

Investor Presentation

31 March 2020 results

Abu Dhabi: May 2020



Table of Content



Introduction



Financial Review



Business Review



Appendix

ADIB at a glance

Overview

- Incorporated in **1997** to serve as first Islamic Bank in the Emirate of Abu Dhabi.
- Majority owned by members of the ruling family of Abu Dhabi and sovereign wealth fund.
- Listed on Abu Dhabi Securities Exchange (ADX).

Ratings



Long term rating	Short term rating	Outlook
A+	F1	Stable
A2	P1	Stable
AAA	P1	Stable

Stock Info (Price and Ratio as of 31 Mar 2020)

Market Cap (Price @ AED 3.99)	AED 14.5 bn (US\$ 3.9 bn)
Diluted EPS / share (AED) – Annualised	0.204
PE Ratio	20 times
Price / Book Ratio	1.08
Shares Issued (@ AED 1)	3.6 Bn

Presence

- Domestic - 79 Branches and 596 ATMs
- Overseas - Presence in UK, Saudi Arabia, Qatar, Iraq, Sudan & Egypt.

ADIB - Timeline and milestones

Early History (1997 – 2000)

- - Established by the Govt. of Abu Dhabi in **1997**.
- - Licensed in 1998 as an Islamic bank by the Central bank and commenced operations.
- - Listed on Abu Dhabi securities Exchange in 2000.

Intermediary years (2001 – 2007)

- **2005** - Established Abu Dhabi Islamic Securities Company (ADIBS) and Burooj Properties.
- **2007** - New strategic shareholder (EIIC) introduced.
- **2007** – Acquired 49% of National Bank for Development in Egypt.

Growth (2008 – Present)

- **2008** - Arrival of new management and adoption of new strategic vision and mission.
- **2012** - Issued world's first Shari'a-compliant hybrid perpetual Tier 1 sukuk amounting to USD 1 billion.
- **2013** – Fully repaid AED 2.2 billion Tier 2 Wakala Capital.
- **2013** – Total assets crossed AED 100 Bn for the first time.
- **2014** – Established Abu Dhabi Islamic Merchant Acquiring company LLC (ADIMAC) in Aug 14.
- **2014** – Acquired Retail banking business of Barclays Bank UAE.
- **2015** – Raised capital AED 504 Mn by issuing right shares.
- **2015** - Fully repaid 2nd tranche, issued under \$5 Bn EMTN program, of USD 750 Mn at maturity in 2015 .
- **2016** - Fully repaid 3rd tranche, issued under \$ 5 Bn EMTN program, of USD 500 Mn at maturity in 2016.
- **2017** – Total Deposits reached AED 100 Bn in 1st Quarter.
- **2017** – Achieved AED 2 Bn net profit for the year for the 1st time.
- **2018** – Issued Shari'a-compliant hybrid perpetual Tier 1 sukuk amounting to USD 750 Mn.
- **2018** - Redeemed USD 1 Bn Tier 1 sukuk successfully.
- **2018** - Raised capital AED 1 Bn by issuing right shares.
- **2019** - New CEO joined.

Table of Content



Introduction



Financial Review



Business Review

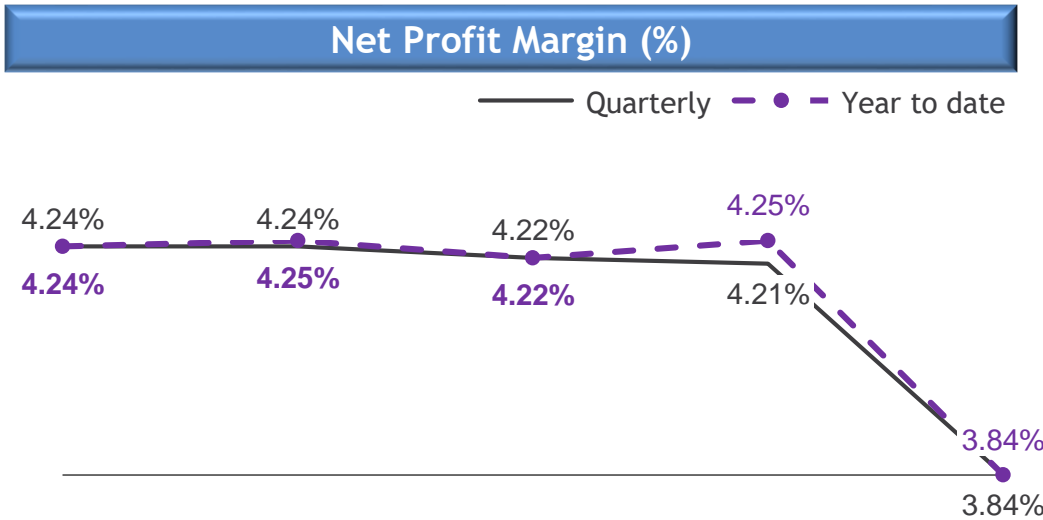
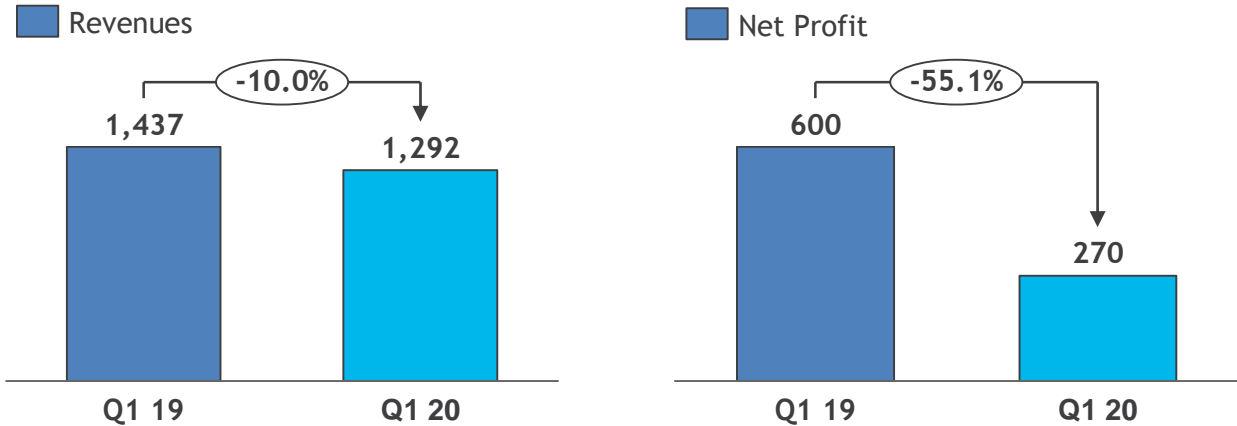


Appendix

Q1 2020 – Key financial highlights – Income statement

AED Mn	Q1 19	Q1 20	Change %
Net Revenue from funds	955.7	868.0	-9.2%
Fees and commission	213.7	211.3	-1.1%
FX income	78.4	56.5	-28.0%
Investment income	185.3	152.3	-17.8%
Others	3.5	4.2	22.8%
Operating income	1,436.6	1,292.3	-10.0%
Expenses	649.8	634.9	-2.3%
Operating profit	786.7	657.4	-16.4%
Provision for impairment	186.4	387.1	107.7%
Zakat & tax	-	0.7	100.0%
Net profit	600.3	269.7	-55.1%

