6,429.5	6,385.9
Fees and commission income, net	1,700.4	1,848.7
Other operating income	1,302.2	1,347.3
Share of profit of associates	1.6	0.5
Operating income	9,433.7	9,582.4
General and administrative expenses	(1,947.4)	(1,997.7)
Profit from operations before impaired assets charge	7,486.3	7,584.7
Provision for impairment of loans and advances	(1,407.2)	(1,452.2)
Impairment of available for sale investments	(46.6)	(20.9)
Profit for the year before taxation	6,032.5	6,111.6
Income taxes	(13.3)	(41.8)
Profit for the year	6,019.2	6,069.8
Profit attributable to:		
Equity holders of the Bank	6,006.1	6,026.2
Non-controlling interests	13.1	43.6
	6,019.2	6,069.8

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

The following tables set out certain consolidated statement of financial position and consolidated statement of profit or loss financial information of NBAD as at and for the financial years ended 31 December 2015 and 2016, as extracted from the NBAD Financial Statements.

Consolidated statement of financial position

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Assets		
Cash and balances with central banks	76,382.1	98,664.6
Investments at fair value through profit or loss	12,291.1	14,525.5
Due from banks and financial institutions	10,891.8	8,523.1
Reverse repurchase agreements	13,330.2	9,566.6
Derivative financial instruments	10,574.1	12,019.4
Loans and advances, net	205,913.6	200,531.8

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Non-trading investments	63,794.2	64,441.9
Other assets	10,550.5	9,546.0
Investment properties	190.5	45.6
Property and equipment.....	2,645.8	2,849.0
Total assets	406,563.8	420,713.5
Liabilities		
Due to banks and financial institutions.....	39,502.5	40,963.7
Repurchase agreements	30,550.7	17,222.1
Commercial paper	8,720.6	7,372.9
Derivative financial instruments.....	12,852.4	13,380.8
Customer accounts and other deposits.....	233,814.6	253,382.5
Term borrowings	21,046.7	28,915.7
Other liabilities	15,582.5	12,614.3
Subordinated notes	1,275.3	356.0
Total liabilities	363,345.2	374,208.0
Equity		
Share capital	5,209.7	5,254.5
Share premium	265.2	307.9
Treasury shares.....	(11.1)	(48.7)
Statutory and special reserves	5,209.7	5,254.5
Other reserves.....	18,628.2	21,197.0
Tier I capital notes.....	6,754.8	6,754.8
Share option scheme.....	190.2	228.3
Convertible notes – equity component	108.3	108.3
Retained earnings	6,863.6	7,449.0
Total equity	43,218.7	46,505.5
Total equity and liabilities	406,563.8	420,713.5

Consolidated statement of profit or loss

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Interest income	8,965.1	9,657.0
Interest expense	(2,021.0)	(2,837.6)
Net interest income	6,944.1	6,820.3
Income from Islamic financing contracts	385.6	509.5
Depositors' share of profits.....	(22.6)	(25.0)
Net income from Islamic financing contracts	363.0	484.5
Net interest and Islamic financing income	7,307.1	7,304.8
Fee and commission income	2,994.5	3,205.3
Fee and commission expense	(888.3)	(1,027.2)
Net fee and commission income	2,106.2	2,178.1
Net foreign exchange gain	817.6	961.3
Net gain on investment and derivatives.....	254.2	327.8
Other operating income	70.8	36.2
Operating income	10,555.9	10,808.2
General, administration and other operating expenses	(4,082.9)	(4,012.8)

	As at 31 December	
	2015	2016
	<i>(AED millions)</i>	
Profit before net impairment charge and taxation	6,472.9	6,795.4
Net impairment charge	(943.0)	(1,190.7)
Profit before taxation	5,530.0	5,604.7
Overseas income tax expense	(298.1)	(308.7)
Net profit for the year	5,231.8	5,296.0

Related Party Transactions

Certain related parties (principally the major shareholders, associated companies, directors and executive management of the Bank 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 interest and commission rates 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. All loans and advances to related parties are performing advances and are free of any provision for impaired loans and advances.

As at 30 September 2017, the Group had financial liabilities to related parties totalling AED 10.0 billion and financial assets to related parties totalling AED 15.6 billion. The Group also had contingent liabilities with related parties in the amount of AED 14.0 billion as at 30 September 2017. See Note 28 (*Related parties*) to the Interim Financial Statements.

RISK MANAGEMENT

Overview

In common with other financial institutions, the Group faces a range of risks in its business and operations including: (i) credit risk; (ii) market risk (including interest rate risk in the trading book, currency risk, equity risk in the trading book); (iii) liquidity risk; (iv) interest rate risk in the banking book; (v) operational risk (including risk of fraud); and (vi) legal and compliance risk.

Efficient and timely management of the risks involved in the Group's activities is critical to its financial soundness and profitability. Risk management involves identifying, measuring, monitoring, controlling and reporting these risks on a regular basis. The objective of risk management is to protect the Group's capital and achieve a return on capital that is commensurate with the risks assumed.

Risk management structure

The overall responsibility for risk management lies with the Board. The principal role of the Board is to oversee implementation of the Group's strategic initiatives and its functioning within the agreed framework in accordance with relevant statutory and regulatory guidelines. Several Board level committees and management level committees form part of the overall risk management structure within the Group. The Board level committees include: (i) the Board Management Committee, which is responsible for overseeing the Group's overall business strategy and ensuring that business policies and practices are in line with the overall strategy and in alignment with sound corporate governance and related regulatory requirements and guidelines; (ii) the Board Risk and Compliance Committee, which is responsible for maintaining oversight over current and potential risk exposures across the Group and direction on risk strategy, frameworks, risk appetite, tolerance and culture; (iii) the Board Audit Committee, which has overall responsibility for assessing the internal audit findings, directing the implementation of audit recommendations and overseeing the internal audit activities being undertaken; and (iv) the Board Remuneration and Nomination Committee, which is responsible for overseeing the appointment of the Board and executive management and ensuring that they discharge their responsibilities in the interests of the shareholders and the Group as well as overseeing the overall compensation and reward mechanism of the Group.

The management level committees include: (i) the Group Executive Management Committee, which has overall management responsibility for the Group; (ii) the Group Asset and Liability Committee, which has principal responsibility for the Group's asset and liability management process; (iii) the Group CIB Credit Committee, which is responsible for approval and decisions on the CIB funded and non-funded credit limits / exposures; (iv) the Group PBG Credit Committee, which is responsible for approval and decisions on the PBG funded and non-funded credit limits / exposures; (v) the Group Risk and Compliance Committee, which has primary responsibility for maintaining oversight of Group-wide risk strategy and exposures to enable integrated and effective risk management; (vi) the Group Islamic Banking Committee which has responsibility for overseeing and directing the Group's Islamic banking businesses through the Group's Islamic banking window which operates under the "FAB Siraj" brand and its subsidiary companies ADNIF and Aseel; (vii) the Group International Banking Committee, which assists the Group Executive Management Committee in defining, developing and monitoring the holistic strategy for the management and development of the Group's international business through evaluation of the Group's international jurisdictions, including the need to meet the requirements of local laws and regulations; (viii) the Group Human Resources Steering Committee, which is responsible for implementation of human resource policies applicable to Group employees; (ix) the Group Operations and Technology Steering Committee, which is responsible for implementation of IT related goals of the Group; (x) the Group Real Estate Committee, which is responsible for overseeing the Group's strategy for its real estate business; and (xi) the Group Integration Steering Committee, which is responsible for managing the post-Merger integration process. The Group's Chief Risk Officer ("**GCRO**") is responsible for risk management for the Group's centralised risk management function.

The Group has also established an independent risk management unit, responsible for continuous monitoring identification, measurement, control, mitigation and reporting of risks arising out of the Group's activities. The risk management unit also monitors compliance with regulatory policies and procedures (including the Group's anti-money laundering procedures). The GCRO is responsible for day-to-day risk management for the Group. The risk management unit has separate sub-units responsible for

management of enterprise risk, credit risk, market and liquidity risk, operational and fraud risk, legal and compliance risk and information security risk. Each of these sub-units reports to the GCRO.

The Group's treasury, under the strategic direction of the Group Asset and Liability Committee, is responsible for managing the Group's assets and liabilities and its overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group. Risk management processes throughout the Group are audited on an annual basis by internal auditors who examine both the adequacy of the processes and compliance with regulatory requirements. The results of each internal audit are reported directly to the Board Audit Committee.

Risk monitoring, measurement, control and reporting

The Group has established the Enterprise Risk Management Policy ("**ERMP**") framework to support the Group's risk management objectives.

The aim of the Group's ERMP framework is to support the Group in being a world class organisation, maximising its risk adjusted returns for all stakeholders by establishing a risk management framework across the Group. The core objective of ERMP is to provide a reasonable degree of assurance to the Board that the risks threatening the Group's achievement of its core purpose are being identified, measured, monitored and controlled through an effective integrated risk management system. The ERMP framework consists of specific policy documents covering all material risks across the Group that include enterprise risk management policy, CIB credit policy, PBG credit policy, market risk master policy, operational risk policy, Group liquidity policy, Group interest rate risk policy, AML and compliance risk policy, information security risk policy, internal capital adequacy assessment process policy, new products approval policy and model governance policy. Other relevant risks such as reputation risk and strategic risk are covered under the ERMP.

As a part of the ERMP framework, the Group has established a formal risk appetite structure in the form of a top-down approach that incorporates requirements of various stakeholders, including shareholders, holders of its debt securities and regulators through a dialogue process between risk taking functions after a careful consideration of the risk-return trade-off.

Risk monitoring and control is primarily based on limits established by the Group's executive management. These limits reflect the Group's business strategy and the market environment in which it operates as well as the risk appetite of the Group. Information from all parts of the Group is collected, examined and processed in order to identify, analyse and control risks. This information is presented to the Board Risk and Compliance Committee and the Group Risk and Compliance Committee on a quarterly basis and the head of each business division on a monthly basis. The information covers credit, market, liquidity and operational risks and is designed to enable the Board and executive management to receive all necessary information so as to independently assess the possible impact of these risks on the Group's businesses. The Group uses a range of measures to mitigate and control risks including the use of credit risk mitigation techniques (collaterals, guarantees, netting, etc.) to reduce exposure to credit risk and the use of derivative instruments to hedge exposure to certain interest and currency exchange rate risks. The Group is working on diversifying its lending activities in order to minimise risk concentrations across specific customer groups, industries or businesses and is considering securitisation and other structured solutions as a way of mitigating credit risk. The risk profile of all major transactions is assessed and authorised by appropriate management representatives before the transactions are concluded and the effectiveness of all risk mitigation measures is closely monitored by the risk management unit.

Credit risk

Credit risk is the risk of a customer failing to meet its obligations in accordance with the agreed terms and, as a result, causing the Group to incur a financial loss. The Group is exposed to credit risk through its lending, trading, hedging and investing activities as well as through activities in which it acts as an intermediary on behalf of customers/other third parties or issues guarantees. The Group is also exposed to credit concentration risk. Various forms of credit risk concentrations can be distinguished in this context including large exposures to individual clients or groups of connected clients, large exposures to clients of poor credit quality, large exposures to clients in certain countries and large exposures to clients belonging to specific industries, amongst others. Indirect credit risk concentrations can also arise as a result of certain credit risk mitigation techniques.

The Group's primary exposure to credit risk arises through its loans and advances to customers, as well as through its interbank lending operations. The amount of credit exposure in this regard is a function of assets being carried on the consolidated balance sheet. In addition, the Group is exposed to off balance sheet credit risk through the contingent liabilities it assumes. The Group is also exposed to credit risk on various other financial assets, including derivative instruments and debt investments.

The Group has established an independent credit risk team within the risk management unit to track the magnitude of credit risk. The middle office reports this risk to executive management on a regular basis.

The table below sets out the Group's maximum exposure to credit risk for the different components of the balance sheet, including derivatives as at 30 September 2017. This exposure does not take into account netting and collateral agreements that serve as credit risk mitigants. Where financial instruments are recorded at fair value, the amounts shown in the table represent the then current credit risk exposure but not the maximum credit risk exposure that could arise in the future as a result of changes in values.

	As at 30 September 2017
	(AED millions)
Cash and balances with central banks	114,729
Due from banks and financial institutions	15,836
Loans and advances, net	328,280
Investments – debt securities	83,136
Other assets	15,924
Total funded credit risk exposure	557,905

The Group controls credit risk by monitoring credit limits and exposures, limiting transactions with specific counterparties, continually assessing the creditworthiness of counterparties, diversification of lending activities, compliance with internal lending limits to avoid undue concentrations of risks and by obtaining security as appropriate.

The Group's credit policy is reviewed and approved by the Board on an ongoing basis. The Group's credit policy allows for a certain degree of flexibility if circumstances warrant deviations from standard practice. All such exceptions are clearly documented and ratified by the Board.

The Group's credit risk limits are set in line with its credit criteria and reviewed on an annual basis. Credit exposure to individual customers or groups of customers is controlled through a tiered hierarchy of delegated approval authorities and is based on several factors including, but not limited to, country risk rating, industry risk rating, counterparty risk rating and assessment of facility risk.

Significant counterparty credit exposures, industry exposures and sector exposures are reviewed by executive management on a regular basis.

The table below sets out the Group's concentration of its gross loans and advances portfolio by counterparty and industry sector, in each case as at 30 September 2017.

