

Deed of Guarantee in respect of the U.S.\$25,000,000,000 Trust Certificate Issuance Programme

Dated 25 February 2021

The Islamic Development Bank
(Guarantor)

In favour of

IDB Trust Services Limited
(Trustee)

and

IsDB Trust Services No.2 SARL
(Trustee)

The Law Debenture Trust Corporation p.l.c.
(Delegate)

Deed of Guarantee

This Deed of Guarantee (this **Guarantee**) is dated 25 February 2021 and made as a deed,

By

- (1) **The Islamic Development Bank** (the **IsDB** and in its capacity as the guarantor hereto, the **Guarantor**),

in favour of

- (2) **IDB Trust Services Limited** (in its capacity as trustee for the Certificateholders in relation to the Portfolio of each Series of Trust Certificates issued by it under the Programme);
- (3) **IsDB Trust Services No.2 SARL** (in its capacity as trustee for the Certificateholders in relation to the Portfolio of each Series of Trust Certificates issued by it under the Programme); and
- (4) **The Law Debenture Trust Corporation p.l.c.**, a company incorporated in England and Wales, whose registered office is at the Eighth Floor, 100 Bishopsgate, London EC2N 4AG (the **Delegate**).

Whereas:

- A The IsDB and IDB Trust Services Limited have established a trust certificate issuance programme (the **Programme**) pursuant to which IDB Trust Services Limited may issue from time to time up to U.S.\$25,000,000,000 of trust certificates (the **Trust Certificates**) in series (each a **Series**, which may comprise one or more Tranches). It is now intended that IsDB Trust Services No.2 SARL be added as an issuer and trustee under the Programme.
- B From the date of this Guarantee, each Series of Trust Certificates issued under the Programme will be issued by IDB Trust Services Limited or IsDB Trust Services No.2 SARL, in each case as specified in the applicable Final Terms or Pricing Supplement (each as defined in the Dealer Agreement). References herein to the **Trustee** or the **Issuer** shall, in relation to any issue or proposed issue of Trust Certificates, be references to whichever of IDB Trust Services Limited or IsDB Trust Services No.2 SARL is the issuer or proposed issuer and trustee of such Trust Certificates whereas references herein to the **Issuers** or **Trustees** shall be to each of IDB Trust Services Limited and IsDB Trust Services No.2 SARL.
- C Trust Certificates issued under the Programme will be constituted by a master trust deed dated 25 February 2021 (the **Master Trust Deed**) and a supplemental trust deed in respect of each Tranche (each a **Supplemental Trust Deed** and, together with the Master Trust Deed, and in respect of that Tranche only, the **Trust Deed**). Each of the Trustees has, upon the instructions of the IsDB, resolved to act as trustee in respect of each trust constituted for each Series of Trust Certificates issued by it under the Programme.
- D In respect of each Tranche of Trust Certificates, the Trustee proposes to apply the sums settled upon the trust created by the relevant Trust Deed towards the acquisition of the Portfolio for the relevant Tranche of Trust Certificates as authorised and directed by the relevant Certificateholders, and to issue Trust Certificates to the relevant Certificateholders

representing their undivided beneficial ownership interest in the Trust Assets of the relevant Tranche of Trust Certificates.

- E The Guarantor has agreed to issue this Guarantee in favour of the Trustees in order to ensure the timely payment of Periodic Distribution Amounts due to Certificateholders in respect of the Trust Certificates which they hold.
- F This Guarantee will apply to any Trust Certificates issued on or after the date of this Guarantee and shall not affect any Trust Certificates issued prior to the date of this Guarantee.

It is agreed:

1 Definitions and Construction

1.1 Definitions

All terms and expressions which have defined meanings in the base prospectus dated 25 February 2021 and prepared by each of the Trustees and the IsDB in connection with the Programme (the **Base Prospectus**), the Master Trust Deed, the Master Purchase Agreement and the relevant Supplemental Trust Deed shall have the same meanings in this Guarantee except where the context requires otherwise or unless otherwise stated.

1.2 Construction

- 1.2.1 The headings in this Guarantee shall not affect its interpretation. References in this Guarantee to Clauses shall, unless the context otherwise requires, be references to clauses of this Guarantee.
- 1.2.2 References in this Guarantee to any statutory provision shall, unless the context otherwise requires, be deemed also to refer to any statutory modifications or re-enactments thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactments.
- 1.2.3 References herein to Portfolio or Additional Portfolio Assets are to such Portfolio and Additional Portfolio Assets as are purchased by the Trustee and not subsequently repurchased by the IsDB in respect of the relevant Series of the Trust Certificates.