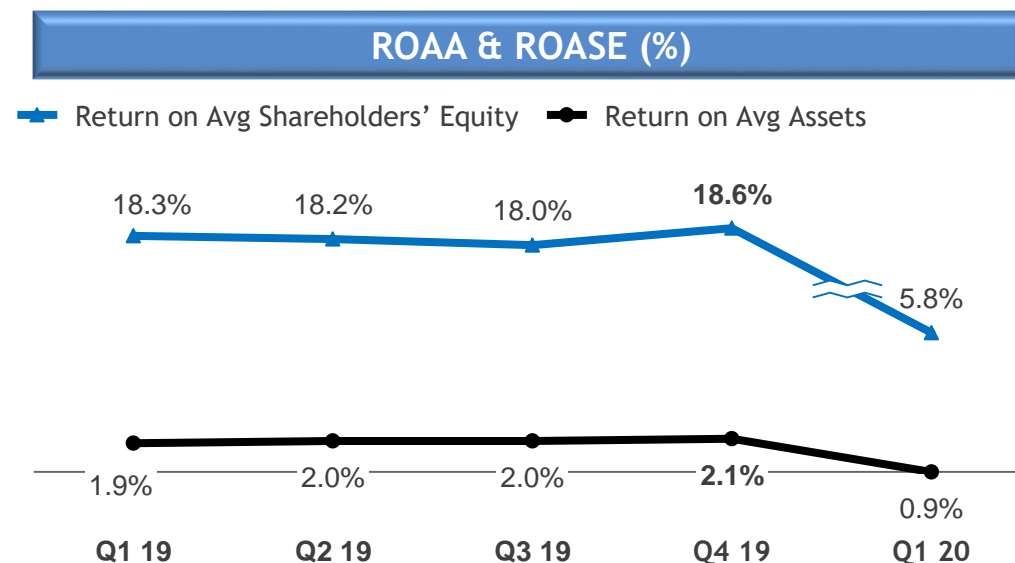
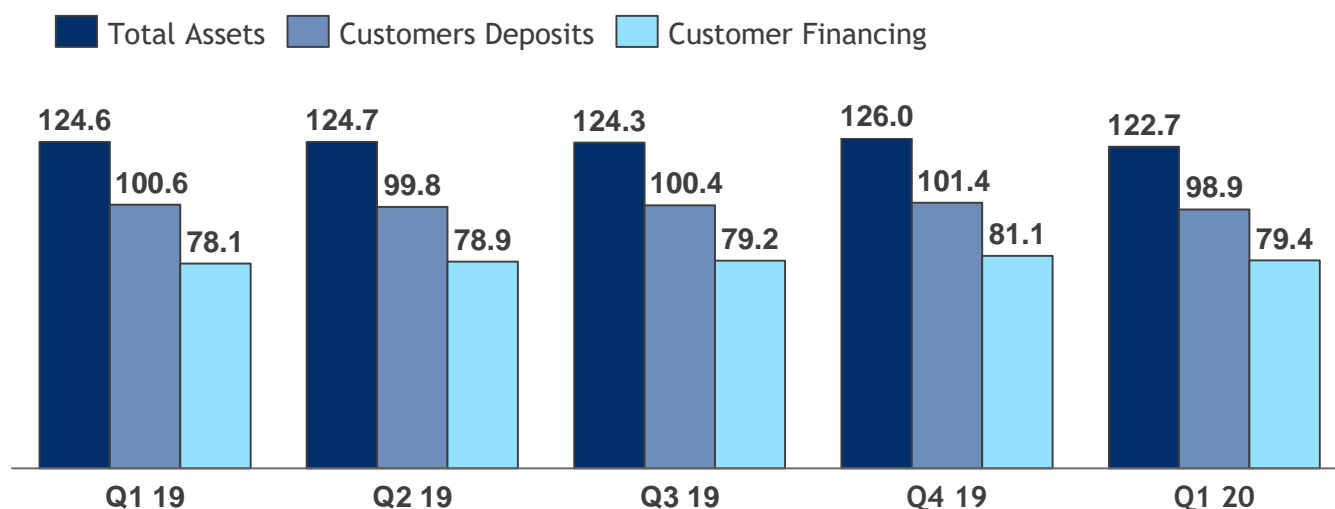
- Operating income drops by 10.0% due to lower finance yield, lower investment and foreign exchange income.
- Net profit margin was 3.84%, due to lower rates in the market, partly offset by the positive impact of the low cost of funds and a growth in customer financing.
- Expenses lower by 2.3% year-on-year, reflecting cost discipline initiatives. This was achieved despite investments in key strategic and digital initiatives designed to support business growth, enhance customer experience and create future efficiencies.
- Provision for impairment increased to AED 387.1 million in recognition of the challenging operating environment..



31 March 2020 – Key financial highlights – Balance sheet

AED Bn	Mar 19	Mar 20	Change %	Dec 19	Change %
Total assets	124.6	122.7	-1.5%	126.0	-2.6%
Net customer financing	78.1	79.4	1.6%	81.1	-2.1%
Investments	14.9	13.8	-7.6%	14.2	-3.0%
Customers' deposits	100.6	98.9	-1.8%	101.4	-2.5%
Total equity	17.2	18.2	5.5%	19.1	-4.9%

- Customer financing increased by 1.6% from Q1 2019 to reach AED 78.1 Bn, primarily due to growth in Wholesale banking 5.6%.
- Customer deposits decreased by 1.8% over Q1 2019, however, Financing to Deposit ratio remains healthy at 80.3% and Advances to Stable Funds Ratio at 85.1%.
- Capital adequacy ratio - Basel III at 31 Mar 2020 Total CAR was 18.08%, Tier 1 ratio was 17.00% and CET 1 ratio was 12.30%. These ratios are well above the minimum requirements prescribed by Central Bank of UAE.



Key ratios

Ratios		Mar 2019	Dec 2019	Mar 2020
Efficiency	Diluted Earnings per share (EPS in AED)	0.138	0.632	0.047
	Return on Average Shareholders' Equity (excluding - Tier 1 capital)	18.3% ¹	18.6%	5.8% ¹
	Net profit margin (%)	4.24% ¹	4.25%	3.84% ¹
	Cost of funds (%)	0.86% ¹	0.80%	0.72% ¹
	Cost / income ratio	45.2%	44.9%	49.1%
Liquidity	Percentage lent (Financing / Total Assets)	62.7%	64.4%	64.7%
	Financing to Deposits ratio	77.7%	80.0%	80.3%
	Advances to Stable funds ratio	82.4%	84.1%	85.1%
	Liquid Assets to Total Assets ratio	19.0%	18.4%	18.0%
Solvency	Capital Adequacy – Basel III	17.5%	17.9%	18.1%
	Tier -1 ratio – Basel III	16.4%	16.8%	17.0%
	Common Equity Tier -1 ratio (CET 1) – Basel III	11.7%	12.1%	12.3%
	Leverage ratio (Assets / Equity)	723%	660%	675%

¹ Annualised.

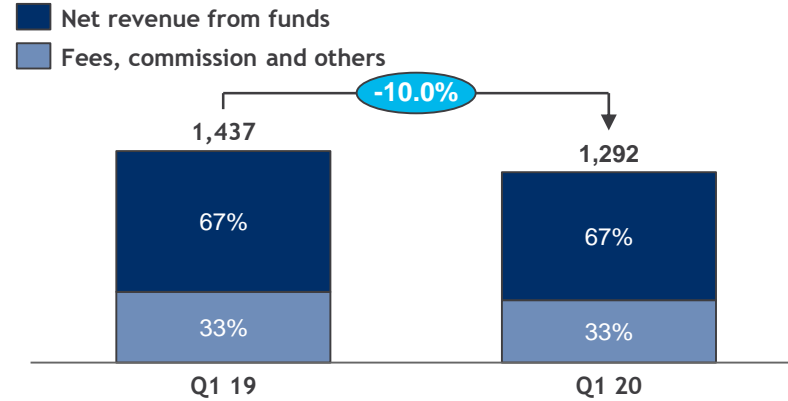
Source: Derived from published financial statements

Operating Performance – Net profit income

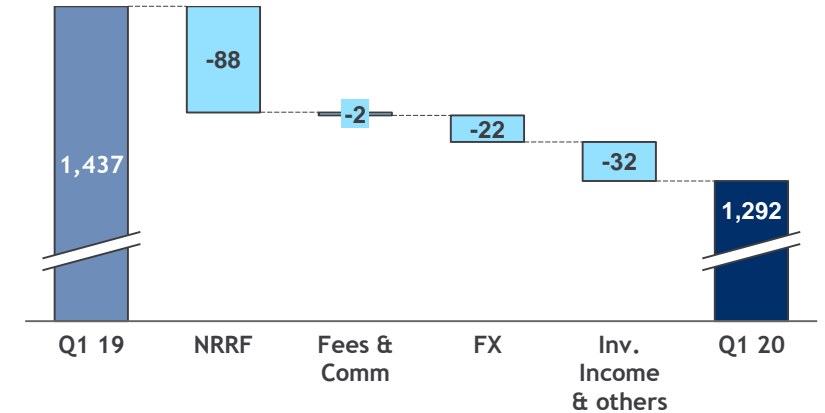
Highlights (Q1 2020 vs. Q1 2019)

- Net profit margin was 3.84%, due to lower rates in the market, partly offset by the positive impact of the low cost of funds and a growth in customer financing (mainly Wholesale banking 5.6%).
- Cost of funds drops to 72bps and one of the best among the peer banks.

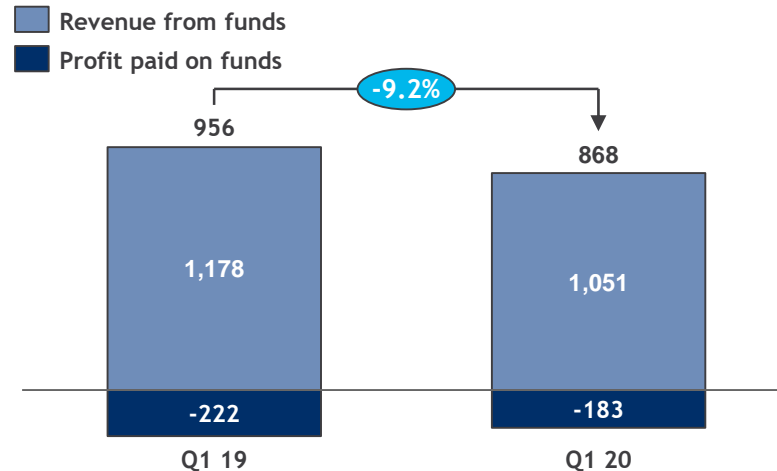
Revenues (AED Mn)