	As at 30 September 2017
	(AED millions)
Counterparty	
Government sector	4,518
Public sector	58,578
Banking sector	23,300
Corporate / private sector	183,868
Personal / retail sector	70,994
Gross loans and advances	341,258
	As at 30 September 2017
	(AED millions)
Industry	
Agriculture	289
Energy	17,383

	As at 30 September 2017
	<i>(AED millions)</i>
Industry	
Manufacturing	20,348
Construction	13,652
Real estate	82,524
Trading	22,958
Transport and communication	27,191
Banks.....	23,300
Other financial institutions	28,222
Services	29,878
Government.....	4,518
Personal – loans and credit cards	70,994
Gross loans and advances	341,258

The table below sets out the Group's credit concentration in respect of its non-trading debt securities portfolio by counterparty and by external credit ratings, in each case as at 30 September 2017.

	As at 30 September 2017
	<i>(AED millions)</i>
Counterparty type	
Government.....	34,497
Supranational.....	3,392
Public sector	23,881
Banking sector	15,492
Corporate / private sector	8,064
Total debt securities	85,326

	As at 30 September 2017
	<i>(AED millions)</i>
External credit rating	
AAA	13,562
AA to A	52,319
BBB to B	14,963
CCC and Below	70
Unrated.....	4,412
Total debt securities	85,326

The Group operates a system of approval limits for its corporate lending, which is reviewed on a regular basis.

In line with the Group's credit policy, various types of credit risk mitigants – such as collaterals, guarantees, netting agreements and credit derivatives – are being used to mitigate risks. The mitigants are usually in the form of cash collateral or securities, legal charges over customer's assets, third party guarantees or assignments over receivables. As per the Group's internal policies, all of the mitigants are valued and monitored at regular intervals. Responsibility for day-to-day management of existing credit exposure is delegated to credit officers who comply with the regular credit review requirements set out in the Group's credit manual. Credits are assessed using an internal credit risk evaluation system based on detailed qualitative and quantitative criteria.

In assessing its credit exposure, the Group's corporate customers are classified into 11 rating categories ranging from 1 (highest rating) to 11 (default rating). For regulatory reporting purposes, the Group reports its loans to the UAE Central Bank on a five grade scale where 1 is performing, 2 is watch list, 3 is sub-standard, 4 is doubtful and 5 is loss. In accordance with Circular 28/2010 issued by the UAE Central Bank on 11 November 2010, Grades 1 and 2 are considered as performing whereas Grades 3, 4 and 5 are considered as non-performing.

The tables below set out the Group's categorisation by credit quality of the following asset classes as at 30 September 2017.

As at 30 September 2017				
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	<i>(AED millions)</i>			
Cash and balances with Central Banks	114,729	–	–	114,729
Due from banks and financial institutions	15,836	–	–	15,836
Loans and advances, gross	319,977	9,224	12,057	341,258
Other assets	15,924	–	–	15,924
Non-trading investments	83,136	–	–	83,136
Gross exposure	549,602	9,224	12,057	570,883
Interest suspended				(1,824)
Provision held				(11,153)
Funded credit risk exposure				557,905

Loans and advances categorised under the "past due but not impaired" grade are accounts where either contractual principal or interest cash flows are past due but the underlying assets are not impaired. When these accounts exhibit some weakness in the borrower's financial condition and creditworthiness, requiring more than normal attention, such weakness is specifically monitored to ensure that the quality of the asset does not deteriorate. On this class of asset, the Group believes that assigning a specific impairment is not appropriate. "Individually impaired" assets are those where payment of principal is in arrears beyond 90 days or there is the possibility that the Group will be unable to recover some or all of the full amount. Such assets are considered as Non-Performing Assets ("NPAs").

The tables below set out an analysis of the Group's past due but not impaired loans by age as at 30 September 2017.

As at 30 September 2017					
	<30 days	31 to 60 days	61 to 90 days	>91 days	Total
	<i>(AED millions)</i>				
Past due but not impaired loans and advances	1,746	2,125	1,378	3,976	9,224

The classification of consumer loans into individually impaired and non-performing (either 'substandard', 'doubtful' or 'loss') and related specific provisioning is calculated based on pre-determined delinquency (or 'days past due') buckets. For corporate loans, classifications are assigned and specific impairment provisioning is determined in accordance with the regulations of the UAE Central Bank and with IAS 39 and reflect the shortfall in net present value of future cash flows.

In addition to assigning specific impairment charges, the Group also assesses and, where necessary, books a collective impairment allowance. The Group applies IFRS principles and UAE Central Bank guidelines in relation to incurred but not identified losses for groups of homogeneous assets. The similar risk characteristics of these assets are indicative of the borrower's ability to pay amounts due according to the contractual terms on the basis of the credit risk evaluation or grading process. This risk evaluation considers asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Further, the Group will also be adhering to IFRS 9 with effect from 1 January 2018. The IASB issued IFRS 9 in July 2014 as a replacement of IAS 39: Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition, measurement, impairment, de-recognition and general hedge accounting. The mandatory effective date is for the annual period beginning on or after 1 January 2018. All banks and financial institutions in the UAE are required by the UAE Central Bank to adhere to IFRS 9 standards when preparing financial statements with effect from 1 January 2018. See "Risk Factors – A substantial increase in new impairment allowances or losses greater than the level of previously recorded impairment allowances for doubtful loans and advances to customers would adversely affect the Bank's results of operations and financial condition" for further information on IFRS 9.

The Group ceases to accrue income on any loan wherein a reasonable doubt, with respect to collection of unpaid interest or fees, exists or where a loan is classified as an NPA. As at 30 September 2017, loans and advances on which interest is not being accrued or is suspended amounted to AED 10,233 million (equal to 3.0 per cent. of total gross loans as at 30 September 2017).

As at 30 September 2017, provision for impaired loans and advances amounted to AED 11,153 million representing 109.0 per cent. of all NPLs. The ratio of NPLs to total gross loans was 3.0 per cent. as at 30 September 2017.

It is the Group's policy to write off impaired assets only after all reasonable restructuring and collection efforts have been undertaken and where the possibility of any further recovery is considered remote. For the nine month period ended 30 September 2017, the Group wrote off AED 2,250 million.

Counterparty Credit Risk for Derivative Transactions

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Group. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it would cost to replace transactions at prevailing market rates if a counterparty defaults. Derivatives are used by the Group to help manage its balance sheet risks in an efficient manner and are also offered to the Group's clients with back-to-back transactions executed with other financial institutions. The majority of the Group's derivative contracts are entered into with other financial institutions with investment grade credit ratings from the main credit rating agencies.

Market risk

Market risk is defined as the risk of losses in the Group's on or off balance sheet positions arising from movements in interest rates, credit spreads, foreign exchange rates and the prices of its debt, equity and commodity investments.

The Group has established independent market risk functions comprising the following:

- *market risk oversight*: which has responsibility for tracking the magnitude of market risk on a daily basis and acting as the single point of contact to address any issues identified with the trading and investments team;
- *market risk analytics*: which has responsibility for establishing and maintaining a risk / pricing model, market data validation and the development of quantitative techniques for risk management; and
- *risk control and middle office*: which has responsibility for collateral management and risk reporting to executive management on a daily basis.

The Group has established policies and guidelines for managing trading activities and investments that are subject to market risk. These policies and guidelines are reviewed and approved by the Group Risk and Compliance Committee and further ratified by Board level committees on an annual basis. These guidelines stipulate inter-alia the risk appetite for market risk through a comprehensive limit structure covering exposure, sensitivities, concentration and Value-at-Risk and lay down the investment criteria for each asset class.

Positions in the Group's trading and investment book portfolio are created subject to compliance with the trading, investment and market risk policies and guidelines.

The Group's market risk unit also carries out regular scenario analysis and stress testing exercises to ascertain the level of risk in the event of unforeseen movements in the Group's key risk factors.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or re-price in a given period. The Group manages this risk through hedging and by reviewing the re-pricing of assets and

liabilities through risk management strategies. The asset and liability management risk team monitors the gaps and reports both interest rate risk and liquidity risk to the Group Asset and Liability Committee on a monthly basis. The Group's sensitivity to interest rate changes is reduced by the fact that a very significant part of its loans and advances can be re-priced on either a monthly or quarterly basis.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's functional currency is the UAE dirham. As the UAE dirham has been pegged to the U.S. dollar since 1980, positions in U.S. dollars have not generally been considered as a significant currency risk, although this assessment has been re-evaluated in recent years given increased market speculation concerning the possible abolition of the currency peg in a number of GCC countries in response to the volatile oil price environment. The Group's foreign exchange positions are monitored on a daily basis to ensure that they are maintained within established limits set by the Group Risk and Compliance Committee. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group invests in international equities and hedge funds and also acts as a broker for trading in local and international equities. The Group manages its equity price risk through limits for each product and limits by country, currency, sector and dealer where appropriate in order to ensure diversification of its equity investments in terms of both geographical distribution and industry concentration. All outstanding own-account open positions are monitored daily and appropriate limits are in place.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or deterioration in the Group's credit quality which may adversely impact certain sources of funding. Liquidity risk management seeks to ensure that, even under adverse conditions, the Group has access to the funds necessary to cover customer needs, maturing liabilities and the capital requirements of its operations. In accordance with Basel III guidelines, the Group monitors its LCR and maintains a portfolio of HQLAs. As at 30 September 2017, the Group held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent.

Liquidity risk arises in the general funding of the Group's financing, trading and investment activities and in the management of liquidity positions. This risk involves the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner on reasonable terms and the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strain.

The Group seeks to maintain liquid assets at prudent levels to ensure that cash can be made available quickly to honour its obligations, even under adverse conditions. To further address liquidity risk, the Group's management has established liquidity monitoring procedures and is diversifying the Group's funding sources in terms of origin and tenor. In addition, the Group maintains a statutory deposit with the UAE Central Bank and has a range of credit lines from banks and financial institutions.

The following table sets out the percentage of liquid assets (cash and due from the UAE Central Bank and financial institutions) compared to total assets as at 30 September 2017.

	As at 30 September 2017
	<i>(per cent.)</i>
Liquid assets	24.5
Loans and advances	50.9
Investments.....	17.3
Other assets	7.2
Total assets	100

The day-to-day management of liquidity within the framework of the Group's liquidity risk policy is the responsibility of the asset and liability management desk with global markets which is overseen in this regard by the Group Asset and Liability Committee. The Group uses a maturity ladder (time bucket) approach for managing its liquidity.

The Group's liabilities, in particular its customer deposits, are principally short-term in nature whereas its assets, in particular its loans and advances, are generally of a longer term. The Group believes that this apparent maturity gap is mitigated by the fact that a large part of its customer deposits, although contractually of a short-term nature, as is customary practice in the UAE, historically have been maintained for longer periods. The Group believes that this reflects the strength of its relationship with its principal depositors. Other mitigants include the Group's liquid asset balances, including a part of its investment portfolio and the fact that a number of its loans repay on an instalment basis. Notwithstanding these mitigants, there remains a risk that the Group could be exposed to liquidity risks should there be a significant downturn in market conditions allied with a significant removal of deposits from the Group.

With respect to liquidity risk related ratios, the UAE Central Bank made it mandatory for all UAE based banks to comply with the Eligible Liquid Assets Ratio ("**ELAR**") and Advances to Stable Resources Ratios ("**ASRR**") as of 1 January 2016, while giving an option for banks to apply for compliance with the Basel III LCR and Net Stable Funding Ratio ("**NSFR**") in accordance with the timelines set by the Bank for International Settlements ("**BIS**"). All the aforementioned liquidity ratios are monitored and reviewed by the Group Asset and Liability Committee.

Derivatives

In the ordinary course of its business, the Group enters into a range of transactions that involve derivative instruments. In these transactions, the Group assists its customers and counterparties (typically other financial institutions) in altering their risk profile in a particular area by structuring transactions to meet the particular needs of the customer or counterparty. The positions accumulated from such activity are typically passed on to others in the market but may also be managed as open positions with a view to a limited profit. The Group manages the risks involved in this activity through appropriate limits and stop loss parameters established and monitored by the risk management division.

The Group also enters into derivative transactions to hedge its currency, interest rate and cash flow risks as part of its asset and liability management activities. This hedging may be in respect of specific financial instruments, forecasted transactions or strategic hedging against overall balance sheet exposures.

The total derivatives book by notional value as at 30 September 2017 was AED 1,676 billion (with a net negative mark-to market of AED 4.0 billion).

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events, including fraud. The Group has set up an independent operational risk team within the risk management unit for development and automation of an operational risk framework, for monitoring of operational losses on a regular basis and for necessary reporting to executive management. The Group has a dedicated team for the purposes of investigating suspected incidents of fraud.

Detailed operational manuals, internal control mechanisms (including segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes), periodic reviews and internal and external audits are tools employed for sound assessment, monitoring and management of operational risk in the Group's business. The Group is in the process of automating the process related to operational risk management through system implementation. The Group has in place an enterprise fraud risk monitoring system to monitor suspicious transactions.

Legal risk

Legal risk is the risk of losses due to legal or regulatory action that invalidates or otherwise precludes performance by the Group or any of its counterparties under the terms of its contractual agreements. The Group 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.

The Group is compliant with FATCA. In line with the inter-governmental agreement finalised by the UAE federal government with the United States government, the Group has completed its FATCA registration and obtained its Global Institution Identification Number for the Bank and all of its subsidiaries and international branches.

