

AGM Approval

Ratification of ADIB Board approval on changes to ADIB Tier 1 Sukuk issuance to Government of Abu Dhabi

17 March 2022



Context and background:

- **On 16 April 2009**, under the Government of Abu Dhabi Bank capitalization program, ADIB has issued Tier 1 sukuk (the "Sukuk-Gov") to the Department of Finance of the Government of Abu Dhabi, with a principal amount of **AED 2 bn**.
- Issuance of this Sukuk-Gov was approved by the shareholders of the Bank in the Extraordinary General Meeting held on **22 March 2009**.
- This Sukuk-Gov is a perpetual security and was callable by the Bank subject to certain conditions.
- The instrument was at that time **Basel 2 compliant**. In light of the **new Basel 3 framework**, a few amendments had to be made to ensure it continues to qualify as a Tier 1 issuance.

Course of action taken by ADIB:

- During Q1 2021, CB UAE initiated the process of converting Tier 1 instrument issued to Government of Abu Dhabi by ADIB, FAB and ADCB.
- ADIB coordinated with the UAE Central Bank, the Department of Finance, external legal, external auditors (Deloitte), and the relevant Sharia committees to comply with the regulations. All stakeholders reviewed and approved the proposed changes in the documentations and terms and conditions.

Main changes introduced to the instrument

- Issuer call set to April 2027 (First Call date).
- A clause on " Non viability Loss absorption" introduced which provides additional protection to ADIB.
- Governing Law now under the Abu Dhabi Law / private placements.

The ADIB Board of directors approved the changes to ADIB Tier 1 Sukuk issuance to the Government of Abu Dhabi on 6 Dec 2021.

Main terms & conditions - Existing vs New

	2009 Tier 1 Sukuk (Existing)	2021 Additional Tier 1 Sukuk (New)
Issuer / Trustee	Abu Dhabi Islamic Bank PJSC (“ADIB”)	Abu Dhabi Islamic Bank PJSC (“ADIB”)
Issue size	AED 2 billion	AED 2 billion
Mudareb	Abu Dhabi Islamic Bank PJSC (“ADIB”)	Abu Dhabi Islamic Bank PJSC (“ADIB”)
Maturity	Perpetual	Perpetual
Instrument Rating	Unrated	Unrated
Ranking	Subordinated, senior only to ordinary shares	Subordinated, senior only to ordinary shares
Issuer Call	Callable at certain conditions	April 2027 (“First Call Date”) and every distribution date thereafter
Profit Rate (distributed from Mudaraba generated profit)	<ul style="list-style-type: none"> ■ 6 % fixed p.a. for first 5 years (initial period) ■ After the initial period of 5 years, 6 months EIBOR plus an expected margin of 2.3% p.a. ■ Semi-annual payable in arrears ■ Reset every 6 months after initial period of 5 years. 	<ul style="list-style-type: none"> ■ 6 months EIBOR plus an expected margin of 2.3% p.a. ■ Semi-annual payable in arrears ■ Reset every 6 months
Dividend Stopper	Distributions on, redemption or repurchase of share capital and parity securities, until 2 consecutive profit payments have been paid in full (or set aside)	Distributions on, redemption or repurchase of share capital, equity securities and parity securities, until the following profit payment has been paid in full (or set aside)
Non-Viability Loss Absorption (NVLA)	None	Contractual NVLA: Full or partial permanent write down
Governing Law / Listing	Abu Dhabi and UAE Federal Law / Private placement	Abu Dhabi Law / Private placement