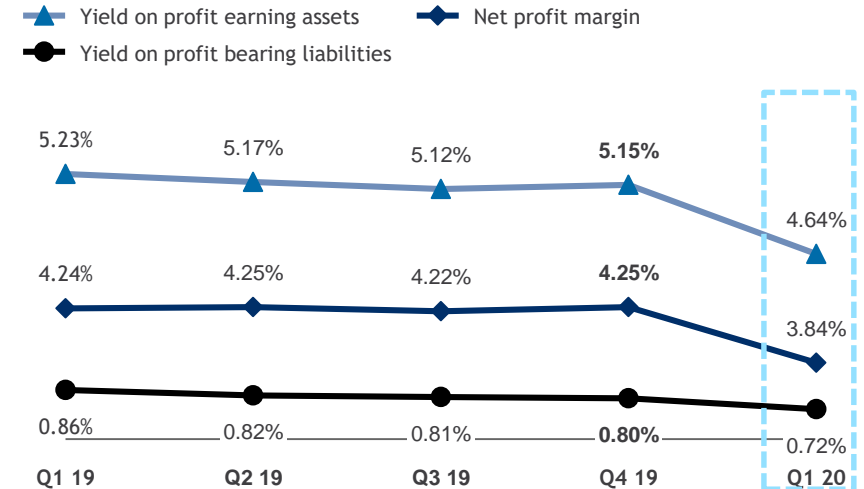
Key movement in Revenues (AED Mn)



Net Revenue from Funds (AED Mn)



Evolution of Yields (%)

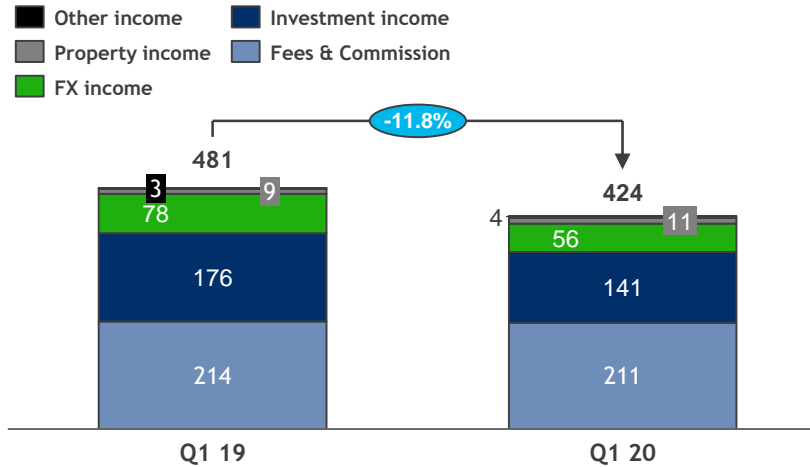


Operating Performance – Non-profit income

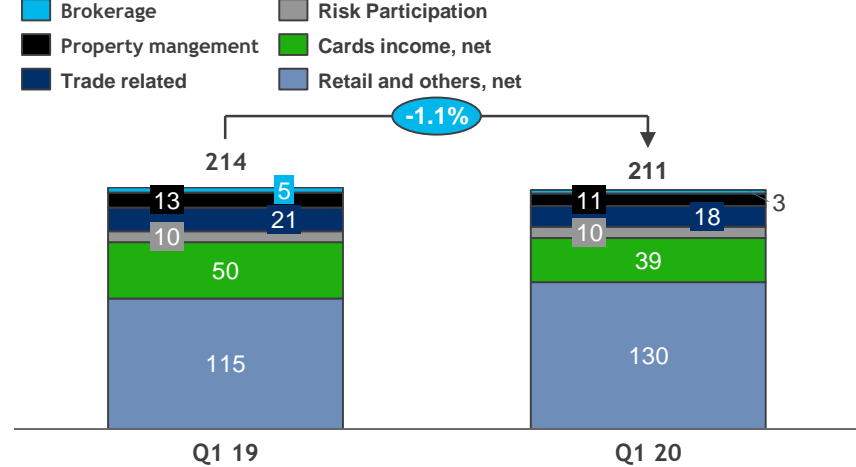
Highlights (Q1 2020 vs. Q1 2019)

- Non-profit income lower by 11.8% at AED 424.3 Mn, now comprises 32.8% of total revenue compared to 33.5% in Q1 19.
- Decrease of 11.8% mainly driven by lower investment income and foreign exchange income.
- Investment income lower by 19.9% primarily due to trading sukuk losses & decrease in sukuk profit income.
- FX income lower by 28.0% to reach AED 56.5 Mn.

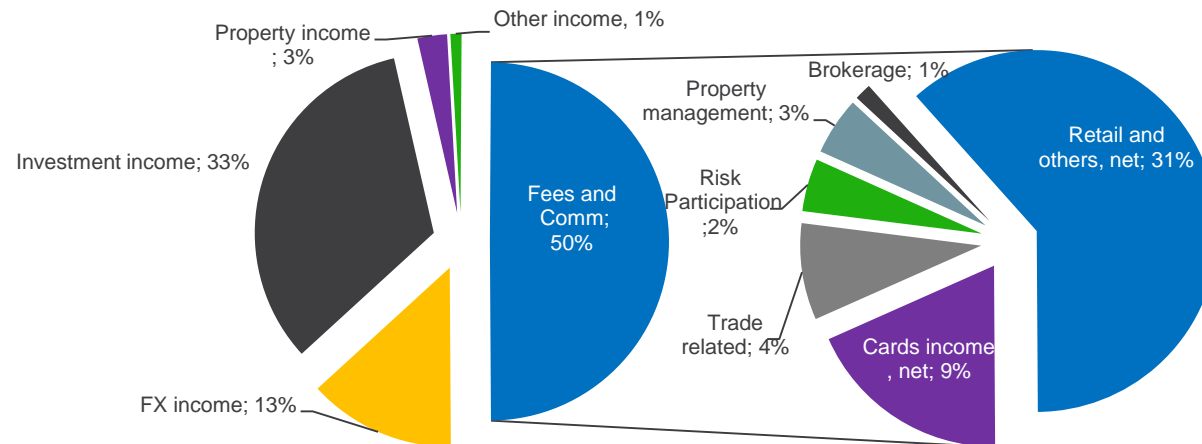
Non-profit income (AED Mn)



Composition of Fees & commission (AED Mn)



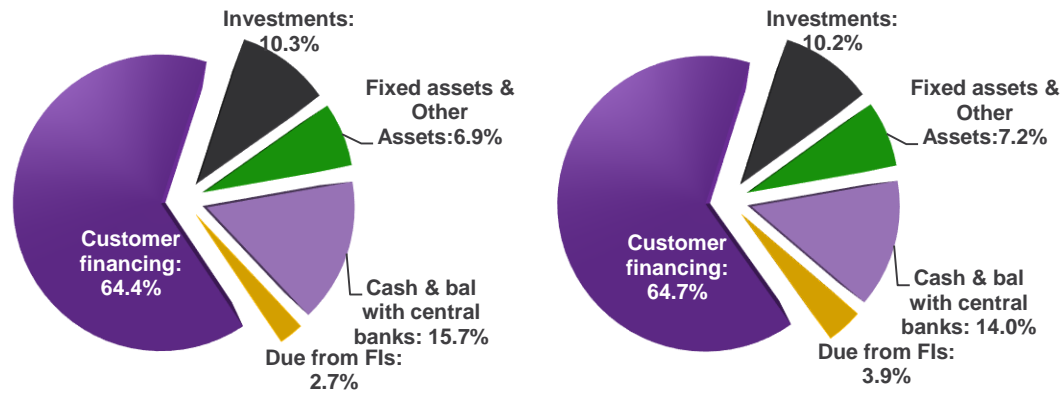
Non-profit income Revenue breakdown



Balance Sheet Strength and Customer Financing

Gross Customer Portfolio increased 1.9% vs. Mar 19, mainly due to WBG being higher by 5.6% while RBG was relatively flat @ 0.1%.