MANAGEMENT

Board of Directors

The Group operates under the direction of the Board, which is the principal decision-making forum with overall responsibility for the Group's strategy and for monitoring the performance of the Group's businesses and executive management. As at the date of this Base Prospectus, the Board comprises nine non-executive members. Each member of the Board is elected at a shareholders' general assembly meeting for a period of three years. All elected directors seeking to serve an additional term are required to seek re-election by the shareholders every three years.

The primary mandate of the Board is to align the Group's strategic objectives, risk appetite and overall corporate governance framework with the best interests of the Group and thereby maximise value for shareholders. This mandate is coupled with responsibility for monitoring and maintaining the Group's financial and economic stability and safeguarding the rights and benefits of all of the Group's stakeholders. Decisions of the Board are, with limited exceptions, made by majority votes of those present (in person or by proxy) at the meeting. The Board and the Group's executive management have delegated certain powers to committees, as described below.

The roles of the Chairman of the Board and the Group's Chief Executive Officer ("GCEO") are separate and independent of one another and there is a clear segregation of their respective duties and responsibilities. The Chairman's main responsibility is to lead the Board and ensure the effective engagement and contribution of all directors, so that the Board may fully discharge its legal and regulatory responsibilities.

The Board appoints the GCEO and specifies his powers and authority. The day-to-day management of the Group's business has been delegated by the Board to the GCEO, who is assisted by the other members of executive management. The GCEO, assisted by the other members of executive management, is responsible for controlling and monitoring the Group's business on a day-to-day basis, recommending strategy to the Board, leading executive management and implementing the Board's strategic and operational decisions.

Any candidate for appointment as a director must be considered and approved by the Board's Remuneration and Nomination Committee, the UAE Central Bank and the Group's shareholders at its General Assembly.

The table below shows the names of the members of the Board as at the date of this Base Prospectus.

<i>Name</i>	<i>Position</i>
H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	Chairman
H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi	Vice-Chairman
H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan	Board Member
H.E. Khaldoon Khalifa Al Mubarak	Board Member
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri	Board Member
H.E. Mohammed Thani Murshed Ghanem Al Rumaithi	Board Member
H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi	Board Member
H.E. Jassim Mohammed Al Siddiqi	Board Member
H.E. Mohammed Saif Al Suwaidi	Board Member

Detailed below is brief biographical information about each member of the Board as at the date of this Base Prospectus.

H.H. Sheikh Tahnoon Bin Zayed Al Nahyan – Chairman

H.H. Sheikh Tahnoon Bin Zayed Al Nahyan is the chairman of the Group and the former Chairman of FGB. He also serves as an advisor to the National Security of the United Arab Emirates and chairman of Royal Group.

H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi – Vice-Chairman

H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi is the Vice-Chairman of the Group and the former chairman of NBAD. Over the last 25 years, he has held positions across various economic and financial Government bodies in the UAE, including the Executive Council, the Abu Dhabi Investment Authority (ADIA) and the Abu Dhabi National Oil Company (ADNOC). He holds a degree in economics from the California State Polytechnic University, USA.

H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan – Board Member

H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan is a non-executive director of the Board and a former NBAD board member. He is also the chairman of the Abu Dhabi National Insurance Company which is a leading and prominent insurance provider in the region. He also holds the role of the chairman of its risk management committee. He holds a degree in international economics and history from the American University of Paris, France.

H.E. Khaldoon Khalifa Al Mubarak – Board Member

H.E. Khaldoon Khalifa Al Mubarak is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. In 2007 he was made a Commander of the Star of the Order of the Italian Solidarity for his contribution to the international reputation of Italy and its economic relationship with the UAE. He is also co-chair of the Abu Dhabi-Singapore Joint Forum, established to strengthen economic and political ties between the Emirate of Abu Dhabi and the Republic of Singapore. He also serves as the managing director and group chief executive officer of Mubadala Investment Company with responsibility for ensuring the company's business strategy is aligned with Abu Dhabi's economic diversification efforts. He is the chairman of the Executive Affairs Authority of the Government of Abu Dhabi, which provides strategic policy advice to the chairman of the Abu Dhabi Executive Council, of which he is also a member. He is chairman of the Emirates Nuclear Energy Corporation and Emirates Global Aluminium. He has a degree in economics and finance from Tufts University, Boston, USA.

H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri – Board Member

H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri is a non-executive director of the Board, having previously served as a non-executive director on NBAD's board. He is also the Chairman of Bin Srou Engineering. He has previously served as undersecretary of the Department of Social Services and Commerce Building from 1996 until 2009. He holds a bachelor degree in civil engineering science. His external appointments include acting as a member of Abu Dhabi National Consultative Council, a board member of Emirates Telecommunications Corporation (Etisalat), vice chairman of Abu Dhabi National Hotels Company and vice chairman of Abu Dhabi Aviation.

H.E. Mohammed Thani Murshed Ghanem Al Rumaithi – Board Member

H.E. Mohammed Thani Murshed Ghanem Al Rumaithi is the head of the Commercial Arbitration Committee at the Abu Dhabi Chamber of Commerce. He is the Second Vice President of the Federation of Chambers of the GCC. He is the Chairman of the Federation of the UAE Chambers of Commerce & Industry, Chairman of the Abu Dhabi Chamber of Commerce & Industry, National Marine Dredging Co., Arabtec Holding and Thani Murshed Unilever. He is also a board member of Al Etihad Credit Bureau.

H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi – Board Member

H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi is a non-executive director of the Board, having previously served as a non-executive director on NBAD's board. He is an executive director of the Direct Investment Department at the Abu Dhabi Investment Council. Prior to this, he was the deputy director of the External Funds (Americas) Department at the Abu Dhabi Investment Authority. He holds a degree in business administration (finance) and an MSC in finance from Seattle University, USA and is a chartered financial analyst. External appointments include board member of Union National Bank, board member of Abu Dhabi National Insurance Company and board member of Barakah One.

H.E. Jassim Mohammed Al Siddiqi – Board Member

H.E. Jassim Mohammed Al Siddiqi is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. He also serves as managing director and chief executive officer of Abu Dhabi Financial Group. He is also the chairman of Shuaa Capital and Eshraq Properties PJSC and is also a director of GFH Financial Group B.S.C, the Tourism and Development Investment Company and Abu Dhabi Capital Group. He holds a bachelor of science in electrical engineering from the University of Wisconsin-Madison and earned his masters of science degree in electrical engineering from Cornell University in the United States.

H.E. Mohammed Saif Al Suwaidi – Board Member

H.E. Mohammed Saif Al Suwaidi is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. He also currently holds the following external positions: director general of the Abu Dhabi Fund for Development, the chairman of Al Ain Farms for Livestock Production, the vice chairman of the Arab Bank for Investment and Foreign Trade, a board member of the Centre of Food Security of Abu Dhabi and the vice chairman of the Arab Bank for Investment and Foreign Trade, a board member for UAE Red Crescent, Agthia, CEPESA and DP World. He holds a bachelor of science degree in business administration from California Baptist University in the United States.

The business address of each member of the Board is First Abu Dhabi Bank PJSC, FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates.

Certain members of the Board, their families and companies of which they, or members of their families, are principal owners, or of which they are employees, are customers of the Group in the ordinary course of business. The transactions with these parties are made at arm's length and on substantially the same terms, including interest rates, as those prevailing at the same time for comparable transactions with unrelated parties. See "*Selected Financial Information – Related Party Transactions*" and Note 28 (*Related parties*) to the Interim Financial Statements.

Except as disclosed in the next paragraph, no member of the Board named in the table above has any actual or potential conflict of interest between his duties to the Group and his private interests and/or other duties.

Each of the directors of the Group named in the table above has outside interests in entities other than the Group, including employment and/or directorships with third parties (as set out in their respective biographies). Given the wide scope of the Group's operations, such entities have banking and/or other commercial relationships with the Group. Some Board members also have personal banking relationships with the Group. As the directors are involved in the Group's decision-making process and have knowledge of the Group's products and services, including the commercial terms thereof, a potential conflict of interest may arise. However, the Group has established robust internal procedures to deal with any such potential conflict, including the relevant director being excluded from voting at board meetings on issues which relate to the relevant director's and/or other connected entity's dealings with the Group.

The Group is committed to managing all related party transactions and potential conflicts of interest which may arise and to meet the Group's obligations to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage related party transactions and conflicts of interest.

The Group's code of conduct covers the conduct of members of the Board. The code binds signatories to the highest standards of professionalism and due diligence in the performance of their duties. It also covers conflicts of interest, disclosure and the confidentiality of insider information. Members of the Board are bound by specific regulations relating to insider trading and are required to disclose details of their shareholdings in the Group.

The Group maintains a register for all conflict of interest cases.

Board committees

The Board has established the following four Board-level committees which are described below. The roles and authorities of each Board committee are defined and delegated by the Board and are described

in each committee's charter. Each Board committee reviews its charter on a periodic basis and submits any recommendations for amendments or updates to the Board for approval. The Board committees also submit reports to the Board's Chairman each quarter regarding their respective duties.

Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee comprises three members of the Board and the GCEO as an executive member. The Board Remuneration and Nomination Committee has overall responsibility for recommending and overseeing the appointment of members of the Board and executive management and ensuring that they discharge their responsibilities in the interests of the shareholders and the Group as a whole. The Board Remuneration and Nomination Committee also oversees (and has ultimate responsibility for approving) compensation packages (including, but not limited to, fixed and variable salaries, long term incentives and other benefits) and ensures that these are appropriate and consistent with the Group's culture, business and risk strategy, performance and control environment as well as with any legal or regulatory requirements.

As at the date of this Base Prospectus, the members of the Board Remuneration and Nomination Committee are: H.H. Sheikh Tahnoon Bin Zayed Al Nahyan – Chairman, H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi, H.E. Khaldoon Khalifa Al Mubarak and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Remuneration and Nomination Committee. Only members of the Board Remuneration and Nomination Committee and the Group's Chief People Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Remuneration and Nomination Committee is required to hold a minimum of 2 meetings' per year and provides regular reports to the Board.

Board Management Committee

The Board Management Committee comprises four members of the Board and the GCEO as an executive member. The Board Management Committee, on behalf of the Board, is responsible for approving and overseeing the execution of the Group's business plan in line with the Board approved strategy. The Board Management Committee oversees the Group's overall management and ensures that the Group's business policies and practices are in line with the Group's business interests and are in alignment with sound corporate governance and compliance standards including provisions of the UAE Central Bank.

As at the date of this Base Prospectus, the members of the Board Management Committee are: H.E. Khaldoon Khalifa Al Mubarak – Chairman, H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan, H.E. Mohammed Saif Al Suwaidi, H.E. Jassim Mohammed Al Siddiqi and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Management Committee and only members of the Board Management Committee are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Management Committee is required to hold a minimum of 4 meetings' per year and provides regular reports to the Board.

Board Risk and Compliance Committee

The Board Risk and Compliance Committee comprises three members of the Board and the GCEO as an executive member. Under authority delegated by the Board, the Board Risk and Compliance Committee plays a key role in the fulfilment of corporate governance standards and overall risk management by assisting the Board in the formulation of strategy for enterprise-wide risk management, evaluation of overall risks faced by the Group, alignment of risk policies with business strategies and ultimate determination of the level of risks which will be in the best interests of the Group through risk based capital planning. The Board Risk and Compliance Committee, by virtue of powers delegated to it by the Board, also approves changes in risk management policies as and when required.

As at the date of this Base Prospectus, the members of the Board Risk and Compliance Committee are: H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi – Chairman, H.E. Mohammed Thani Murshed Ghanem Al Rumaithi, H.E. Mohammed Saif Al Suwaidi and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Risk and Compliance Committee. Only members of the Board Risk and Compliance Committee and the Group's Chief Risk Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Risk and Compliance Committee is required to hold a minimum of 4 meetings per year and provides regular reports to the Board.

Board Audit Committee

The Board Audit Committee comprises three members of the Board and the GCEO as an executive member. This committee is principally responsible for reviewing the internal audit programme, considering the major findings of each internal audit review, making appropriate investigations and responses, ensuring co-ordination between the internal and external auditors, keeping under review the effectiveness of internal control systems, and in particular reviewing the external auditor's management letter and management's response thereto.

As at the date of this Base Prospectus, the members of the Board Audit Committee are: H.E. Jassim Mohammed Al Siddiqi – Chairman, H.E. Mohammed Thani Murshed Ghanem Al Rumaithi, H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri and the GCEO.

A quorum of at least 3 members (inclusive of the Chairman) is required to convene a meeting of the Board Audit Committee. Only members of the Board Audit Committee and the Group's Chief Audit Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Audit Committee is required to hold a minimum of 4 meetings per year and provides regular reports to the Board.

Executive management

The Group has an experienced executive management team which is responsible for day-to-day supervision and control of the Group's business, particularly with respect to ensuring functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies and operations procedures and controls are documented and communicated through policies and standard operating procedures manuals which cover all areas and activities of the Group. All significant policies are reviewed and approved by the Board.

