

Sukuk Financing¹ - Key Facts Statement

| What is the Product? | Quick Facts | | |
|---|---|---|--|
| <p>Sukuk is an Islamic instrument which is structured in a Shari'a compliant manner and represents proportionate undivided ownership in the underlying asset or investment. The return on the Sukuk is derived from the yield generated by the underlying asset or investment.</p> <p>A Sukuk provides expected distributions on a yearly, semi-annually, or quarterly basis to its investors. These distributions are usually expected on a pre-determined schedule, which makes Sukuk a good investment if you need income on a regular basis.</p> | <ul style="list-style-type: none"> • Finance against Sukuk: The Bank will offer shares financing to customers by specific limits, as per Bank's internal policy and procedure, against ADIB approved Sukuk as collateral on a fully secured basis. The customer must have an active Tadawul account with ADIB Securities. The Sukuk will be held as collateral by ADIB against the financing, and the expected distributions received from the Sukuk will be the source of the payment of the finance instalments. | <ul style="list-style-type: none"> • Tadawul (also known as Shares Financing) is offered to ADIB's customers for financing shares of Shari'a compliant companies. These shares are listed on the Abu Dhabi Securities Exchange (ADX) or listed on the Dubai Financial Market (DFM). The Bank will purchase and own those shares and then sell them on deferred basis to the customer. <ul style="list-style-type: none"> o Purchase and sale of securities are routed through ADIB Securities • Shari'a Board: Internal Shari'a Supervisory Committee of ADIB | <ul style="list-style-type: none"> • ADIB Product Risk Rating: This product is only suitable for customers with a 'Growth' risk rating and above • Currency: AED/USD • Tenor: Maximum 5 years • Eligible Purpose: <ul style="list-style-type: none"> o For Personal needs o Investing in other financial products |
| Fees and Charges | | | |
| <p>Processing Fees of Shares Murabaha (one-time):</p> | <p>Processing fees:</p> <ul style="list-style-type: none"> • 1% of the Finance Amount • DFM: 0.55% of the Trading Amount (Max. AED 2,475). • ADX: 0.30% of the Trading Amount (Max. AED 2,475). | | |
| <p>Brokerage Fees (per Transaction):</p> | <p>The brokerage fees for DFM and ADX are as follows:</p> <ul style="list-style-type: none"> • DFM: For buy orders, a brokerage fee of 0.275% of the Trading Amount (a maximum of AED 1,237.50) will apply and is part of the Finance Amount (Murabaha cost). The brokerage fee on sale orders of 0.275% of the Trading Amount (a maximum of AED 1,237.50) is applicable only upon selling the shares by the customer. • ADX: For buy orders, a brokerage fee of 0.15% of the Trading Amount (a maximum of AED 1,237.50) will apply and is part of the Finance Amount (Murabaha cost). The brokerage fee on sale orders of 0.175% of the Trading Amount (a maximum of AED 1,237.50) is applicable only upon selling the shares by the customer. | | |
| <p>Value Added Tax (VAT):</p> | <p>5% of the total processing fee</p> | | |
| <p>Profit Amount:</p> | <p>Reference Rate (as per risk-based considerations) + 0.75% to 1.5% (for the purpose of Financing to invest in shares)</p> | | |

WARNINGS AND RISK FACTORS:

Below are some of the warnings and risk factors associated with investing in Sukuk. For a complete list, please refer to the respective Sukuk prospectus

- **Perpetual Sukuk:** Sukuk perpetuals have no fixed maturity date. The investment amount might never be returned by the issuer unless the issuer exercises the right to call (if any) or to redeem it. Perpetual Sukuk with expected profits for life are more volatile to market rate changes compared to Sukuk with fixed maturity dates.
- **Callable Features:** The terms and conditions of these Sukuk securities allow the issuer to terminate or redeem the Sukuk prior to its stated maturity date. Depending on the terms of the specific Sukuk security, early redemption may be rule-based (e.g., upon the occurrence of certain events or triggers) or at the issuer's sole and absolute discretion.
- **Currency Risk:** The investment amount may be negatively affected by foreign exchange risk if the investment amount deposited is other than the currency of the Sukuk.
- **Variable/Reset Expected Distribution:** Expected distribution of Sukuk is based on variable rate established at specified intervals. Expected distribution rate of some Sukuk can also be reset based upon specific market indicators
- **Viability Risk:** Convertible Sukuk provides investors with the right to convert such Sukuk (at a specified conversion price) into either a specified number of Shari'a compliant shares or other Sukuk of the issuer. The issuer reserves the right to write-off the total obligation amount upon the occurrence of a viability event.
- **Extendable Maturity Dates:** Depending on the terms, either one of or both of the issuer and investor may have the option of extending the maturity date. Where the maturity date is extended, repayment of your investment amount will be postponed, and the issuer will continue to pay you expected distributions (at either the same or a different rate)
- **Market Risk/Opportunity Loss Risk/Market Rate Risk:** The value of Sukuk may increase or decrease over the life of the investment. The investment amount returned at maturity may be higher or lower than the amount initially invested.
- **Credit Risk:** Investors assume the credit risk of the issuer which includes possible loss of investment amount and or any expected returns.
- **Liquidity Risk:** The customer is required to maintain a collateral of sufficient value to cover the finance amount until full repayment. In case the Exposure to Value (ETV) is triggered as per the table below and the customer fails to provide the required amount within the stipulated number of days (following written notice), the Bank reserves the right to liquidate the collateral in full to set-off against the amounts due.
- **Sovereign Risk:** Payment of Sukuk may be affected by economic and political events. The occurrence of a sovereign risk event could result in the loss of all or a portion of the investment amount and/or any expected profits due to any political or economic circumstances.
- **Sukuk Risk:** When the price of the collateral Sukuk drops below a certain threshold, the customers' position (ETV) may trigger a Margin Call or Liquidation Call. In these instances, the customer may be required to deposit more funds into the account.