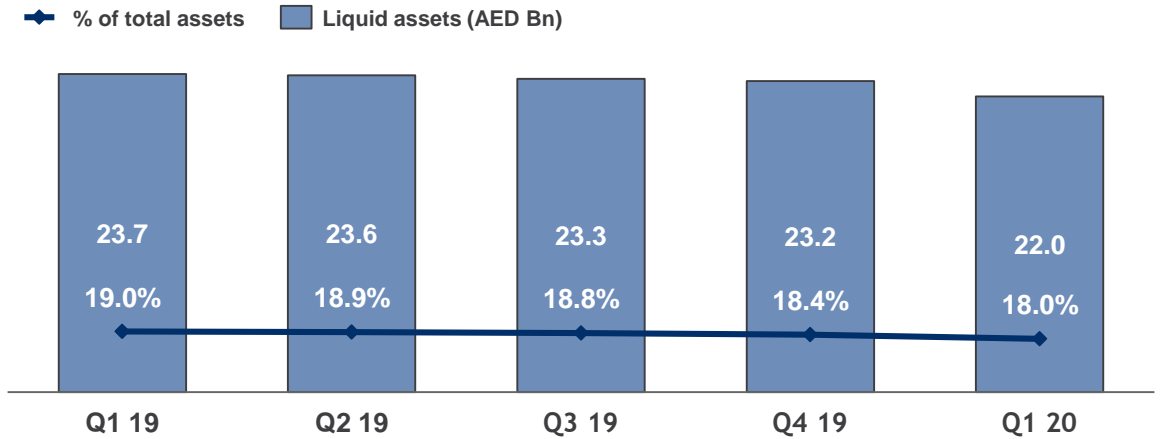
Composition of Total Assets – AED Bn



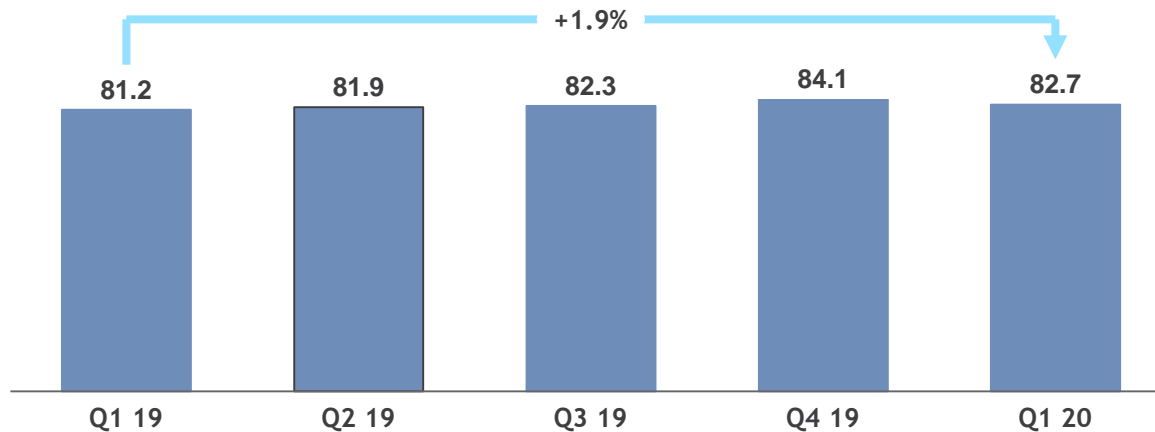
31 Dec 2019 – AED 126.0 Bn

31 Mar 2020 – AED 122.7 Bn

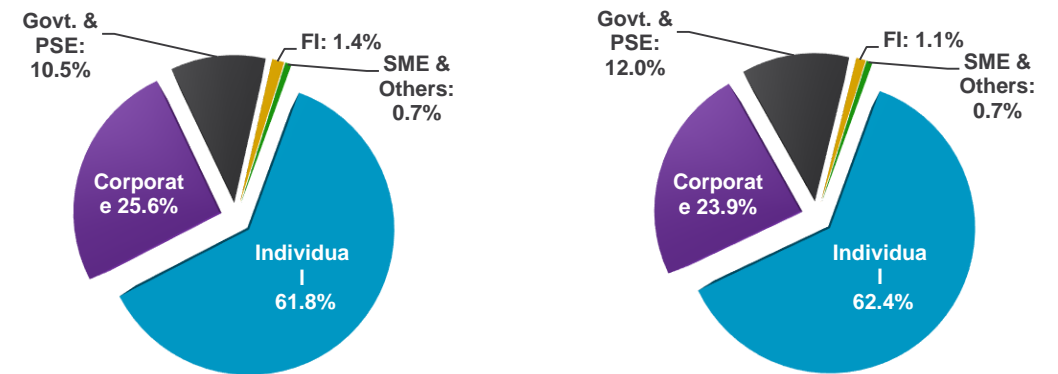
Liquidity ratio* (%)



Gross Customer Financing by Segment



Gross Customer Financing by Customer Segment



31 Dec 2019 – AED 84.1 Bn

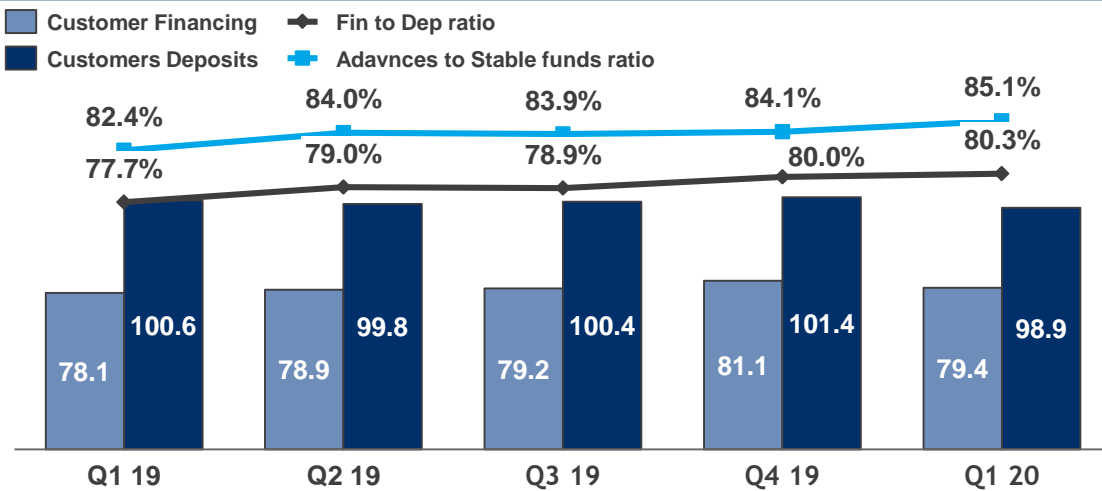
31 Mar 2020 – AED 82.7 Bn

* Liquidity assets include cash and balances with central banks and interbank placements (liquidity ratio is calculated as follows: liquid assets divided by total assets).

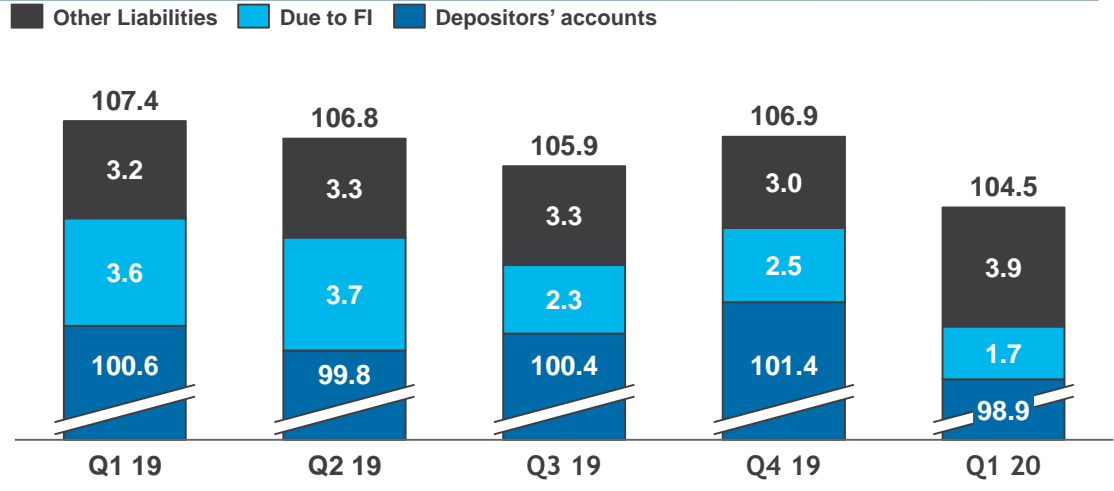
Funding Profile

Healthy Financing to Deposit ratio of 80.3%.

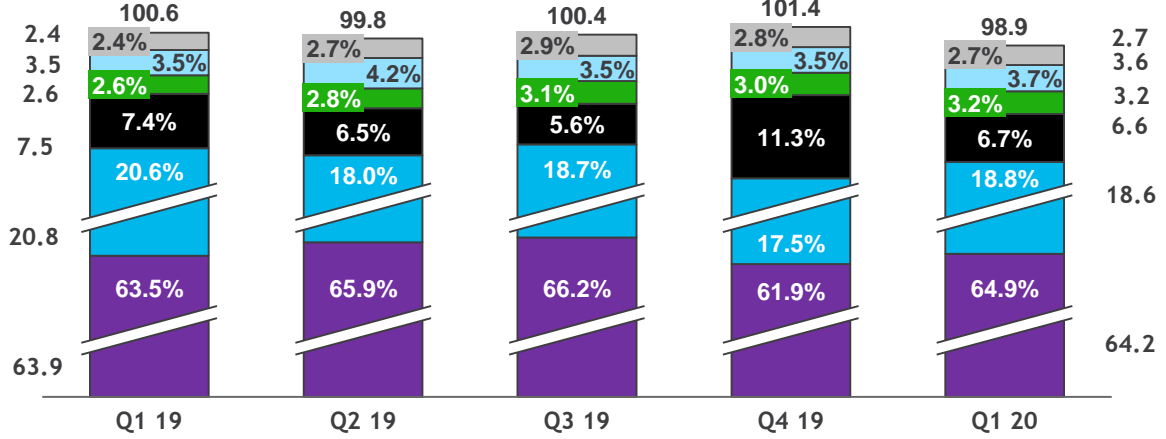
Net Customer Financing & Customers' Deposits (AED Bn)