<i>Name</i>	<i>Position</i>
Mr. Abdulhamid Saeed	Group Chief Executive Officer
Mr. André Sayegh	Deputy Group Chief Executive Officer and Group Head of CIB
Ms. Hana Al Rostamani	Group Head of PBG
Mr. Karim Karoui	Group Head of Subsidiaries, Strategy and Transformation
Mr. James Burdett	Group Chief Financial Officer
Mr. Shireesh Bhide	Group Chief Credit Officer
Mr. Arif Shaikh	Group Chief Risk Officer
Mr. P K Medappa	Group Chief People Officer
Mr. Zulfiqar Ali Sulaiman	Group Chief Operating Officer, Group Chief Integration Officer and Group Head of International Banking
Mr. Fadhel A. B. Al Ali	Group Chief Customer Experience and Digital Officer

Detailed below is brief biographical information about each member of the Group's executive management team as at the date of this Base Prospectus.

Mr. Abdulhamid Saeed – Group Chief Executive Officer

Mr. Saeed is the GCEO and was a former FGB board member and managing director of FGB. He is also the Managing Director of Al Reem Investments and a board member of Mubadala Investment Company. Mr. Saeed also serves on the board of directors of Sky News Arabia and Abu Dhabi Financial Group. He has more than 30 years' experience in the financial institution sector. Before moving to FGB in 1999, Mr. Saeed worked at Citibank in the UAE for eighteen years where he also held various key positions. Mr. Saeed graduated from the University of Arizona, USA with a bachelor's degree in business administration.

Mr. André Sayegh – Deputy Group Chief Executive Officer and Group Head of CIB

Mr. Sayegh is the Group's Deputy Chief Executive Officer and Group Head of CIB, before which he served as chief executive officer at FGB since 2006.

He has over two decades of banking and financial services experience. Prior to his nomination as FGB chief executive officer, Mr. Sayegh had served as the chief operating officer of FGB since 1999 and was responsible for corporate banking, credit, risk and legal, operations and human resources.

Before joining FGB, Mr. Sayegh also worked with leading regional financial institutions. He was with Citibank within corporate banking, consumer banking and private banking in various international locations. He also served with Arab Bank in Lebanon and with a leading investment firm in Canada.

Fluent in Arabic, English, French and Spanish, Mr. Sayegh holds a BBA in Finance and an MBA in Corporate Finance and Banking from the American University of Beirut, Lebanon. He has also completed a project at Columbia University, majoring in the evolution of financial institutions.

Ms. Hana Al Rostamani – Group Head of PBG

Ms. Al Rostamani is the Group's Head of PBG, before which she served as head of consumer banking at FGB where she was responsible for the growth of FGB's consumer banking group in the UAE.

Previously she worked with FGB in corporate strategy, corporate communications, branding, branch management, product development, consumer credit policy, card operations management and consumer behaviour metrics. She has a Masters degree in Information Management from the George Washington University, USA and has also completed a Certificate in Bank Card Management from the Visa International Association and the U.K. Chartered Institute of Bankers.

Mr. Karim Karoui – Group Head of Subsidiaries, Strategy and Transformation

Mr. Karoui is the Group's Head of Subsidiaries, Strategy and Transformation, prior to which he served as FGB's chief financial officer.

Mr. Karoui has more than 24 years of banking experience and also has extensive experience in company audit and financial management. Before joining FGB, Mr. Karoui worked with leading regional and financial institutions, including Citibank in Tunisia for over eight years. Mr. Karoui is also a board member of the following subsidiaries of the Bank: Aseel, Dubai First and First Gulf Libyan Bank. He holds a Masters Degree in Accounting from IHEC, Carthage, Tunisia.

Mr. James Burdett – Group Chief Financial Officer

Mr. Burdett is the Group's Chief Financial Officer having held the same position at NBAD since joining NBAD from ANZ on 30 April 2014. At ANZ, Mr. Burdett also served as chief financial officer for international and institutional banking. Prior to his role at ANZ, Mr. Burdett was chief financial officer at ANZ for the Asia-Pacific, Europe and Americas regions. Mr. Burdett also spent 17 years at HSBC, initially serving as chief financial officer for various regional operations positions before undertaking the role of group head of management information, planning and analysis and a member of the finance management board chaired by the HSBC group chief financial officer. In his role as Group Chief Financial Officer, Mr. Burdett has responsibility for the Group's finance and treasury functions.

Mr. Burdett has worked for a number of international banks in Hong Kong, Australia, England, Singapore, China and Indonesia. Mr. Burdett is a Chartered Accountant and studied Accounting and Finance at the Auckland Institute of Technology, New Zealand.

Mr. Shireesh Bhide – Group Chief Credit Officer

Mr. Bhide is the Group's Chief Credit Officer having previously served in the same role at FGB.

Mr. Bhide has around 25 years of international banking experience in various leadership roles across the industry. Mr. Bhide worked with Citibank in India, South Africa and Uganda for almost 20 years in various roles before leaving to join The National Commercial Bank in Jeddah, Saudi Arabia. He joined FGB as its Chief Credit Officer in March 2013 and was subsequently appointed as acting Head of FGB's Wholesale Banking and International team in May 2016.

Mr. Bhide holds an MBA from the University of Poona, India and a postgraduate diploma in accounting and finance from the London School of Economics.

Mr. Arif Shaikh – Group Chief Risk Officer

Mr. Shaikh is the Group's Chief Risk Officer, having previously served in the same role for FGB.

He has 31 years of experience in Enterprise Risk Management (ERM), Governance, Legal, Audit and Strategic Business Review functions. He has led several audit and risk assignments as Head of Audit for South Asia at Standard Chartered Bank and ANZ Grindlays Bank in India. Mr. Shaikh has worked across multiple financial institutions across the UAE, India, Hong Kong and Australia.

Mr. Shaikh is a Chartered Accountant and an Associate Member of the Institute of Chartered Accountants in India. He holds a Bachelor's Degree in Law from Government Law College, India.

Mr. P K Medappa – Group Chief People Officer

Mr. Medappa was appointed as the Group's Chief People Officer on 1 April 2017, having joined FGB in January 2017 as Group Chief People Officer designate for the merged entity.

Mr. Medappa has over 30 years of human resources experience in the banking industry including holding senior human resources positions. He has previous significant experience of leading mergers from the human resources perspective in Asia.

Prior to his appointment as the Group's Chief People Officer, he served most recently as group head of human resources with Standard Chartered Bank in Singapore. He holds a Masters degree in Personnel Management and Employee Relations.

Mr. Zulfiqar Ali Sulaiman – Group Chief Operating Officer, Group Chief Integration Officer and Group Head of International Banking

Mr. Sulaiman is the Group's Chief Operating Officer, the Group's Chief Integration Officer and Group Head of International Banking, before which he served as chief operating officer at FGB with responsibility for managing FGB's support functions including IT, operations, corporate real estate services and administration. Mr. Sulaiman has more than 35 years of banking experience in the Middle East, Africa and South Asia. Prior to joining FGB, he held a number of senior positions including chief financial officer, Country Compliance and Control Head at Citibank and Head of Citibank in Oman. He holds a Bachelors Degree in Commerce, majoring in Accounting and Finance from Karachi University, Pakistan as well as a Certificate in the Master of Business Administration Programme in Accounting and Finance from the Institute of Business Administration, Karachi, Pakistan.

Mr. Fadhel A.B. Al Ali – Group Chief Customer Experience and Digital Officer

Mr. Al Ali is the Group's Chief Customer Experience and Digital Officer. He joined the Group on 1 July 2017. Mr. Al Ali has extensive experience in corporate governance and strategic commercial roles across a range of industries, including real estate, hospitality, investment and banking. Prior to joining the Group, he was appointed as chief executive officer of Dubai Holding. He has also worked at Citibank as

Head of UAE distribution and spent nearly 15 years of his career at Citibank. He holds a Bachelors Degree in Industrial and System Engineering from the University of Southern California.

The business address of each member of the executive management is First Abu Dhabi Bank PJSC, FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates.

No member of the Group's executive management has any actual or potential conflict of interest between his duties to the Group and his private interests and/or other duties.

Executive management committees

Brief descriptions of the Group's executive management committees are set out below.

Group Executive Management Committee

The Group Executive Management Committee is the Group's most senior management level committee and it operates under a delegated authority from the Board. The Group Executive Management Committee supports the GCEO to determine and implement the Group's strategy as approved by the Board.

As at the date of this Base Prospectus, the Group Executive Management Committee has 12 voting members, with one non-voting member (the Group Chief Audit Officer who is a permanent invitee). The GCEO serves as chairman of the committee. A quorum of six members is required to convene a meeting.

The Group Executive Management Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Executive Management Committee has met six times.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee operates under a delegated authority from the Group Executive Management Committee and also assists the Board Risk and Compliance Committee. The primary objectives of the Group Risk and Compliance Committee are to define, develop and periodically monitor the Group's risk appetite along with its related methodology, parameters, targets, and tolerances taking into account the Group's strategy and business planning. In addition the committee is accountable to highlight, discuss and monitor key regulations, both local and international and as they apply to all businesses where the Group operates. The committee will report relevant matters to the Group Executive Management Committee and, as appropriate, the Board Risk and Compliance Committee, advising and informing them as required on the Group's risk appetite and framework and on key compliance and other regulatory risk matters.

As at the date of this Base Prospectus, the Group Risk and Compliance Committee has 10 voting members, with the GCRO serving as chairman of the committee. A quorum of six members is required to convene a meeting.

The Group Risk and Compliance Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Risk and Compliance Committee has met two times.

For further information on the Group's risk management processes, see "*Risk Management*".

Group Personal Banking Credit Committee

The Group Personal Banking Credit Committee operates under a delegated authority from the Group Executive Management Committee and supports the work of the Board Management Committee (and the Board Risk and Compliance Committee) in assisting with the development and implementation of credit strategy for personal banking businesses within Group.

As at the date of this Base Prospectus, the Group Personal Banking Credit Committee has six voting members, with the GCEO serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Personal Banking Credit Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Personal Banking Credit Committee has met once.

Group Asset and Liability Committee

The Group Asset and Liability Committee operates under a delegated authority from the Group Executive Management Committee and is the driving force and key decision maker behind the structure and quality of the balance sheet. The committee is directly accountable to the Board Risk and Compliance Committee for ensuring that the risks within the Group's asset and liability position are prudently managed by way of strong Group policy and procedures and an appropriate risk framework.

As at the date of this Base Prospectus, the Group Asset and Liability Committee has 10 voting members, with the GCEO serving as chairman of the committee. A quorum of six members is required to convene a meeting.

The Group Asset and Liability Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Asset and Liability Committee has met six times.

Group Corporate and Investment Banking Credit Committee

The Group Corporate and Investment Banking Credit Committee operates under a delegated authority from the Group Executive Management Committee. It assists in the development and implementation of the Group's CIB business credit strategy and policies and procedures. The principle role of the committee is to oversee the credit and lending strategies and objectives of the Group.

As at the date of this Base Prospectus, the Group Corporate and Investment Banking Credit Committee has five voting members, with the GCEO serving as chairman of the committee. A quorum of three members is required to convene a meeting.

The Group Corporate and Investment Banking Credit Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Corporate and Investment Banking Credit Committee has met six times.

Group International Banking Committee

The Group International Banking Committee operates under a delegated authority from the Group Executive Management Committee. It assists in defining, developing and monitoring the holistic strategy for the Group's international business and evaluation of the international regions in line with the Group's strategy and group-wide principles, including the need to meet the requirements of local laws and regulations.

A key objective of the committee is to set and approve the country strategies, structures, executive management, business review, systems and controls needed to drive the operations and business growth of the respective countries.

As at the date of this Base Prospectus, the Group International Banking Committee has seven voting members, with the Head of International Banking serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group International Banking Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group International Banking Committee has met twice.

Group Operations and Technology Steering Committee

The Group Operations and Technology Steering Committee operates under a delegated authority from the Group Executive Management Committee and is responsible for providing executive leadership and governance across the various operations and technology initiatives within the Group. The committee's role is to ensure that operational and technology requirements for the Group's business strategy are planned, deployed and managed in an efficient, effective and transparent manner.

As at the date of this Base Prospectus, the Group Operations and Technology Steering Committee has three voting members and 10 cross functional non-voting members, with the Group Chief Operating Officer serving as chairman of the committee. A quorum of two members is required to convene a meeting.

The Group Operations and Technology Steering Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Operations and Technology Steering Committee has met once.

Group Human Resources Steering Committee

The principal role of the Group Human Resources Steering Committee is to assist the Group Executive Management Committee and the Board Remuneration and Nomination Committee in fulfilling their respective duties with regard to implementing strategic as well as operational human resource initiatives. The committee's role is also to approve human resource initiatives and policies to ensure that the Group's requirements from an employee perspective are considered and changes, as necessary, are approved or are submitted for approval to the relevant governance body. The committee is the formal sponsor of all material human resources initiatives across the Group in line with the Group's employee value proposition.

As at the date of this Base Prospectus, the Group Human Resources Steering Committee has six members, with the GCEO serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Human Resources Steering Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Human Resources Steering Committee has met four times.

Group Real Estate Committee

The Group Real Estate Committee operates under a delegated authority from the Group Executive Management Committee and it oversees and approves the Group's real estate investment activities, in line with effective market and liquidity risk management practices and in accordance with the Group's risk policies.

As at the date of this Base Prospectus, the Group Real Estate Committee has five voting members, with the Head of Subsidiaries, Strategy and Transformation serving as chairman of the committee. A quorum of three members is required to convene a meeting.

The Group Real Estate Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Real Estate Committee has met twice.