WARNING: Past performance is not a reliable guide to future performance. If you invest in this product, you may lose some, all or more than the amount of money you invested.

WARNING: You may have to pay penalties if you pay off a financing early.

WARNING: If you do not meet the repayments/payments on your financing, your account will go into arrears. This may affect your credit rating, which may limit your ability to access financing in the future.

WARNING: Refinancing your financing may take longer to pay off than your previous financing and may result in paying more in profit.

Margin Call and Liquidation Levels:

WARNING: These figures are estimates only. They are not a reliable guide to the future performance of your investment.

| Financing Multiples | Initial Exposure to Value (ETV) | Margin Call ² | | Liquidation ³ | |
|---------------------|---------------------------------|--------------------------|--|--------------------------|--|
| | | ETV Level Trigger | Corresponding Percentage (%) Fall in Sukuk Value | ETV Level Trigger | Corresponding Percentage (%) Fall in Sukuk Value |
| 2:1 | 66.7% | 72.0% | 8% | 78% | 15% |
| 1.5:1 | 60.0% | 67.0% | 11% | 75% | 20% |
| 1:1 | 50.0% | 62.0% | 20% | 73% | 32% |

Key Terms and Conditions – for the full list of terms and conditions, please refer to the application / subscription form

- Investors are advised to take into consideration the complete list of risks involved in this intended Sukuk investment in addition to the following risks:
- General Risks – The value of the Sukuk during its tenor will be influenced by political, economic, financial and other factors that generally affect capital markets.
- Market Risk – Financial markets are inherently volatile and continuously change, therefore Sukuk prices fluctuate during its tenor (for example prices could increase or decrease). The value of the Sukuk may fall due to numerous factors including but not limited to each of the risks described.
- WARNING: In the event that the Customer breaches any product related terms and conditions, the Bank reserves the right to terminate the relationship, restrict the Customer's accounts, apply the relevant product fees if applicable or charge any actual costs incurred by the Bank or submit adverse reports to the credit agency.

Cooling-off Period

Once you enter into the financing contract, you will be bound by the terms and conditions of the financing contract however in accordance with the Consumer Protection Regulation and Standards you have the right to a cooling-off period option. This is a right to cancel the financing contract within five (5) complete business days starting immediately after signing the financing contract (the "Cooling-Off Period"). However, you may choose to waive your right to the Cooling-Off Period.

Warning

If you choose to waive your right to the Cooling-off Period, you will be bound by the terms and conditions of the financing contract once it is concluded between you and the Bank. Consequently, you will be subject to the risks of price fluctuation of the item sold/leased to you starting from the finance contract signing date.

I acknowledge receiving this Key Fact Statement prior to signing the term sheet:

| | | | |
|-----------------------|--|---------|--|
| Customer Name: | | EID No: | |
| Customer's Signature: | | Date: | |

¹ This information is accurate at the time of printing/publishing. No legal, investment, financial or other advice is hereby given to the customer on the part of ADIB. ADIB assumes no liability or responsibility in any manner whatsoever for any losses that the customer may suffer as a result of the performance of the Sukuk. In the event that the customer requires any advice in this respect, the customer should engage the services of an independent financial or legal advisor as appropriate.

² Margin Call occurs when the value of the securities in a collateralized Sukuk falls below a the ETV level trigger specified in Margin Call ETV table above.

³ Liquidation occurs when the market moves against a customer's leveraged position value of the collateralized Sukuk falls below the ETV level trigger specified in Liquidation Level ETV table above. The customer may be called upon by ADIB to deposit additional margin funds in his/her account. If the customer does not provide the required funds within the required timeframe, their position may be liquidated at a loss.