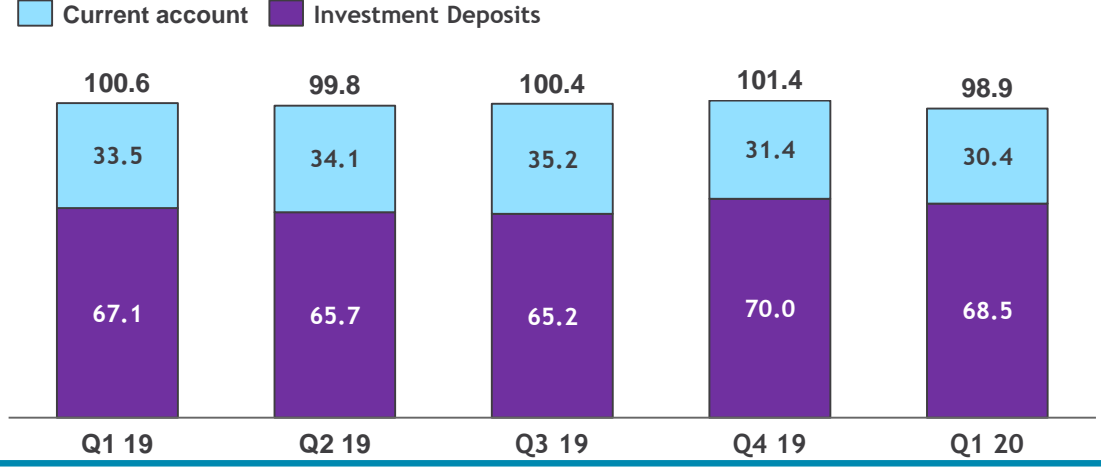
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)



Customers' Deposits by Type (AED Bn)

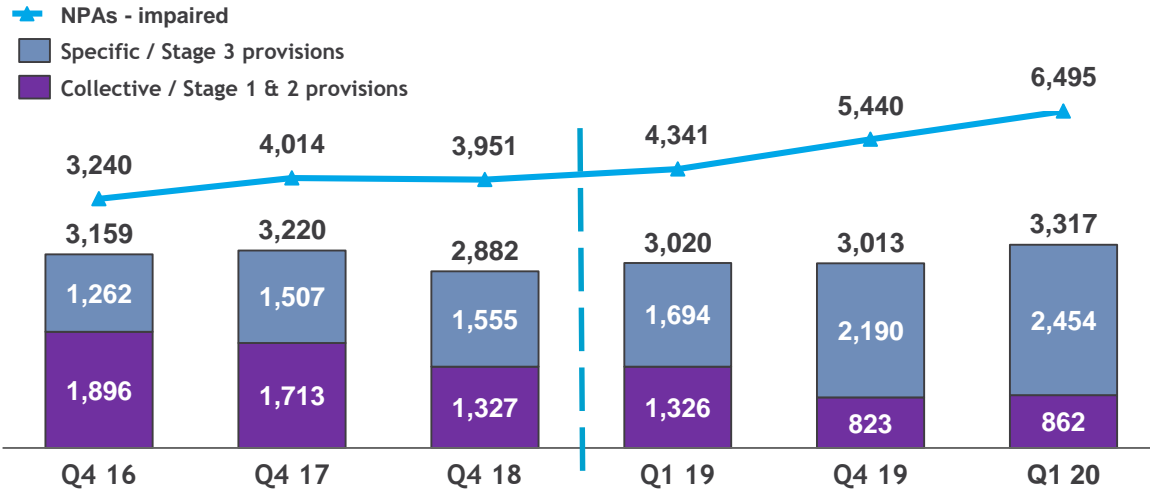


Others IBG & FI Private Treasury Wholesale Retail

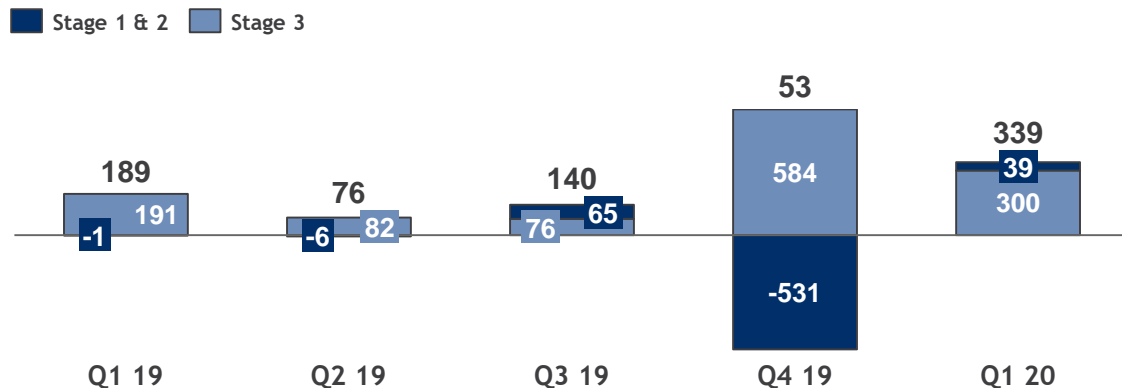
Asset quality – Customer financing assets only

Provisioning now calculated in accordance with IFRS 9. .

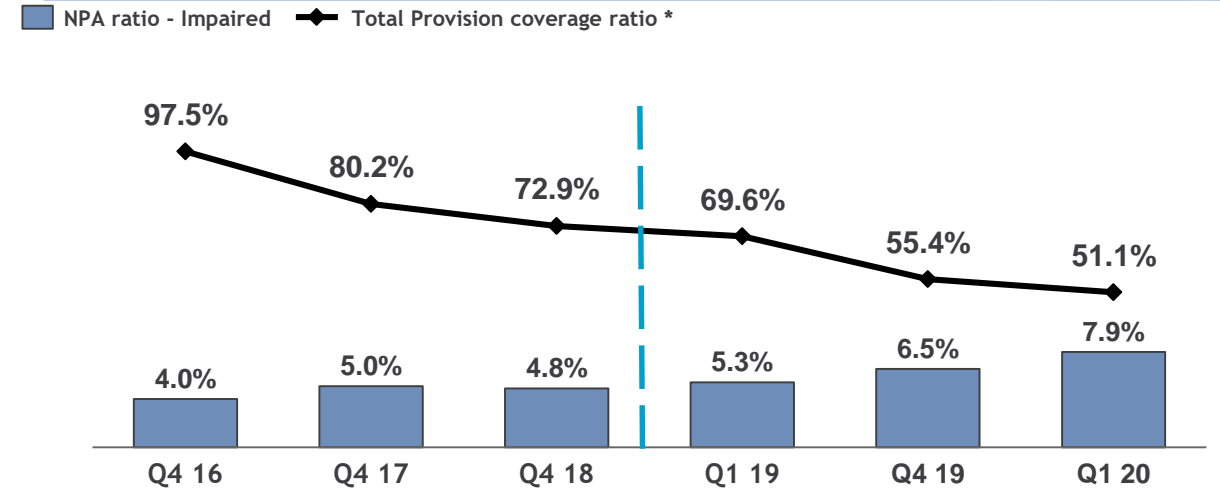
Provisions and NPAs - Customer financing (AED Mn)



Provisions charge - Customer financing assets only (AED Mn)



NPA ratio and Provision Coverage ratio



Key points

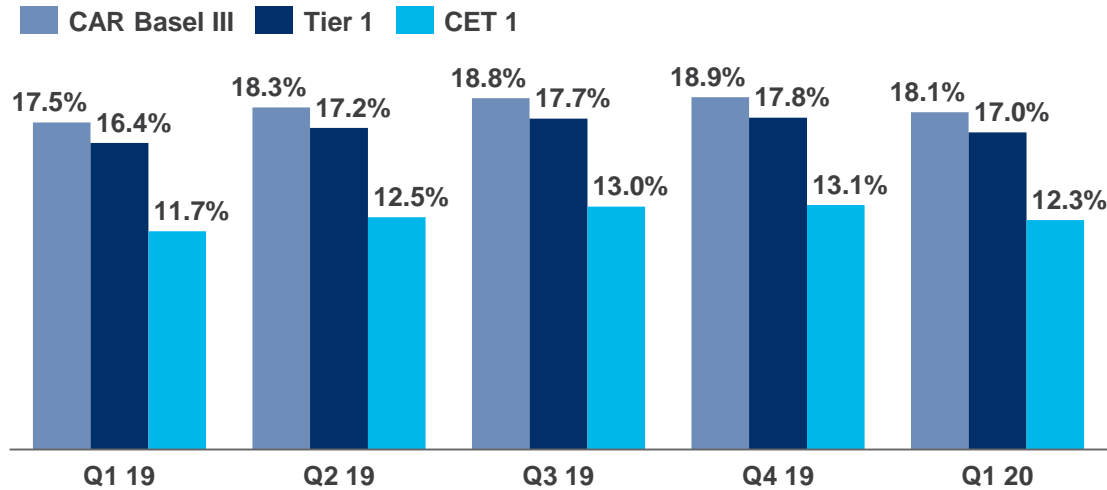
- Total impaired NPAs increased by AED 1,055 Mn during Q1 2020 to reach AED 6,495 Mn (31 Dec 19: AED 5,440 Mn).
- Impaired NPAs ratio at 7.9% as at 31 March 2020 (6.5% at 31 Dec 2019) with coverage of 51.1% (31 Dec 2019: 55.4%). Including Collateral after hair cut for stage 3, coverage is 95.7%
- Stage 1 & 2 financing provisions now stand AED 862 Mn at end of Q1 2020. Impairment reserve of AED 340.1 Mn has been created in equity in order to maintain Stage 1 & 2 provision at 1.5% of Total CRWA.
- Stage 3 financing provisions of AED 2,454 Mn at 37.8% of impaired NPAs at end of Mar 2020 (31 Dec 2019: 40.3%). Including stage 3 post haircut collateral value (50%), this ratio improves to 82.5%.
- Total financing provisions of AED 3,374 Mn represents 4.01% (31 Dec 2019: 3.58%) of Gross Financing portfolio.