Group Islamic Banking Committee

The Group Islamic Banking Committee is appointed by the Group Executive Management Committee to oversee and direct the Group's Islamic banking businesses which primarily comprises the Group's Islamic banking window, operated under the "FAB Siraj" brand, in addition to the Group's Islamic finance house subsidiaries ADNIF and Aseel. The committee has particular responsibility for the overall risk management, governance and growth of the Islamic banking business across the Group. The committee is tasked with providing direction in respect of developments in the Islamic banking market.

As at the date of this Base Prospectus, the Group Islamic Banking Committee has seven voting members, with the Head of Subsidiaries, Strategy and Transformation serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Islamic Banking Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Islamic Banking Committee has met once.

Group Integration Steering Committee

The Group Integration Steering Committee was established to provide direction on all matters relating to the post-Merger integration process. It is the ultimate approving authority for all post-Merger integration policies and procedures and, as such, all lower-level integration committees report to the Group Integration Steering Committee. The Group Integration Steering Committee meets fortnightly and is chaired by the GCEO.

Corporate Governance

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

OVERVIEW OF THE UNITED ARAB EMIRATES AND ABU DHABI

The UAE

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

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to OPEC data, at 31 December 2016, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the FCSA and the UAE Central Bank, crude oil and natural gas accounted for 21.3 per cent. of the UAE's GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016.

Based on IMF data (extracted from the World Economic Outlook (October 2017)), real GDP growth in the UAE increased by 4.7 per cent. in 2013, 3.1 per cent. in 2014, 3.8 per cent. in 2015 and 3.0 per cent. in 2016.

On 25 May 2017, Moody's Singapore affirmed the UAE's long-term credit rating of Aa2 (with the outlook revised upwards from 'negative' to 'stable'). The principal reason cited for this high investment grade rating is the assumption that the obligations of the UAE Federal Government will be fully supported by Abu Dhabi. The UAE is not rated by any other rating agency.

The MSCI Emerging Markets Index classifies the UAE as an "emerging market" economy (compared to the previous classification of "frontier market") with nine UAE companies (including the Dubai Financial Market and the ADX) included on the benchmark index.

Abu Dhabi

Abu Dhabi is the richest of the seven Emirates based on nominal gross domestic product ("**GDP**") (source: FCSA) and is also the largest based on population (source: FCSA and the Abu Dhabi Statistics Centre (the "**Statistics Centre**")). The city of Abu Dhabi is also the capital of the UAE.

According to Abu Dhabi National Oil Company ("**ADNOC**"), Abu Dhabi has approximately 94.0 per cent. of the UAE's total oil reserves and, according to the Statistics Centre, produced 3.0 million barrels of oil per day in the year ended 31 December 2016.

In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. According to OPEC data, at 31 December 2016, the UAE had approximately 6,091 billion standard cubic metres of natural gas reserves, representing approximately 3.0 per cent. of the world's natural gas reserves of 200,539 billion standard cubic metres.

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

	2016	2015	2014	2013	2012
Crude oil production (million b/d)	3.0	2.9	2.7	2.7	2.6
Crude oil exports (million b/d)	2.4	2.4	2.2	2.5	2.4
Crude oil exports (U.S.\$ billions)	37.8	44.9	103.7	100.5	97.9
Average selling price (U.S.\$ per barrel)	42.7	50.4	103.5	109.2	112.1

Source: Statistics Centre.

The population of the UAE, based on a census carried out in 2005 and according to the FCSEA, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. In mid-2010, the FCSEA estimated the population of the UAE to be approximately 8.2 million in 2009 and 8.3 million in 2010. In the results of the 2015 census, the population of the UAE was 9.1 million.

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

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

	2015	2005	2001	1995	1985	1980	1975
Abu Dhabi population.	N/A	1,399,484	1,170,254	942,463	566,036	451,848	211,812
Total UAE population.	9,160,000	4,106,427	N/A	2,411,041	1,379,303	1,042,099	557,887

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

Since 2005, Abu Dhabi's population has grown by 107.8 per cent. to 2,908,173 in 2016, according to mid-year estimates from the Statistics Centre.

In 2016, and based on the Statistics Centre's mid-year estimates, Abu Dhabi had a predominantly young population with 0.9 per cent. being 65 years and over and 16.6 per cent. being under the age of 15. According to the same data, between 2010 and 2016, Abu Dhabi's average annual population growth rate was 5.6 per cent. The population mix in 2016 is estimated by the Statistics Centre to have comprised 19.0 per cent. UAE nationals and 81.0 per cent. non-nationals.

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was approximately U.S.\$90,527 in 2014, which makes it one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and, according to preliminary estimates released by the Statistics Centre, was the largest single sector, contributing 27.5 per cent. of nominal GDP in 2016. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009. Increases in oil and gas production rates combined with increases in oil prices contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008 and again from 2010 to 2014. However, since July 2014, when the monthly average OPEC Reference Basket price per barrel was U.S.\$107.89, crude oil prices have fallen sharply, by approximately 75 per cent. to a monthly average price of U.S.\$26.50 in January 2016. As at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date had recovered to U.S.\$61.06 per barrel. This sharp decline in international prices for hydrocarbon products between mid-2014 and the end of 2015 was primarily responsible for the correction in the speed of growth of Abu Dhabi's nominal GDP, which grew by 7.4 per cent. in 2012 and by 4.8 per cent. in 2013, slowing to a growth rate of 2.2 per cent. during 2014. As at the date of this Base Prospectus, only preliminary estimates (published by the Statistics Centre) are available for Abu Dhabi's 2016 nominal GDP. While reflecting a slight recovery in nominal GDP growth during 2016 (at 2.8 per cent.), economic growth levels remain low when compared with the period prior to the global reduction in oil prices (when, in 2013, Abu Dhabi experienced nominal GDP growth of 4.8 per cent.), reflecting the prevailing volatility of crude oil prices. Abu Dhabi's growing non-oil sector, which in 2010 accounted for over 50.0 per cent. of Abu Dhabi's GDP, in comparison to 2008, where it accounted for just over 41.4 per cent., contributed to Abu Dhabi's increase in GDP in 2010, despite the continuing economic financial crisis. In 2015 and (according to preliminary estimates published by the Statistics Centre) 2016, the non-oil sector accounted for approximately 64.9 per cent. and 72.5 per cent., respectively, of Abu Dhabi's GDP.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historical uncertainties surrounding the calculation of inflation for the Emirate.

The table below shows Abu Dhabi's nominal GDP, its percentage growth change, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2016*	2015	2014
	<i>(AED billions, except for percentage)</i>		
Abu Dhabi nominal GDP (current price)	728.5	960.1	952.7
Percentage change in Abu Dhabi nominal GDP	2.8	3.0	2.2
UAE nominal GDP (current prices)	1,158.7	1,392.6	1,467.0
Abu Dhabi as a percentage of UAE	62.9	68.9	64.9

Sources: Statistics Centre (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP).

*Preliminary estimates

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 50.9 per cent. of nominal GDP in 2014 and, reflecting the lower oil price environment from mid-2014 onwards, 35.1 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 27.5 per cent. in 2016. According to the Statistics Centre, outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2014, 2015 and (according to preliminary estimates published by the Statistics Centre) 2016 have been: construction; financial and insurance sector; public administration and defence and compulsory social security; manufacturing; real estate; wholesale, retail trade and repair of motor vehicles and motorcycles; and transportation and storage, which together accounted for 41.4 per cent. of nominal GDP in 2014, 48.7 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 54.1 per cent. in 2016.

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

Sector	2016*			2015			2014		
	(AED millions)	(%)	(2016 compared to 2015, % change)	(AED millions)	(%)	(2015 compared to 2014, % change)	(AED millions)	(%)	(2014 compared to 2013, % change)
Agriculture, forestry and fishing	6,020	0.8	5.6	5,699	0.7	(5.4)	6,023	0.6	4.1
Mining and quarrying (includes crude oil and natural gas)	200,672	27.5	(26.5)	273,078	35.0	(44.1)	489,067	50.9	(4.3)
Manufacturing	50,587	6.9	0.5	50,324	6.5	(8.2)	54,707	5.7	12.6
Electricity, gas and water supply; waste management	32,671	4.5	9.5	29,831	3.8	21.2	24,613	2.6	10.2
Construction	91,722	12.6	3.3	88,782	11.4	(4.1)	92,596	9.6	8.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	42,917	5.9	4.6	41,038	5.3	0.1	41,006	4.3	15.1
Transportation and storage	39,951	5.5	7.8	37,065	4.8	(4.2)	38,709	4.0	11.0
Accommodation and food services	9,572	1.3	3.5	9,244	1.2	(5.9)	9,823	1.0	10.2
Information and communication	22,211	3.0	4.3	21,293	2.7	(0.8)	21,455	2.2	11.6
Financial and insurance	71,397	9.9	4.1	68,555	8.8	2.4	66,939	7.0	19.7
Real estate	44,512	6.1	8.1	41,177	5.3	(16.2)	49,138	5.1	22.3
Professional, scientific and technical	19,828	2.7	4.3	19,016	2.4	(4.6)	19,924	2.1	5.7
Administrative and support services	11,391	1.6	5.4	10,811	1.4	(2.0)	11,037	1.1	10.3
Public administration and defence; compulsory social security	52,972	7.3	1.1	52,383	6.7	1.5	51,620	5.4	7.5
Education	12,263	1.7	4.6	11,719	1.5	(7.3)	12,644	1.3	12.5
Human health and social work	12,378	1.7	6.7	11,604	1.5	(2.2)	11,864	1.2	10.2
Arts, recreation and other services	2,537	0.3	6.6	2,381	0.3	(5.2)	2,512	0.3	4.0
Activities of households as employers	4,918	0.7	9.2	4,502	0.6	11.1	4,052	0.4	4.1
Total GDP	728,518	100.0	—	778,501	100.0	—	960,146	100.0	—

Source: Statistics Centre.

*Preliminary estimates

The Government's long-term ratings were affirmed at Aa2 (with the outlook revised upwards from 'negative' to 'stable') and its short-term ratings at Prime-1 (also with a 'stable' outlook) by Moody's on 25 May 2017. The key driver of this upward revision in the outlook and the high investment grade ratings is Abu Dhabi's effective and broad policy response to the lower oil price environment through an acceleration in the reform agenda, coupled with its large fiscal buffers in the form of diversified offshore investments, which is expected to continue to support economic and fiscal resilience. On the other hand, Moody's also noted the lack of clarity around the formulation and implementation of government policies to arrest and reverse the large deficits and the deterioration in the net asset position created by lower oil prices. Moody's expects that the absence of such clarity will erode the fiscal buffers over time, exerting downward pressure on the rating.

The Government's long-term sovereign credit ratings were affirmed at AA long-term (with a stable outlook) and A-1+ short-term (with a stable outlook) by S&P on 21 July 2017. S&P commented that the

ratings are anchored by the Emirate's strong fiscal and external positions. S&P further commented that, in addition to providing fiscal policy flexibility, the exceptional strength of the Government's net asset position provides a buffer against the effect of oil price volatility on economic growth and Government revenues, as well as on the external account. On the other hand, S&P highlighted the fact that Abu Dhabi has less-developed political institutions compared to non-regional peers in the same rating category. Additionally, limited monetary policy flexibility (given the UAE dirham's peg to the U.S. dollar), gaps and delays in the provision of economic and fiscal data and the underdeveloped local currency domestic bond market also weigh on S&P ratings. Further, and on the basis of S&P assumptions that the oil price will remain low for the foreseeable future, S&P anticipates that the Government's fiscal balance will turn to a deficit in the period from 2016 to 2019. However, S&P also expects that the Government will maintain its very strong net fiscal asset position during this period.

The Government's long-term foreign and local currency issuer default ratings were affirmed at AA (with a stable outlook) and short-term foreign currency issuer default ratings at F1+ (with a stable outlook) by Fitch on 23 January 2017. Fitch commented that the Emirate's key credit strengths are its exceptionally strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, a relatively weak policy framework and weak data availability compared with peers.

Government

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan.

Departments, authorities and councils are established by Emiri Decree.

The Supreme Petroleum Council was established by Law No. (1) of 1988, and the Chairman of the Supreme Petroleum Council is H.H. Sheikh Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi and President of the UAE. In accordance with Law No. (1) of 1988, the Supreme Petroleum Council is the highest authority responsible for petroleum affairs in Abu Dhabi and formulates and oversees Abu Dhabi's policies and objectives in all sectors of the petroleum industry. The Supreme Petroleum Council has 16 board members appointed by an Emiri Decree issued in March 2016.

The Executive Council is the principal executive authority below the Ruler and the Crown Prince and currently comprises 18 members, appointed by an Emiri Decree issued in September 2017.

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

The Government owns or has material shareholdings in a number of significant companies and institutions, including ADNOC, Abu Dhabi Investment Authority ("**ADIA**"), ADIC, Etihad Airways P.J.S.C. ("**Etihad**"), General Holding Corporation ("**Senaat**"), Mubadala, International Petroleum Investment Company ("**IPIC**"), Tourism Development and Investment Company ("**TDIC**") and Mubadala Investment Company. Each of these companies and institutions are wholly-owned by the Government and one or more board members of each of these companies and institutions are represented on the Executive Council.

ADNOC: ADNOC was established in 1971 to operate in all areas of Abu Dhabi's oil and gas industry. Since 1971, ADNOC has steadily broadened its activities establishing various companies and subsidiaries to create an integrated oil and gas industry in Abu Dhabi. ADNOC manages and oversees oil production of 2.9 million barrels a day which would rank it among the top ten oil producers in the world.