2 Guarantee and Indemnity

- 2.1 The Guarantor irrevocably and unconditionally in each case, in favour of the Delegate and the relevant Trustee:
 - (a) guarantees the punctual performance of any and all payment obligations arising or falling due under or in respect of each Portfolio Constituent Asset comprised in the Portfolio relating to the relevant Series of Trust Certificates;
 - (b) agrees that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the relevant Trustee immediately on demand against any cost, loss or liability it incurs as a result of the principal debtor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Portfolio on the date when it would have been due. Any references in this Guarantee to a "guarantee" or a "Guarantor" and any provisions of this Guarantee relating to a

guarantee but not to a primary obligation shall be ignored for the purpose of interpreting the nature of the Guarantor's obligations under this sub-Clause 2.1(b). The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under this Guarantee if the amount claimed had been recoverable on the basis of a guarantee;

- (c) undertakes that if, on a day falling three Business Days prior to a Periodic Distribution Date in respect of the relevant Series of Trust Certificates, there is a shortfall between the Periodic Distribution Amounts due on the immediately following Periodic Distribution Date and the Profit Collections received in respect of the Portfolio Constituent Assets comprised in the Portfolio relating to such Series of Trust Certificates (whether due to the maturity of obligations, the early repayment of amounts due or a failure by any person to pay amounts that have become due and payable, in respect of such Portfolio Constituent Assets or for any other reason), such that the relevant Trustee would be unable to pay Periodic Distribution Amounts (including any additional amounts payable under Condition 12 (*Taxation*)) due to Certificateholders on such Periodic Distribution Date in full, the Guarantor shall, as an independent and primary obligation, immediately pay to such Trustee the amount of such shortfall in the manner and currency prescribed by the Conditions for payment by such Trustee in respect of Trust Certificates,

provided that the aggregate amounts recoverable by such Trustee under this Guarantee do not exceed the sum of all (i) Periodic Distribution Amounts due to all Certificateholders on all Periodic Distribution Dates for the relevant Series of Trust Certificates and (ii) any such additional amounts as aforesaid.

2.2 Without affecting the obligations of any obligor (an **underlying obligor**) in respect of the Portfolio Constituent Assets comprised in the Portfolio relating to the relevant Series of Certificates, the Guarantor will be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon each of the Trustees and the Delegate by this Guarantee or by law shall be discharged, impaired or otherwise affected by:

- (a) any time, indulgence, waiver or consent at any time given to an underlying obligor or any other person;
- (b) any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of an underlying obligor under or in respect of the constituent assets comprised in the Portfolio relating to the relevant Series of Trust Certificates or to any security or other guarantee or indemnity in respect thereof including without limitation any increase of the obligations of such underlying obligor or the addition of any new obligations of such underlying obligor;
- (c) the making or absence of any demand of such underlying obligor or any other person for payment;
- (d) the enforcement or absence of enforcement of any of such underlying obligor or of any security or other guarantee or indemnity;
- (e) the release of any such security, guarantee or indemnity;

- (f) the winding-up, dissolution, amalgamation, reconstruction or reorganisation, administration or moratorium of such underlying obligor or any other person or any change in its or their status, function, control or ownership;
 - (g) the illegality, invalidity or unenforceability of, or any defect in, any provision of any obligation of such underlying obligor; or
 - (h) any other act, event or omission which, but for this Clause 2.2, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon each of the Trustees and the Delegate by this Guarantee or by law.
- 2.3 Without prejudice to the generality of Clause 2.2, the Guarantor expressly confirms that it intends that this Guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of, or to any of the Portfolio Constituent Assets that comprise a Portfolio and acknowledges that the Portfolio Constituent Assets that comprise the Portfolio may change in accordance with the provisions of the Additional Portfolio Assets Sale Undertaking Deed and the Sale Undertaking Deed.
- 2.4 For the avoidance of doubt, the obligations guaranteed by the Guarantor pursuant to this Guarantee in respect of the Portfolio Constituent Assets comprised in the Portfolio relating to the relevant Series of Trust Certificates are solely those payment obligations which fall due under or in connection with such Portfolio Constituent Assets on and from the Issue Date of the relevant Tranche(s) of Trust Certificates, to and including the Dissolution Date of the relevant Series of Trust Certificates (save that, where amounts continue to be payable on any Trust Certificate pursuant to Condition 7.6 (*Fixed Periodic Distribution Amount Provisions - Cessation of Profit Entitlement*) or Condition 8.5 (*Floating Periodic Distribution Amount Provisions - Cessation of Profit Entitlement*), the obligations of the Guarantor pursuant to this Guarantee shall continue in full force and effect in respect of any obligations arising or falling due under or in respect of each Portfolio Constituent Asset comprised in the Portfolio relating to the relevant Series of Trust Certificates following such Dissolution Date and until all amounts due in the form of profit to Certificateholders of that Series have been paid to such Certificateholders in full).
- 2.5 The Guarantor hereby undertakes to promptly notify the relevant Trustee and the Delegate in writing at the addresses specified in clause 31 (*Notices*) of the Master Trust Deed on each Periodic Distribution Date of any amounts it has paid to such Trustee pursuant to Clause 2.1 of this Guarantee and whether any such amounts were paid as a result of any underlying obligor defaulting on its obligations in respect of the Portfolio Constituent Assets comprised in the Portfolio relating to the relevant Series of Trust Certificates.
- 2.6 The Guarantor's obligations under this Guarantee are continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and notwithstanding the termination of any Wakala Agreement. The Guarantor's obligations under this Guarantee shall not be considered satisfied by any intermediate payment or satisfaction of all or any of an underlying obligor's obligations. Furthermore, the obligations of the Guarantor under this Guarantee are complementary to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of the Trustees, whether from the Guarantor or otherwise. The Guarantor irrevocably waives its right to all notices and demands whatsoever.
- 2.7 The obligations of the Guarantor under this Guarantee are unconditional, direct, unsubordinated and unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank *pari passu*, without any preference or priority, with all