* "Provision coverage ratio" is defined as "total provisions / impaired NPAs".

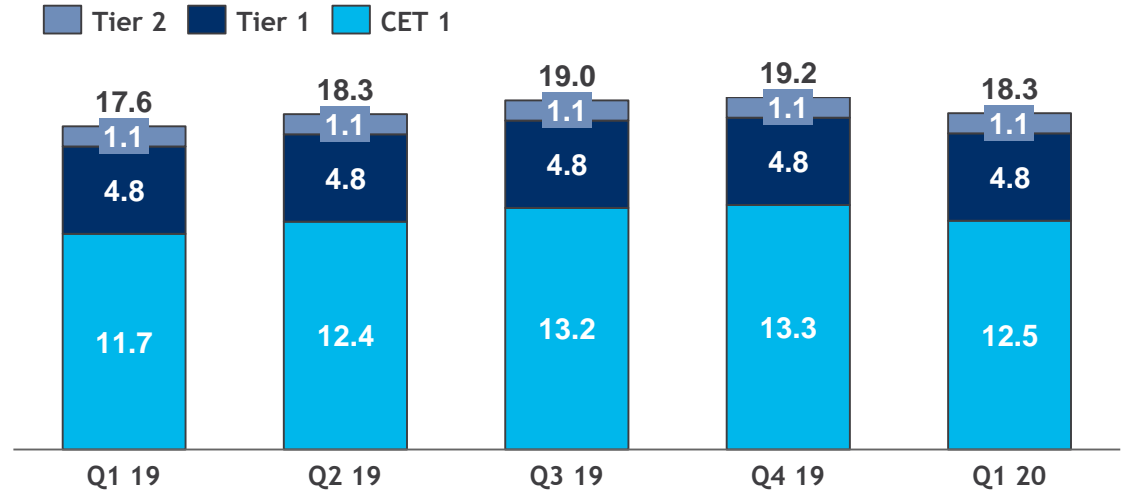
Capital Adequacy Ratio (CAR)

Well above the Regulatory thresholds

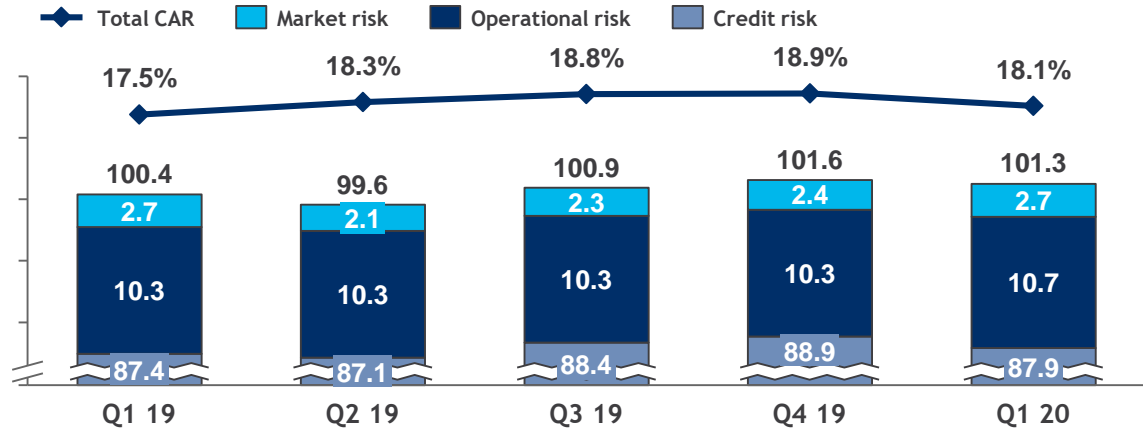
Capital Adequacy Ratio (%)



Capital base - CET 1, Tier 1 and Tier 2 - AED Bn



Total Capital Adequacy Ratio and RWA



Highlights

- Basel III Total Capital Adequacy ratio at end of Mar 2020 at 18.08% well above the regulatory requirement of 13.0%. (31 Dec 19: 17.92%).
- Basel III Tier I ratio at 17.00% at the end of Mar 2020 well above the regulatory requirement of 11.0%. (31 Dec 19: 16.82%).
- Basel III CET1 ratio at 12.30% at the end of Mar 2020 above the regulatory requirement of 9.5%. (31 Dec 19: 12.14%).
- Effective from 15 March 2020 until 31 December 2021, banks are allowed to tap into the capital conservation buffer up to a maximum of 60% without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis.

Table of Content



Introduction



Financial Review



Business Review



Appendix

Executive summary – Strategy

GOAL

- ADIB is in a good position to start a new phase in the Bank’s history, building on ADIB’s strong market position and highly regarded brand. The fundamental goal of our Strategy is to make ADIB a stronger, more efficient, better structured bank that is well positioned to pursue growth opportunities across all our businesses.
- Focused on delivering sustainable, long-term returns to our shareholders by deploying our balance sheet and other resources to the highest return activities that are consistent with our client base, product offering and risk appetite while at same time we protect and maximize ADIB’s brand value.

4-PILLAR STRATEGY

- In order to achieve our set objectives ADIB needs a strong Retail and Wholesale business, strengthened Treasury capabilities, trusted Private Bank and an International presence that serves all our UAE and international clients across geographies.

1

CLIENT RELATIONSHIP

Growing and strengthening our existing businesses by **deepening our relationships with ‘stay’ existing clients** and expanding our capabilities to **attract ‘New to Bank’ clients.**

2

REVENUES

Diversifying our business mix by **increasing our fee-based income, recurring revenues** across all ADIB segments and by **introducing new revenue streams.**

3

OPERATING EFFICIENCY

Achieving greater operating efficiency across all areas by rationalizing internal structures, re-engineering internal processes, introducing cost save initiatives and an unwavering commitment to cost discipline.

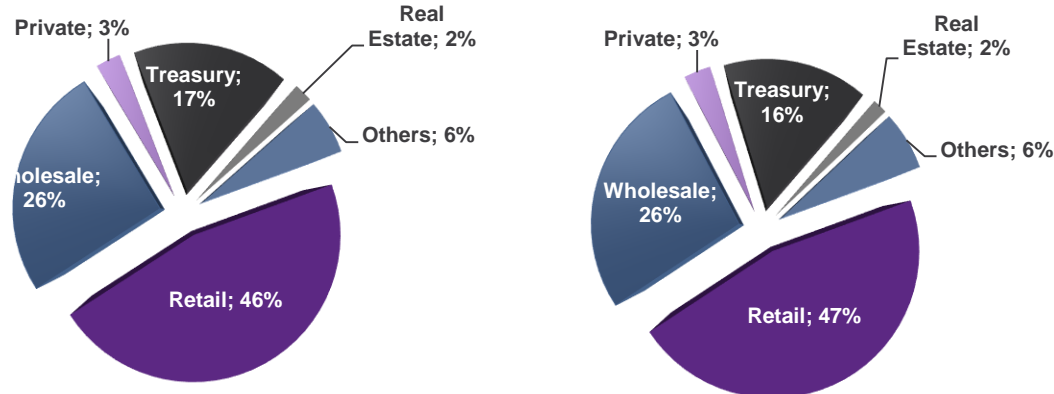
4

RISK AND CONTROL

Enhancing our risk management framework in line with our risk appetite and **reinforcing our governance and control culture.**