ADIA: ADIA was established in 1976. The Government provides funds to ADIA on a periodic basis that are surplus to its budgetary requirements and other funding requirements. ADIA carries out its investment

strategy independent of and without reference to the Government or other entities that also invest funds on the Government's behalf. In addition, at certain times, in practice only during periods of extreme and/or prolonged weakness in commodity prices, ADIA is required to make available to the Government its financial resources to secure and maintain the future welfare of Abu Dhabi. ADIA currently has ten board members.

IPIC: IPIC was established in 1984. IPIC has a mandate to invest in energy and energy-related assets globally. IPIC has seven board members, including H.H. Sheikh Mansour bin Zayed Al Nahyan, the Chairman of the board of directors.

ADIC: ADIC started its operations in 2007. ADIC is another investment arm of the Government and is also responsible for investing the Government's financial resources. ADIC is empowered by the Government with a direct investment mandate to broaden Abu Dhabi's economic base and facilitate the international development of Abu Dhabi companies. ADIC currently has seven board members.

Etihad: Etihad was established in 2003 and is the national airline of the UAE. Etihad's principal business is the commercial transportation by air of both passengers and cargo on a point to point scheduled and charter basis. Etihad also focuses its business around distribution in partnership with Abu Dhabi entities and the development of its Abu Dhabi hub operations at Abu Dhabi International Airport. Etihad is a key facilitator of the Government's tourism strategy.

Senaat: Senaat was established in 1973. Senaat is an industrial holding company, mandated by the Government to create, optimise, promote and champion capital-intensive assets, with holdings in companies operating in metals, oil and gas services, construction and building materials and in the food and beverage manufacturing sectors.

Mubadala: Mubadala was established in 2002. Mubadala is a business development and investment company mandated by the Government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner. Mubadala currently has seven board members.

TDIC: TDIC was established in 2005. TDIC is a wholly-owned subsidiary of the Abu Dhabi Tourism and Culture Authority. TDIC is mandated to implement the strategy of the Abu Dhabi Tourism and Culture Authority through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination.

Mubadala Investment Company: On 21 January 2017, the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, issued a law creating Mubadala Investment Company, a company wholly owned by the Government. Mubadala Investment Company will hold the entire issued share capital of each of Mubadala and IPIC.

Abu Dhabi's Economic Strategy

The Government's development strategy is articulated in the Abu Dhabi Policy Agenda 2007-2008 (the "**Policy Agenda**") and the Abu Dhabi Economic Vision 2030, issued by the Government in January 2009 (the "**2030 Economic Vision**"). Drawing on the Policy Agenda, the 2030 Economic Vision sets forth a roadmap for developing the Government's strategy for economic development over the period to 2030.

The Policy Agenda establishes broad, long-term policy goals to drive economic, social and geopolitical/governance change in Abu Dhabi. Under the Policy Agenda, diversifying the energy sector and the economy through investments by entities such as IPIC and Mubadala is a key step in achieving economic development, including through the strengthening of downstream hydrocarbon capabilities (refining, transportation and distribution), the application of better processes, products and technologies and the expansion of the proportion of value-added exports, such as refined and semi-refined products in the petrochemicals sector, from Abu Dhabi. The Policy Agenda also calls for the pursuit of the geographic diversification of Abu Dhabi's assets through strategic investments in upstream, midstream and downstream hydrocarbon assets outside the UAE by entities such as IPIC and the leveraging of Abu Dhabi's strengths in the hydrocarbon sector to diversify into other industrial sectors, such as the development of Abu Dhabi as a world leader in the petrochemicals industry.

International Relations

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The UAE participates in a number of multilateral aid-giving institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the Islamic Development Bank and the OPEC Fund for International Development. In addition, the UAE is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation (the "WTO"). The UAE has also entered into a number of bilateral agreements with other countries (such as the UAE's bilateral agreement with the United States for peaceful nuclear co-operation which establishes the legal framework for commerce in civilian nuclear energy between the two countries).

The UAE generally enjoys good relations with the other states in the GCC. However, on 5 June 2017, the Kingdom of Saudi Arabia, the UAE and the Kingdom of Bahrain announced that they would be severing diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and the Qatari violation of a 2014 agreement with the other members of the GCC. The termination of diplomatic relations has included the withdrawal of ambassadors, the imposition of trade and travel bans and the closure of airspace, territorial waters and, in the case of Saudi Arabia only, the closure of its land border with Qatar. Qatari nationals were given 48 hours to leave Saudi Arabia, the UAE and Bahrain, and these countries' nationals were given 14 days to leave Qatar. As at the date of this Base Prospectus, there has been no further material update.

Additionally, the UAE has an ongoing dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by the Islamic Republic of Iran. The UAE believes that the islands should be returned to the Emirate of Sharjah and the Emirate of Ras al Khaimah (with the Emirate of Sharjah claiming sovereignty over Abu Musa and the Emirate of Ras al Khaimah claiming sovereignty over Greater and Lesser Tunb) and is seeking to resolve the dispute through negotiation.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified agreement with the Kingdom of Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The UAE believes that this grant is in breach of existing agreements between the UAE and the State of Qatar and, in June 2009, the UAE's Ministry of Foreign Affairs stated this position in a letter to the United Nations Secretary General.

The UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State (also known as Daesh, ISIS or ISIL).

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

According to data published by the UAE Central Bank, as at 30 September 2017 there were a total of 48 banks (22 locally incorporated banks and 26 foreign banks) licensed to operate in the UAE, to serve a national population of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United Nations Department of Economic and Social Affairs, Statistics Division). As a result, the UAE could be, and has historically been, viewed as an over-banked market, even by regional standards and there has traditionally been little impetus for consolidation. However, following the consummation of the Merger on 30 March 2017, it is anticipated that this may act as a catalyst for further consolidation amongst locally incorporated banks.

The UAE's membership of the WTO will likely require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

According to the Statistics Centre (Statistical Yearbook of Abu Dhabi 2016), the financial and insurance sectors in Abu Dhabi contributed approximately AED 66.9 billion (or 7.0 per cent.) to Abu Dhabi's nominal GDP in 2015. Within the UAE as a whole, the financial sector was estimated to have contributed approximately 6.9 per cent. of real GDP in 2015 (according to the FCSA).

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

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (the "IMLF") is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. See "*Recent trends in Banking – Liquidity*".

Characteristics of the Banking System

Historic lack of Consolidation

The UAE may be, and has historically been, seen as being over-banked with 48 different banks (comprising 22 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE as at 30 September 2017 (excluding the DIFC) (source: UAE Central Bank), serving a population estimated to be in the region of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United Nations Department of Economic and Social Affairs, Statistics Division). Traditionally there has been little impetus for consolidation, with the federal structure of the UAE encouraging, to some extent, 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 historically hampered the process of consolidation. As a result, since the October 2007 merger of Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C. which created Emirates NBD P.J.S.C., there has been very limited merger activity domestically in the sector. However, commentators have suggested that the Merger, consummated on 30 March 2017, may stimulate further moves towards greater consolidation amongst UAE banks.

While the anticipated attempts at consolidation would reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as IT system development.

Going forward, the advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

Domestic Focus

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector.

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

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

Limited Foreign Ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

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

In 2013, the Government sought to replicate the success of the DIFC by announcing its intention to establish the Abu Dhabi Global Market in Abu Dhabi (the "ADGM"), as an international financial free zone with its own legal framework (closely based on English common law). The ADGM became operational in mid-2015 and, as at the date of this Base Prospectus, it is unclear to what extent this will impact the competitive and regulatory landscape in the domestic banking sector.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see "*Risk Factors – The UAE's economy is highly dependent upon its oil revenue*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. For example, according to the Statistics Centre (Statistical Yearbook of Abu Dhabi 2016), the oil and gas industry contributed 50.9 per cent. to nominal GDP in Abu Dhabi in 2015 as compared with a contribution of 55.0 per cent. in 2014.

Islamic Banking

Shari'a (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Noor Bank, Al

Hilal Bank P.J.S.C., Ajman Bank, Sharjah Islamic Bank P.J.S.C., 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 increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks. In addition, conventional financial institutions often offer *Shari'a*-compliant products.

Legal Environment

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

Supervision of Banks

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

The Union Law grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the UAE federal government on financial and monetary issues;
- maintain the UAE federal government's reserves of gold and foreign currencies;
- act as a bank for the UAE federal government and other banks operating in the UAE; and
- act as the UAE federal government's financial agent with the International Monetary Fund (the "**IMF**"), the World Bank and other international financial organisations.

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

The UAE dirham is linked to the IMF's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices. However, see "*Risk Factors – Risk relating to the UAE and the Middle East – Any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham or other regional currencies at a fixed exchange rate to the U.S. dollar will expose the Bank to U.S. dollar foreign exchange movements against the UAE dirham or other such currencies*".

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

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

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

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the Abu Dhabi Securities Exchange (the "ADX") (both of which were established in 2000), have grown over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index since 2014, they continue to experience bouts of volatility.

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In December 2009 the Dubai Financial Market announced its intention to acquire Nasdaq Dubai, with completion of the acquisition having occurred in July 2010. The Dubai Financial Market and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which could lead to an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 81 per cent. of the workforce according to estimates published by the Statistics Centre in mid-2016. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and as part of a policy of "Emiratisation", banks were instructed, in 1999, to increase the percentage of UAE nationals on their payroll by at least 4 per cent. per annum. This policy has now been supplemented by, and operates in tandem with, the Emiratisation Circular which has introduced a scoring system which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

Accounting Standards

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

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as "National" banks, of which there were 22 as at 30 September 2017 (source: UAE Central Bank), are required to be public shareholding companies with a minimum share capital of AED 40.0 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there were 26 as at 30 September 2017 (source: UAE Central Bank), need to demonstrate that at least AED 40.0 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses "financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers).

Recent trends in Banking

Profitability

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

However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE from 2008 to 2011 in response to the global 2008 financial crisis but rebounded between 2012 and 2016, with the ADX's General Index declining from 2,719.9 at 31 December 2010 to 2,402.3 at 31 December 2011 before increasing to 2,630.9 at 31 December 2012, 4,290.3 at 31 December 2013 and 4,528.9 at 31 December 2014, before declining again to 4,546.4 at 31 December 2016, and the Dubai Financial Market index declining from 1,630.5 at 31 December 2010 to 1,353.4 at 31 December 2011 before increasing to 1,662.5 at 31 December 2012, 3,371.4 at 31 December 2013 and 3,774.0 at 31 December 2014, before declining again to 3,636.2 at 31 December 2016 (source: Bloomberg).

During 2008 to 2010, a number of banks were also affected by the impact of mark to market accounting rules on their international investment portfolios. Additionally, during the same period, the UAE economy was negatively impacted by the global economic downturn and, in particular, by the sharp correction in the price of oil, which affected a number of key economic sectors including trade, tourism, real estate and commerce. This economic slowdown, along with reduced levels of liquidity in the market, constrained lending and resulted in the majority of UAE banks being less profitable in this period than in previous years.

Liquidity

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

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

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 75.3 per cent. of total deposits of the UAE banking sector as at 30 September 2017. The UAE federal government and the public sector constituted approximately 24.1 per cent. of total deposits within the UAE banking sector as at 30 September 2017.

Non-resident and other sources contributed approximately 11.8 per cent. as at the same date (source: UAE Central Bank Statistical Bulletin September 2017).

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

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

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

In 2009, the Department of Finance of the Government of Dubai established a U.S.\$20.0 billion funding programme and the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of four per cent. per annum, was issued in its entirety to the UAE Central Bank. In November 2009, a second U.S.\$5.0 billion tranche was fully subscribed equally by NBAD and Al Hilal Bank P.J.S.C.

In line with Basel III requirements, the UAE Central Bank has issued the Liquidity Notice which entered into force in the UAE on 1 July 2015 and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

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

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR \geq 10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR \geq 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	Until December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR $>$ 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR $<$ 100%)	January 2018 onwards

The UAE Central Bank's former liquid assets ratio ("**LAR**") was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the ELAR. Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also included the option for UAE banks to apply to the UAE Central Bank to move to assessment and reporting of bank liquidity to the UAE Central Bank as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they are required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central

Bank approval). The Bank has chosen to take up this option and accordingly manages its liquidity position through compliance with the LCR (in addition to its ongoing obligation to report its ELAR, NSFR and ASRR ratios to the UAE Central Bank).

The LCR represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with HQLAs at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible HQLAs for this purpose. See "*Risk Factors – The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual payment obligations*".

The ASRR is an interim ratio that recognises both the actual uses as well as the likely uses of funds in terms of the 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.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks' contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding ("**RSF**") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Interim Marginal Lending Facility

On 15 April 2014, the UAE Central Bank introduced the IMLF which is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF will let lenders use certain assets as collateral to obtain one-day overnight loans from the UAE Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

Position of Depositors

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

Prudential Regulations

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

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital. Pursuant to the February 2017 Regulations, the Bank, as a D-SIB, is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (iii) the governing jurisdiction of the bank has in place laws that:
 - (a) require such Tier I and Tier II instruments to be written off upon such event; or
 - (b) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (iv) a peer group review confirms that the jurisdiction conforms with clause (i); and
- (v) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (i).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public

sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013. As at the date of this Base Prospectus, the UAE Central Bank has (as set out in its Financial Stability Report for 2014) commenced the process of updating its regulatory framework in line with Basel III principles and international best practice. However, as at the date of this Base Prospectus, there has been no official proposal for the implementation of the Non-Viability Requirement in the UAE. In the absence of new UAE legislation or such a confirmation, the terms and conditions of any notes or certificates which are intended to qualify as regulatory capital may still need to provide for the Non-Viability Requirement in order to qualify as regulatory capital under Basel III.