other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

- 2.8 This Guarantee shall take effect as a deed for the benefit of the Trustees and the Delegate (each of which hold the benefit of this Guarantee for the benefit of the Certificateholders from time to time).
- 2.9 The Guarantor waives any right it may have of first requiring the relevant Trustee (or the Delegate on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this Guarantee. This waiver applies irrespective of any law or any provision of any Programme Document or Transaction Document to the contrary.
- 2.10 This Guarantee shall be deposited with and held by the Delegate until the date on which all the obligations of the Trustees and the Guarantor under or in respect of the Trust Certificates have been discharged in full. The Guarantor hereby acknowledges the right of every Certificateholder to the production of this Guarantee.

3 Representations

The Guarantor hereby warrants, represents and covenants to each of each Trustee and the Delegate that:

- (a) it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee;
- (b) its entry into and performance by it of this Guarantee do not and will not conflict with or breach any law or regulation applicable to it or binding on its assets; and
- (c) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor which is enforceable in accordance with its terms.

4 Severability

If any provision in or obligation under this Guarantee is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction that will not affect or impair

- (a) the validity, legality or enforceability under the law of that jurisdiction of any other provision or obligation under this Guarantee; or
- (b) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Guarantee.

5 Further Assurance

The Guarantor hereby undertakes:

- (a) to execute documents and do all acts or things; and
- (b) to use all reasonable endeavours to procure that third parties shall execute documents and do all acts and things,

in each case, as may be reasonably requested by the other party or required by applicable law in order to carry out the intended purpose of this Guarantee or otherwise to preserve or

enforce the rights under this Guarantee including obtaining all necessary authorisations, consents, approvals, resolutions, licences, exemptions, filings or notarisations in connection therewith.

6 Taxation

- 6.1 The Guarantor will pay any stamp and other duties and taxes, including penalties and any other charges payable on or in connection with the execution of this Guarantee and any action taken by a Trustee and the Delegate to enforce the provisions of this Guarantee.
- 6.2 The Guarantor shall make all payments to be made by it under this Guarantee without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by the Guarantor, the amount of the payment in respect of which the Tax Deduction is required to be made shall be increased to the amount which (after the Tax Deduction) will leave an amount equal to the payment which would have been due if no Tax Deduction had been required.

For the purpose of this Clause 6.2, **Tax Deduction** means a deduction or withholding for or on account of Taxes from a payment under this Guarantee and **Taxes** means any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Member Country or any political subdivision therein, and all interest, penalties or similar liabilities with respect thereto.

7 Assignment

The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder and the Guarantor acknowledges that this Guarantee shall remain valid and shall continue to apply regardless of whether the Guarantor's appointment as Wakeel in respect of the relevant Series of Trust Certificates has been terminated.

8 Delegate

- 8.1 The Guarantor acknowledges that each Trustee has delegated certain of its rights and obligations under the Master Trust Deed to the Delegate and the Delegate may:
- (a) enforce the obligations of the Guarantor under this Guarantee on behalf of the relevant Trustee; and
 - (b) exercise the rights of the relevant Trustee, in accordance with the terms of this Guarantee and the terms of the Master Trust Deed.
- 8.2 The rights of the Trustees and the Delegate under this Guarantee shall continue to be valid and binding notwithstanding any change in name or change by amalgamation, reconstruction, reorganisation, restructuring or otherwise which may be made in or to the constitution of the Guarantor, any Trustee or the Delegate.