Business Segment Contribution – Largely a Retail Bank

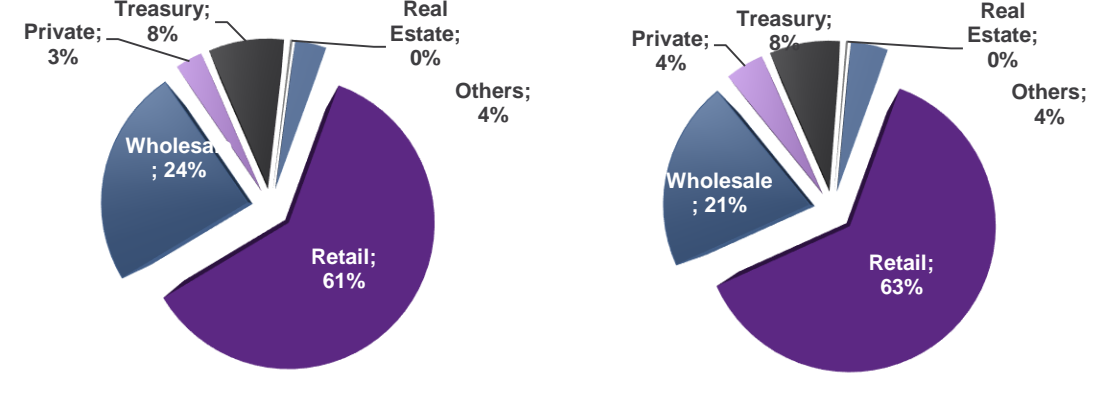
Composition of Total Assets - AED Bn



31 Mar 2019 – AED 124.6 Bn

31 Mar 2020 – AED 122.7 Bn

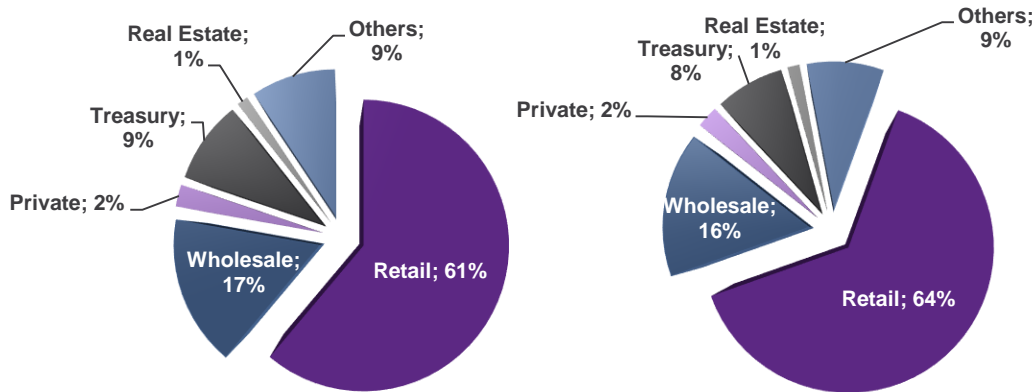
Composition of Total Liabilities - AED Bn



31 Mar 2019 – AED 107.4 Bn

31 Mar 2020 – AED 104.5 Bn

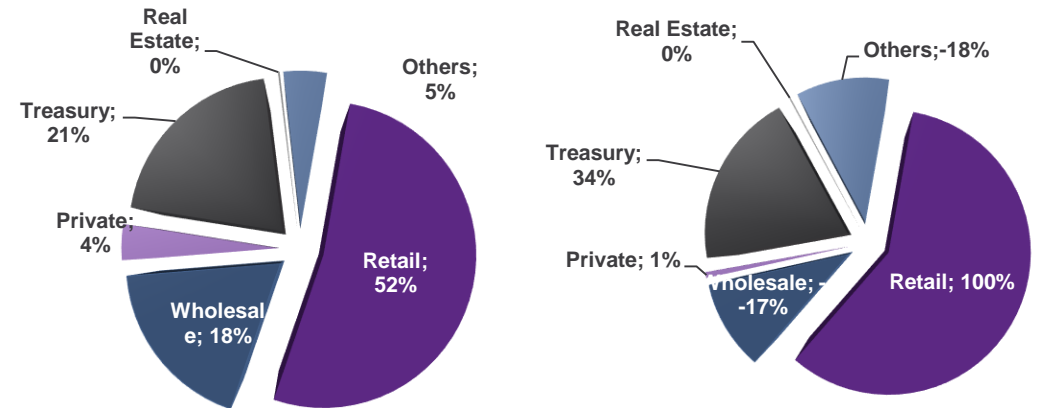
Composition of Revenues - AED Mn



Q1 2019 – AED 1,436.6 Mn

Q1 2020 – AED 1,292.3 Mn

Composition of Net profit - AED Mn



Q1 2019 – AED 600.3 Mn

Q1 2020 – AED 269.7 Mn

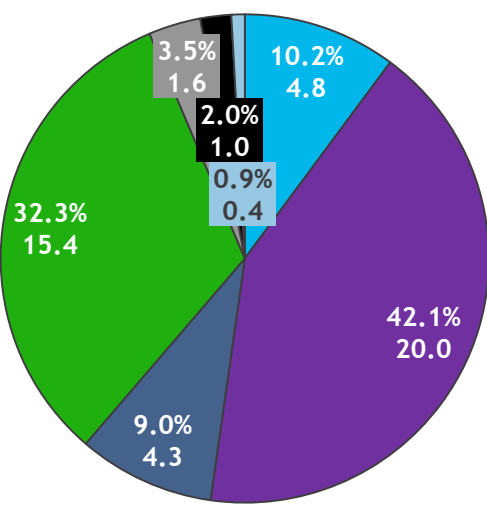
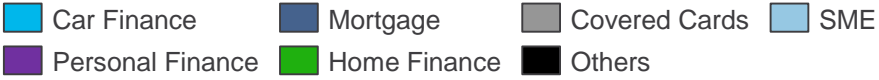
Source: Derived from published financial statements

Global Retail Banking overview

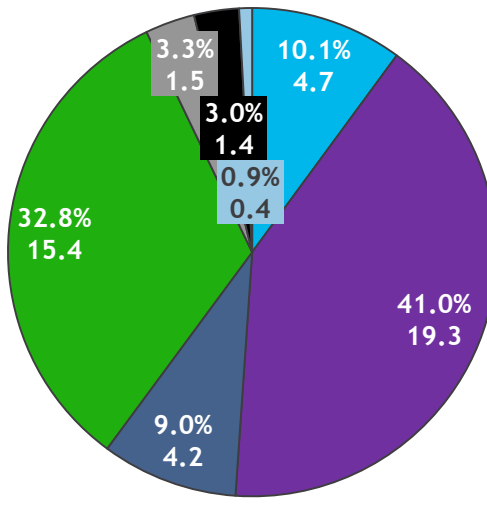
Global Retail Banking contributes 64% of Net Revenues:

- Personal Banking Division provides services for individuals clients, while the Business Banking Division services the needs of SMEs.
- These services include a variety of Shari'a compliant financing.

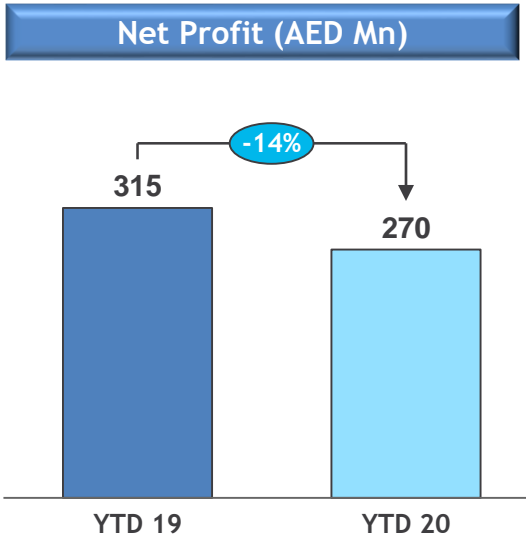
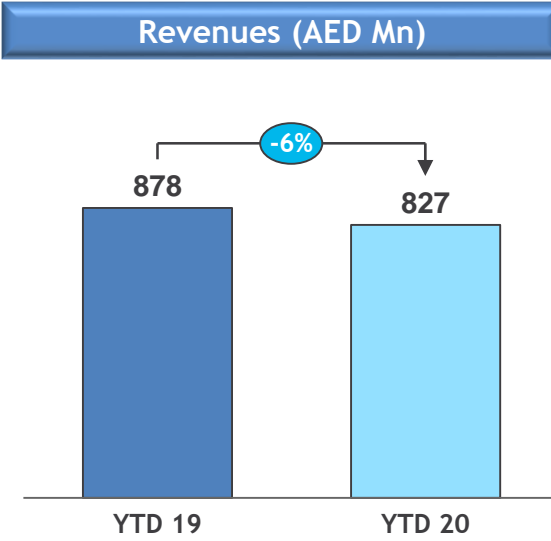
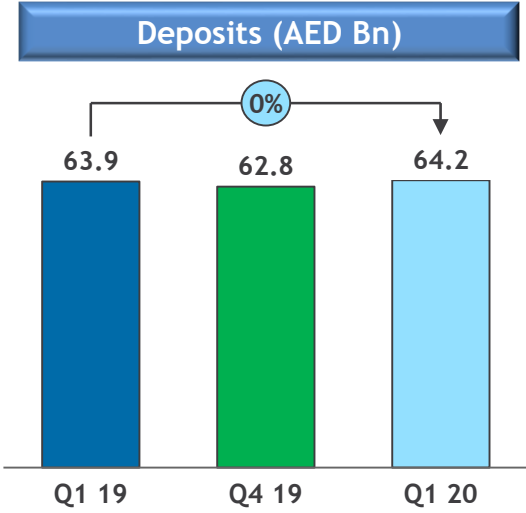
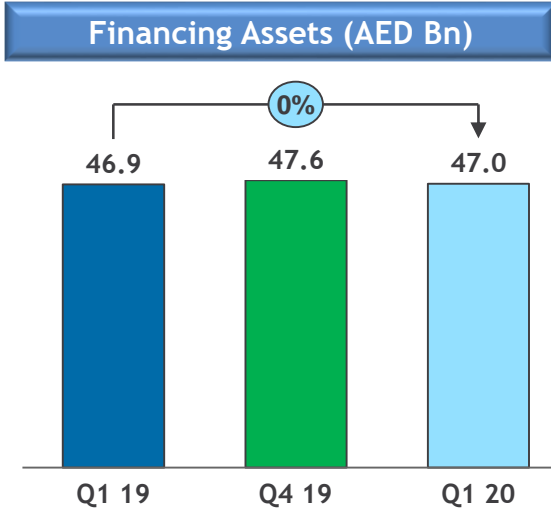
Gross Retail Financing Portfolio



31 Dec 2019 - AED 47.6 Bn



31 Mar 2020 - AED 47.0 Bn



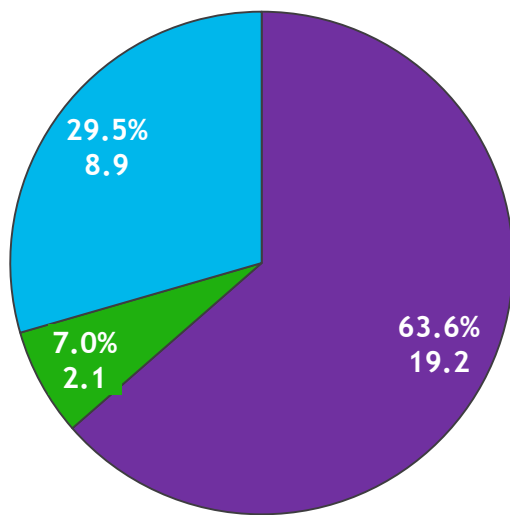
Global Wholesale Banking overview

Global Wholesale Banking contributes 16% of Net Revenues.