In May 2016, the UAE Central Bank published the Consultation Document detailing the Basel III requirements expected to be followed by banks operating in the UAE, once applicable legislation has been implemented domestically. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to 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.

On 23 February 2017, the UAE Central Bank published the February 2017 Regulations in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by the Accompanying Standards which, as at the date of this Base Prospectus, are yet to be issued. The Accompanying Standards will elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank (such as the Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a Supervisory Review and Evaluation process of the UAE Central Bank. As at the date of this Base Prospectus, the UAE has not fully implemented the Basel III reforms.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit Controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank's Retail Circular introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. These regulations may be amended in the future in accordance with the Mortgage Regulations (which were published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013, superseding UAE Central Bank Notice No. 3871/2012 dated 30 December 2012), which specify that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 65 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at

80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

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

On 11 November 2013, the UAE Central Bank published the Large Exposure Notice amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	<u>Individual</u>	<u>New Limit Aggregate</u>	<u>Old Limit Individual</u>	<u>Aggregate</u>
UAE federal government and their non-commercial entities.....	Exempt	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities.....	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals ...	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates	10%	25%	20%	60%
Board members.....	5%	25%	5%	25%

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90

days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE are required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

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

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau ("**AECB**") is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. As at the date of this Base Prospectus, the Bank has entered into a data and credit information supply agreement with AECB.

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 Trustee and the Principal Paying Agent (as defined in the Conditions). Defined terms used below have the meaning given to them in the Conditions unless stated otherwise.

Wakala Agreement

The Wakala Agreement will be entered into on 21 December 2017 between the Trustee and the Bank (in its capacity as Wakeel) and will be governed by English law.

Pursuant to the Wakala Agreement, the Trustee will appoint the Wakeel to manage the Wakala Investment relating to each Series. In particular, the Wakeel, in relation to each Series:

- (a) shall complete the Wakala Investment Plan on the Issue Date for the relevant Series;
- (b) shall use the "**Initial Wakala Investment Amount**" (being the amount, in relation to each Series, specified as such in the relevant Wakala Investment Plan) to make the Wakala Investment in accordance with the terms of the Wakala Agreement and the applicable Wakala Investment Plan;
- (c) shall manage the relevant Wakala Investment in accordance with the Wakala Investment Plan and the terms of the Wakala Agreement;
- (d) shall:
 - (i) ensure that on the Issue Date of the relevant Series, and prior to the relevant Commodity Murabaha Investment being entered into, the "**Wakala Investment Value**" (being, at any time, the value of the relevant Wakala Investment at that time, as determined by the Wakeel in accordance with its usual business practices and in consultation with the *Shari'a* committee of the Bank) shall be equal to no less than 55 per cent. of the aggregate face amount of the Certificates for that Series;
 - (ii) use reasonable endeavours to ensure that at all times after the Commodity Murabaha Investment relating to the relevant Series has been entered into, the Wakala Investment Value shall be equal to no less than 30 per cent. of the "**Sukuk Asset Value**" (being at any time, the aggregate of the Wakala Investment Value and the Deferred Payment Price then outstanding) for that Series at the relevant time; and
 - (iii) use reasonable endeavours to ensure that at all times the Sukuk Asset Value is at least equal to the aggregate face amount of the Certificates then outstanding.
- (e) it shall discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of the Wakala Investment;
- (f) it shall pay on behalf of the Trustee any actual costs, expenses, losses and Taxes (as defined in the Wakala Agreement) which would otherwise be payable by the Trustee as a result of the Wakala Investment; and
- (g) it shall maintain the Collection Account in accordance with the terms of the Wakala Agreement.

The Wakeel shall ensure that the Initial Wakala Investment Amount is invested in accordance with the terms of the Wakala Agreement and the relevant Wakala Investment Plan in *Shari'a* compliant income (whether by appreciation, monetary return or otherwise) generating or yielding assets held by or on behalf of the Bank. For the avoidance of doubt, the Trustee acknowledges that there is no guarantee of any return from the Wakala Investment. The Wakeel shall perform its obligations, and exercise any rights, powers, authorities and discretions, under this Agreement:

- (a) in accordance with applicable laws and regulations;
- (b) with the degree of skill and care that it would exercise in respect of its own assets;

- (c) in a manner that is not repugnant to *Shari'a*, as determined by the *Shari'a* committee of the Bank from time to time.

Pursuant to the Wakala Investment Plan, the Wakala Investment will be invested by the Wakeel in the Bank's Islamic finance business as follows:

- (a) to provide financing with underlying tangible assets (which, for the avoidance of doubt, shall exclude any *murabaha* financings or other contracts involving the sale of commodities or goods on a deferred payment basis and any such similar financings);
- (b) to enable the Bank's Islamic finance business to expand by acquisition of other companies (or other entities) in the Islamic banking and/or Islamic finance sector;
- (c) to invest in any of the Bank's *Shari'a* compliant subsidiaries from time to time by way of equity investment;
- (d) to invest in any existing, on-balance sheet tangible assets that have been originated, or are held by, the Bank as part of its Islamic finance business in a manner consistent with its usual credit and origination policies (which shall include, for the avoidance of doubt, any existing *Shari'a* compliant trust certificates (howsoever described));
- (e) to invest in, or purchase from any third party, any tangible assets that relate to the Bank's Islamic finance business or any of the Bank's *Shari'a* compliant subsidiaries from time to time; and/or
- (f) for such other investment activities that have underlying tangible assets in connection with the Islamic banking and/or Islamic finance sector and/or investment in such other *Shari'a* compliant tangible assets as the Wakeel considers appropriate, which shall include, without limitation, acquisition of *Shari'a* compliant trust certificates (howsoever described).

The Wakeel shall not be responsible for any losses to the Wakala Investment suffered by the Trustee unless such losses are caused by: (i) the Wakeel's breach of the Wakala Agreement; or (ii) the Wakeel's negligence, wilful misconduct or fraud.

The Bank shall be entitled to receive a fee for acting as Wakeel which will comprise a fixed fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Wakeel under the Wakala Agreement) and may also receive incentive payments as described below.

The Wakeel will maintain, in relation to each Series, a book-entry ledger account (referred to as the "**Collection Account**"), which shall be denominated in the Specified Currency.

All Wakala Investment Profits relating to a Series will be recorded in the Collection Account as and when received by the Wakeel. Additionally, any remaining balance of the relevant outstanding Deferred Payment Price which is expressed to be credited to the Collection Account in accordance with the Master Murabaha Agreement, will be recorded in the Collection Account.

The Wakeel may deduct amounts standing to the credit of the Collection Account of each Series at any time during the relevant Wakala Investment Period and use such amounts for its own account, provided that any such amounts so deducted shall be re-credited to the Collection Account if so required to fund a shortfall for the purposes of application by the Wakeel pursuant to the paragraph below.

In relation to each Series, amounts standing to the credit of the Collection Account will be applied by the Wakeel on each Wakala Distribution Determination Date in the following order of priority:

- (a) *first*, in payment to the Wakeel on behalf of the Trustee of any due but unpaid Wakeel Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the next succeeding Wakala Distribution Date and (if applicable) any Wakeel Liabilities Amounts in respect of any previous period that remains unpaid;
- (b) *secondly*, in the event that, on the relevant Wakala Distribution Determination Date, there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the relevant Required Amount payable on the next succeeding Wakala Distribution Date by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts

standing to the credit of the Collection Account (if any) (after the re-crediting of any amounts previously deducted) an amount equal to such shortfall (or such lesser amount as is then standing to the credit of the Collection Account); and

- (c) any remaining balance in the Collection Account shall be debited from the Collection Account and shall be further invested by the Wakeel in the Bank's Islamic finance business.

The Wakeel will undertake in the Wakala Agreement, in relation to each Series, that:

- (a) it shall keep, in accordance with its usual practices, all documents, books, records and other information necessary or advisable for monitoring the performance of, and amounts received in respect of, the applicable Wakala Investment; and
- (b) except to the extent it is under any duty or obligation imposed by applicable law, regulation or contract to keep such information confidential, it shall provide the Trustee (or such other person as the Trustee may specify) with copies of any such documents, books, records and other information relating to the performance of the applicable Wakala Investment and copies of the Collection Account ledger of any Series as the Trustee may request (and relating to such period of time as the Trustee may request) within 90 days of such request by the Trustee.

The Wakeel will agree in the Wakala Agreement (and except as provided herein) that all payments by it under the Wakala Agreement to the Trustee must be made in the Specified Currency and without any withholding or deduction for, or on account of, any Taxes unless required by law and without set-off or counterclaim of any kind and if there is any such withholding or deduction, the Wakeel shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no withholding or deduction had been made.

The Wakeel will undertake in the Wakala Agreement that any payment obligations of the Wakeel under the Wakala Agreement will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Wakeel and shall at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Wakeel, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

On the business day prior to: (i) the relevant Scheduled Dissolution Date in relation to each Series; (ii) redemption of the Certificates following a Dissolution Event; or (iii) an early redemption of the Certificates for taxation reasons, the Wakeel shall liquidate the Wakala Investment at its market value (as determined by the Wakeel (acting reasonably)) and the proceeds of such liquidation shall be credited to the Collection Account and any amounts standing to the credit of the Collection Account (the "**Wakala Proceeds**") shall be applied in accordance with the terms of the Wakala Agreement. On the business day prior to the relevant Dissolution Date, to the extent there remains a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the relevant Dissolution Amount payable on that Dissolution Date, an amount equal to such shortfall (or such lesser amount as is then standing to the credit of the Collection Account) (if any) (after the re-crediting of any amounts previously deducted) shall be credited to the Transaction Account towards payment of the relevant Dissolution Amount on that Dissolution Date.

On the business day prior to a redemption of the relevant Certificates in whole or in part: (i) at the option of the Certificateholders of the relevant Series; or (ii) at the option of the Bank (in each case, if so specified in the applicable Final Terms), the Wakeel shall liquidate the Wakala Investment (in whole or, as applicable, in proportion to the aggregate face amount of Certificates being so redeemed) at its market value (as determined by the Wakeel (acting reasonably)) and the proceeds of such liquidation shall be credited to the Collection Account and shall be applied in accordance with the terms of the Wakala Agreement.

On a Cancellation Date, following the cancellation of the relevant Cancellation Certificates in accordance with the Conditions, the Master Declaration of Trust and the relevant Supplemental Declaration of Trust, the Wakala Investment shall be reduced by an amount equal to the relevant Cancellation Proportion specified in the relevant Cancellation Notice.

Following payment in full of all amounts due and payable under the relevant Certificates, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the relevant Collection Account in relation to that Series for its own account as an incentive payment for acting as Wakeel (in relation to each Series, an **"Incentive Payment"**).

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 21 December 2017 between the Trustee (in its capacity as Seller) and the Bank (in its capacity as Buyer) and will be governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each Series of Certificates, the Trustee shall enter into a Commodity Murabaha Investment with the Buyer using a portion of the issue proceeds (being no more than 45 per cent. of the aggregate face amount of the Certificates of that Series) of the relevant Series, as specified in the applicable Final Terms. In accordance with the Master Murabaha Agreement, the Trustee will agree and undertake that, on receipt of a duly completed Notice of Request to Purchase from the Buyer, the Trustee (acting through the Commodity Agent) shall purchase the relevant Commodities on the relevant Issue Date from a Commodity Supplier on a spot basis at the Commodity Purchase Price.

Upon completion of the purchase of the Commodities by the Trustee and the Trustee gaining title thereto and (actual or constructive) possession thereof, the Trustee shall deliver to the Buyer a duly completed Offer Notice by no later than 12.00 p.m. on the relevant Issue Date (or such other time as may be agreed in writing by the Buyer and the Trustee).

Pursuant to the Master Murabaha Agreement, the Buyer will irrevocably and unconditionally undertake to accept the terms of, countersign and deliver to the Trustee any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase the relevant Commodities acquired by the Trustee for the relevant Deferred Payment Price, in each case no later than 1.00 p.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the relevant Issue Date.

As soon as the Buyer has accepted the Trustee's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement, the Trustee shall sell and the Buyer shall buy the relevant Commodities and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

The Buyer may (but is under no obligation to), following the purchase of the Commodities by the Buyer from the Trustee, and provided that the Buyer has acquired title to, and possession of, the Commodities, sell those Commodities to a third party.

In connection with each Murabaha Contract, the Buyer will irrevocably and unconditionally undertake in the Master Murabaha Agreement to pay to the Trustee:

- (a) on the Business Day prior to each Periodic Distribution Date, an amount of the outstanding Deferred Payment Price equal to the Murabaha Profit Instalment by crediting such amount to the Transaction Account on such date;
- (b) on:
 - (i) the Business Day immediately preceding the Scheduled Dissolution Date;
 - (ii) a Dissolution Event Redemption Date; or
 - (iii) the Business Day immediately preceding the Early Tax Dissolution Date,

an amount of the outstanding Deferred Payment Price in full by crediting an amount equal to the relevant Dissolution Amount to the Transaction Account by no later than such date and any remaining balance of the outstanding Deferred Payment Price to the Collection Account; and

- (c) on the:
 - (i) Business Day immediately preceding a Certificateholder Put Option Date;
 - (ii) Business Day immediately preceding an Optional Dissolution Date,

in each case, if so specified in the applicable Final Terms, as applicable, the Certificateholders Put Option Proportion or the Optional Dissolution Proportion of the outstanding Deferred Payment Price, on the Business Day prior to any relevant Certificateholders Put Option Date or Optional Dissolution Date (as applicable) by crediting: (A) an amount equal to the relevant Dissolution Amount to the Transaction Account by no later than such date; and (B) any remaining balance to the Collection Account.