9 No Immunity

The Guarantor represents and warrants to the Trustees and the Delegate that it has entered into this Guarantee in connection with the exercise of its powers to raise money and, accordingly, the Guarantor is not entitled to claim for itself or any of its assets immunity from legal process in actions taken in relation to this Guarantee and brought against it in a court of competent jurisdiction by the Trustees and/or the Delegate irrespective of the identity of the holders of beneficial interests in the Trust Certificates, provided, however, that, in respect of

any action brought in a Member Country, no form of seizure, attachment or execution may be exercised against its property and assets before the delivery of final judgment against the Guarantor.

10 Shari'a Compliance

The Islamic Development Bank hereby agrees that it has accepted the Shari'a compliant nature of this Guarantee, the Conditions, the Programme Documents and the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under this Guarantee, the Conditions, the Programme Documents and 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 this Guarantee, the Conditions, the Programme Documents and the Transaction Documents to which it is a party; and
- (c) none of its obligations under this Guarantee, the Conditions, the Programme Documents and 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 this Guarantee, the Conditions, the Programme Documents and the Transaction Documents to which it is a party are not compliant with the principles of Shari'a.

11 Amendment, Modification and Termination

No amendment, modification or termination of any provision of this Guarantee shall be effective unless it is agreed in writing and signed by or on behalf of the Trustees (with the consent of the Delegate) and the Guarantor.

12 The Contracts (Rights of Third Parties) Act 1999

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

13 Governing Law

This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

14 Dispute Resolution

14.1 Agreement to Arbitrate

Subject to Clause 14.2 (*Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Guarantee (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it) (a **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 Clause 14.1. For these purposes:

- (a) the place of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator in the Request or Response (each as defined in the Rules) (as the case may be) and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the Arbitral Tribunal (as defined in the Rules). In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator in accordance with this sub-Clause 14.1(b), such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
- (c) the language of the arbitration shall be English.

14.2 Option to Litigate

14.2.1 Notwithstanding Clause 14.1 (*Agreement to Arbitrate*) above, the Delegate and the relevant Trustee may, in the alternative, and at its sole discretion, by notice in writing to the Guarantor:

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

require that a Dispute be heard by a court of law. If the Delegate or the relevant Trustee gives such notice, the Dispute to which such notice refers shall be determined in accordance with Clause 14.2.2 and, subject as provided below, any arbitration commenced under Clause 14.1 (*Agreement to Arbitrate*) in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Guarantor), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

14.2.2 If any notice to terminate is given after service of any Request in respect of any Dispute, the Delegate or the relevant Trustee (as the case may be) must also promptly give notice to the LCIA and to any Arbitral Tribunal (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, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

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

14.3 Effect of Exercise of Option to Litigate

In the event that a notice pursuant to Clause 14.2 (*Option to Litigate*) is issued, the following provisions shall apply:

- (a) subject to sub-Clause 14.3(c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Guarantor submits to the exclusive jurisdiction of such courts;
- (b) the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle and Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this sub-Clause 14.3(c) is for the benefit of the Delegate and the Trustees only. As a result, and notwithstanding sub-Clause 14.3(a) above, the Delegate or the relevant Trustee may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate or the relevant Trustee may take concurrent Proceedings in any number of jurisdictions.

14.4 Process Agent

The Guarantor appoints Intertrust Corporate Services (UK) Limited at its registered office at 35 Great St. Helen's, London, EC3A 6AP, United Kingdom as its agent for service of process and undertakes that, in the event of Intertrust Corporate Services (UK) Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any manner permitted by law.

14.5 Waiver of Interest

The Islamic Development Bank hereby acknowledges and agrees that, notwithstanding any other provisions of this Guarantee, the principle of payment of interest is repugnant to the principles of Shari'a and to the extent that any law or provision would impose (whether by contract or statute) an obligation to pay interest to any other person in relation to this Guarantee, The Islamic Development Bank expressly waives and rejects the entitlement to recover interest from another person. For the avoidance of doubt, nothing in this sub-Clause 14.5 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Profit Collections, Dissolution Amounts, Exercise Price or profit or principal of any kind howsoever described payable by The Islamic Development Bank (in any capacity), IDB Trust Services Limited (in any capacity) or IsDB Trust Services No.2 SARL (in any capacity) pursuant to the Programme Documents, the Transaction Documents and/or the Trust Certificates (as the case may be), howsoever such amounts may be described or re-characterised by way of court or arbitral tribunal.

In witness whereof this Guarantee has been executed on behalf of the Guarantor.

Executed as a deed by)
The Islamic Development Bank)
acting by)
acting on the authority of that bank)
in the presence of:)
)



Dr. Yasser Gado, Director, Treasury Department, IsDB

Witness:



Name: Zakky Bantan, Capital Markets, Treasury Department, IsDB

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