On each Cancellation Date, an amount of the outstanding Deferred Payment Price equal to the relevant Cancellation Proportion specified in the relevant Cancellation Notice shall be deemed to be cancelled with effect from the Cancellation Date.

The Buyer will covenant and undertake in the Master Murabaha Agreement as follows:

- (a) to comply with all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the covenants described in Condition 5 (*Negative Pledge*);
- (b) to comply with the terms of the Transaction Documents to which it is a party; and
- (c) that it shall forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or Potential Dissolution Event, in each case promptly upon becoming aware of its occurrence.

The Buyer will acknowledge in the Master Murabaha Agreement that the Bank Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

The Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement must be made in the Specified Currency and without any withholding or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind and, in such case, the Buyer will pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no withholding or deduction had been made.

The Buyer will covenant and undertake in the Master Murabaha that if the Deferred Payment Price is not paid on the Dissolution Event Redemption Date or the Scheduled Dissolution Date, as the case may be, in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Buyer shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Deferred Payment Price.

In addition, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (*Taxation*), the Buyer will further covenant and undertake in the Master Murabaha Agreement that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 11 (*Taxation*).

The Buyer will undertake in the Master Murabaha Agreement that any payment obligations of the Buyer under the Master Murabaha Agreement will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Buyer and shall at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Buyer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

For the avoidance of doubt, it is intended that the Deferred Payment Price in respect of a Series will be sufficient to pay all Periodic Distribution Amounts and Dissolution Amounts payable under the Certificates of that Series.

The Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust

The Master Declaration of Trust will be entered into on 21 December 2017 between the Trustee, the Bank and the Delegate and will be governed by English law. A Supplemental Declaration of Trust between the same parties will be entered into on the Issue Date of each Series of Certificates and will also be governed by English law.

The Trust Assets in respect of each Series of Certificates comprise (i) all of the cash proceeds of the issue of the Certificates, pending application thereof in accordance with the Transaction Documents; (ii) all of the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Investment; (iii) all of the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (including, without limitation, the right to receive the Deferred Payment Price under the Master Murabaha Agreement) (excluding any representations given by the Bank to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to the Master Declaration of Trust to fully indemnify on an after tax basis for any amount necessary to pay certain liabilities that would reduce distributions to the Certificateholders in the absence of such indemnity); (iv) all amounts standing to the credit of the relevant Transaction Account from time to time; and (v) all proceeds of the foregoing.

Pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Trustee will irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, to exercise all of the rights of the Trustee under any of the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Bank will covenant and undertake in the Master Declaration of Trust as follows:

- (a) to comply with all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the covenants described in Condition 5 (*Negative Pledge*);
- (b) to comply with the terms of the Transaction Documents to which it is a party; and
- (c) that it shall forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or Potential Dissolution Event, in each case promptly upon becoming aware of its occurrence.

The Buyer will acknowledge in the Master Declaration of Trust that the Bank Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

The Bank will covenant and undertake in the Master Declaration of Trust that if the Deferred Payment Price is not paid on the Dissolution Event Redemption Date or the Scheduled Dissolution Date, as the case may be, in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Bank shall (as an independent, severable and separately enforceable obligation) fully

indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Deferred Payment Price.

In addition, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (*Taxation*), the Bank will covenant and undertake in the Master Declaration of Trust that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 11 (*Taxation*).

A non-interest bearing Transaction Account in London will be established in the name of the Trustee. Moneys received in the Transaction Account will, *inter alia*, comprise payments of Periodic Distribution Amounts and/or Dissolution Amounts immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Declaration of Trust shall provide that all moneys credited to the Transaction Account from time to time will be applied in the order of priority set out in the Declaration of Trust.

Shari'a Compliance

Each Transaction Document provides that, to the extent permitted by law, each of FAB Sukuk Company Limited (to the extent it is a party to the relevant Transaction Document) and First Abu Dhabi Bank PJSC (to the extent it is a party to the relevant Transaction Document), as the case may be, agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those countries or elsewhere. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments of profit, principal and/or other amounts under the Certificates and the consequences of such actions under the tax laws of those countries. 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 and practice in force at the date of this Base Prospectus and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Certificates and the receipt of any payments with respect to such Certificates under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in Abu Dhabi legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the oil 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 Abu Dhabi taxation in respect of payments of profit and principal to any holder of the Certificates. In the event of such imposition of any such withholding, the Trustee has undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the UAE government 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.

As at the date of this Base Prospectus, the UAE does not impose VAT on the sale of goods or services. However, there is a possibility that this situation will not continue. On 24 February 2016, the UAE Minister of State for Financial Affairs announced that, pursuant to a GCC-wide framework agreement on the implementation of VAT, the UAE will implement VAT at the rate of 5 per cent. from 1 January 2018. The GCC-wide framework agreement for VAT is yet to be made available. The UAE national legislation implementing this framework agreement was published on 23 August 2017 (UAE Federal Decree Law No. 8 of 2017) and, on 28 November 2017, the Ministry of Finance published accompanying VAT implementing regulations.

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 of certain Cayman Islands tax consequences of an investment in the Certificates. 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.

There are no income, corporation, capital gains tax or estate duty, inheritance tax or gift tax in effect in the Cayman Islands on the basis of present legislation. The Trustee has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, that for a period of 20 years from the date of issue no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of

the shares, debentures or other obligations (which would include the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment (as defined in the Tax Concessions Law (1999 Revision)). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. An instrument of transfer in respect of a Certificate may be stampable if executed in or brought to the Cayman Islands. 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.\$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transaction tax ("**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: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Trustee may be classified as a foreign financial institution for these purposes. A number of jurisdictions (including the UAE and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements ("**IGAs**") with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to 1 January 2019 and Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 21 December 2017 (the "**Programme Agreement**"), agree with the Trustee and the Bank a basis on which they or any of them may from time to time agree to purchase Certificates. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Certificates, the price at which such Certificates will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Trustee in respect of such purchase. The Programme Agreement will make provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Certificates.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has (to the best of its knowledge and belief) complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus or any Drawdown Prospectus or any Final Terms or Pricing Supplement (as applicable) or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus, any Final Terms or any Pricing Supplement comes are required by the Trustee, the Bank and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or possess, distribute or publish this Base Prospectus, any Final Terms or any Pricing Supplement or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

With regard to each Series, the relevant Dealer will be required to comply with such other restrictions as the Trustee, the Bank and the relevant Dealer shall agree and as shall be set out in the applicable subscription agreement, Dealer accession letter or a Dealer confirmation, as the case may be, or, in the case of Exempt Certificates or Certificates which are the subject of a Pricing Supplement or Drawdown Prospectus, the applicable Pricing Supplement or Drawdown Prospectus.

Selling restrictions may be supplemented or modified with the agreement of the Trustee and the Bank. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

United States of America

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Series, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Series of Certificates to or through more than one Dealer, by each of such Dealers as to the Certificates of such Series purchased by or through it, in which case the Principal Paying Agent, the Trustee or the Bank shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an available exemption from, or in a transaction not subject to, registration under the Securities Act, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the completion of the distribution of the Certificates comprising the relevant Series, as described above, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and/or the Bank (if applicable) for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that, no such offer of Certificates referred to above shall require the Trustee, the Bank 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**" for the purposes of this paragraph means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

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

- (a) 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 or in the case of the Bank, would not, if the Bank was not an authorised person, apply to the Trustee or the Bank; 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.

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (i) to "**professional investors**" as defined in 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 (in each case 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.

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**"). 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, 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 (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

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 by it, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed by it 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.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 (MKT) 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 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 11 or Article 12 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 3-151-2016 dated 21 December 2016 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 11 of the KSA Regulations or by way of a limited offer under Article 12 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates by it to a Saudi Investor will be made in compliance with Articles 11 or 12 of 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 18 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 11 or Article 12 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 CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 11 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 18 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 in compliance with Article 81 of the Central Bank of Bahrain and Financial Institutions Law promulgated by Legislative Decree No. 64 of 2006 on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;
- (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, sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer or invitation, whether directly or indirectly, to subscribe for the Certificates has been or will be made to the public in the Cayman Islands.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Trustee dated 6 July 2011. The update of the Programme and the issuance of Certificates thereunder was duly authorised by a resolution of the Board of Directors of the Trustee dated 14 December 2017. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Certificates. The entry into the Transaction Documents to which it is a party was authorised by a resolution of the board of directors of the Bank dated 31 January 2017.

Listing of Certificates

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 Series of Certificates which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Series.

Application has been made: (i) to the United Kingdom Listing Authority for Certificates issued under the Programme to be admitted to the Official List; and (ii) to the London Stock Exchange for such Certificates to be admitted to trading on the Regulated Market. The listing of the Programme in respect of Certificates is expected to be granted on or around 27 December 2017. Prior to the official listing and admission to trading however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Regulated Market will normally be effected for delivery on the third working day after the day of the transaction. However, Exempt Certificates may be issued pursuant to the Programme.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Trustee or the Bank is aware) which may have, or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Trustee, the Bank and any of the Bank's Subsidiaries.

Significant/Material Change

Since 31 December 2016 there has been no material adverse change in the prospects of the Bank or the Bank and its Subsidiaries and, since 30 September 2017, there has not been any significant change in the financial or trading position of the Bank or the Bank and its Subsidiaries.

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.

Auditors

The current auditors of the Bank are KPMG (authorised and regulated under the Register of Practising Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of 15th Floor, Falcon Tower, Al Nasr Street, Abu Dhabi, United Arab Emirates, P.O. Box 7613, who have reviewed the condensed consolidated interim financial statements of the Bank for the nine months ended 30 September 2017.

The consolidated financial statements of NBAD for the year ended 31 December 2016 have been audited without qualification in accordance with International Standards on Auditing by PricewaterhouseCoopers (Abu Dhabi Branch) (authorised and regulated under the Register of Practising Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of Abu Dhabi Trade Centre, 9th Floor, Abu Dhabi, United Arab Emirates, as stated in their reports, incorporated by reference herein.

The consolidated financial statements of NBAD for the year ended 31 December 2015 have been audited without qualification in accordance with International Standards on Auditing by KPMG, as stated in their reports, incorporated by reference herein.

The consolidated financial statements of FGB for each of the two years ended 31 December 2015 and 31 December 2016 have been audited without qualification in accordance with International Standards on Auditing by Ernst & Young Middle East (Abu Dhabi branch) (authorised and regulated under the Register of Practising Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of 27th Floor, Nation Tower 2, Abu Dhabi Corniche, United Arab Emirates, as stated in their reports, incorporated by reference herein.

KPMG have given and not withdrawn their written consent to the inclusion in this Base Prospectus of the auditors' report on the pro forma financial information, in the form appended to this Base Prospectus, as well as references to their name and have authorised the contents of such part of this Base Prospectus.

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.

Documents on Display

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available, during normal business hours on any day (excluding Saturdays, Sundays and public holidays), for inspection and/or collection from the registered office of the Bank and from the specified office of the Principal Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Trustee and the Bank (together with, in the case of the Bank only, direct and accurate English translations thereof);
- (b) the audited consolidated financial statements of NBAD as at and for the financial years ended 31 December 2015 and 31 December 2016 in each case, together with the audit reports prepared in connection therewith;
- (c) the audited consolidated financial statements of FGB as at and for the financial years ended 31 December 2015 and 31 December 2016, in each case, together with the audit reports prepared in connection therewith;
- (d) the most recently published audited annual financial statements of the Bank and the most recently published unaudited interim financial statements (if any) of the Bank, in each case together with any audit or review reports prepared in connection therewith;
- (e) the Wakala Agreement, the Master Murabaha Agreement, the Agency Agreement, the Master Declaration of Trust, the Corporate Services Agreement and the forms of the Global Certificate and the Certificates in definitive form;
- (f) any Supplemental Declaration of Trust in relation to Certificates which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;
- (g) a copy of this Base Prospectus; and
- (h) any future supplements to the Base Prospectus including Final Terms (save that a Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Certificates and identity) and any other documents incorporated herein or therein by reference.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The appropriate common code and the International Securities Identification Number in relation to the Certificates of each Series will be specified in the applicable Final Terms (or, as applicable, the applicable Pricing Supplement).

Passporting

The Trustee may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FCA to the competent authority in any Member State.

Dealers transacting with the Bank and its Subsidiaries

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 to the Bank and its Subsidiaries 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 Bank or the Bank's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the 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.

In connection with an offering of Certificates issued under the Programme, each Dealer and/or its affiliate(s) may act as an investor for its own account and may take up Certificates in the offering and in that capacity may retain, purchase or sell for its own account such Certificates and any securities of the Trustee or related investments and may offer or sell such securities or other investments otherwise than in connection with an offering. Accordingly, references herein to the Certificates being offered should be read as including any offering of the Certificates to the Dealers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

TRUSTEE

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