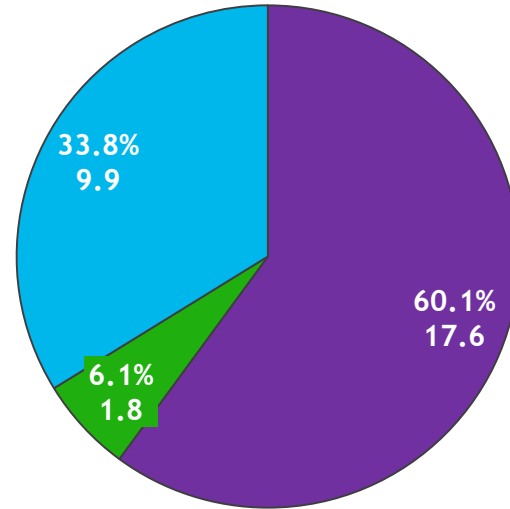
- Global Wholesale Banking encompasses the large corporates, emerging corporates and financial institutions divisions of the Bank. The array of services includes Transaction Banking and Corporate Finance and Investment Banking.

Gross Wholesale Financing Portfolio

■ Corporates
 ■ FI & IBG
 ■ Government and Public sector

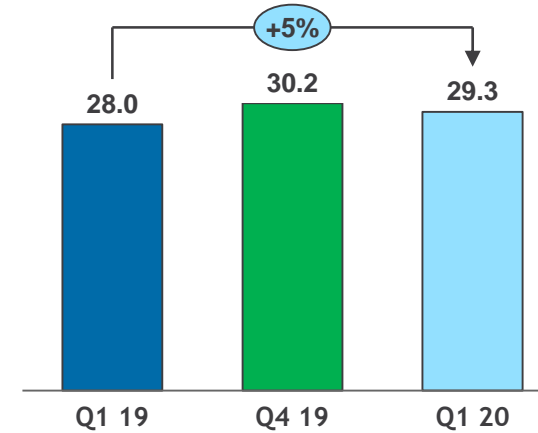


31 Dec 2019 - AED 30.2 Bn

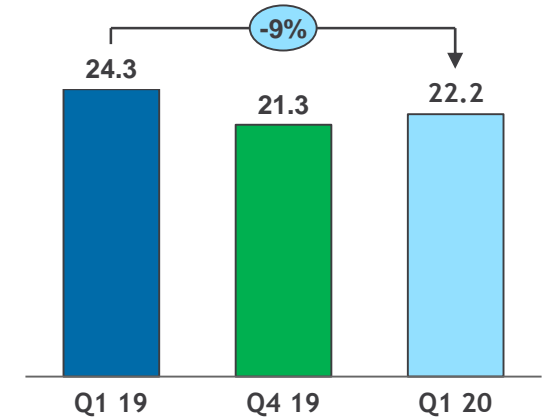


31 Mar 2020 - AED 29.3 Bn

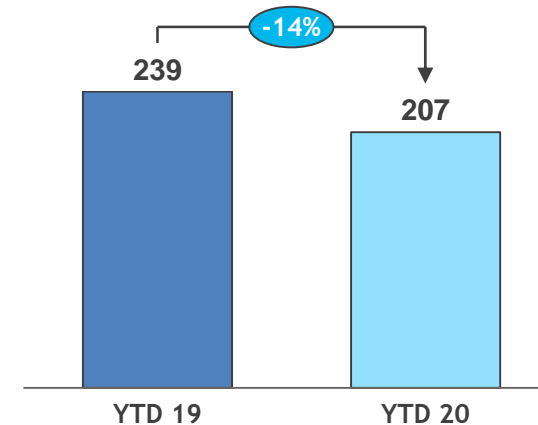
Financing Assets (AED Bn)



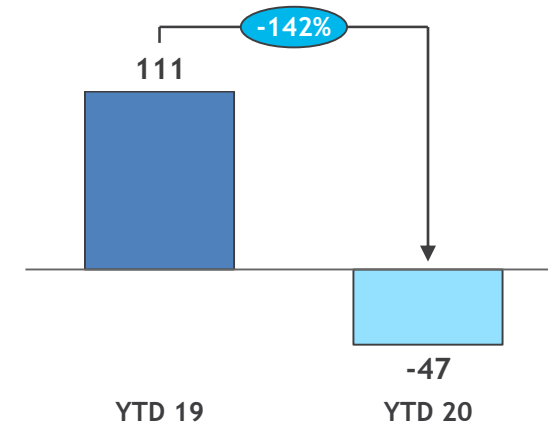
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



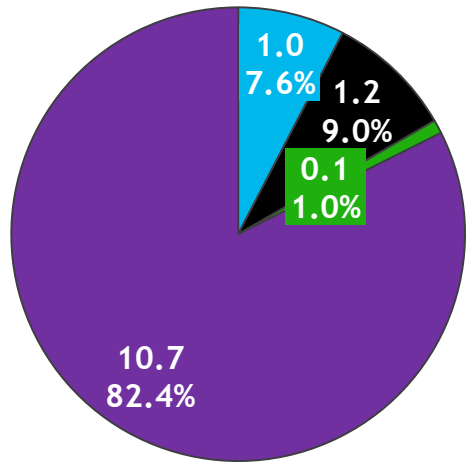
Treasury overview

Treasury contributes 8% of Net Revenues.

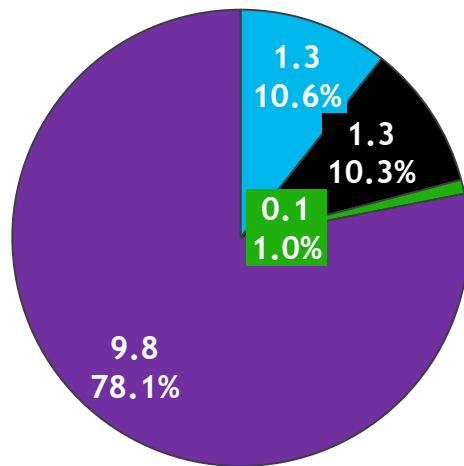
- Treasury principally handles money market brokerage, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Investments

- Fair value through P&L
- Fair value through OCI - Equities
- Fair value through OCI - Sukuk
- Amortised cost

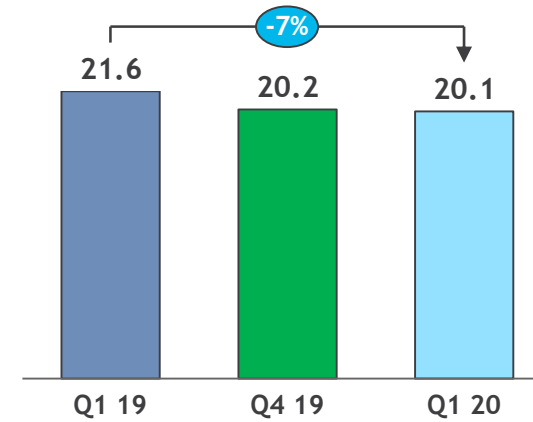


31 Dec 2019 - AED 12.9 Bn

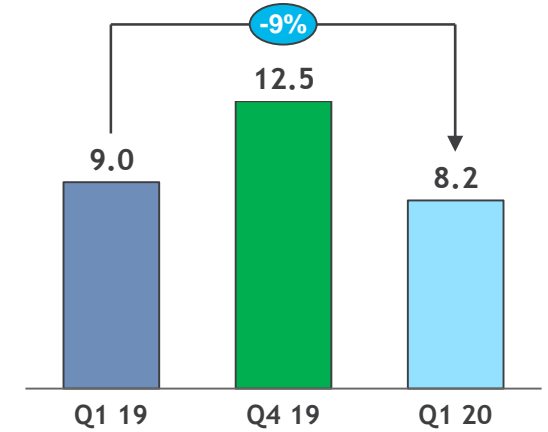


31 Mar 2020 - AED 12.5 Bn

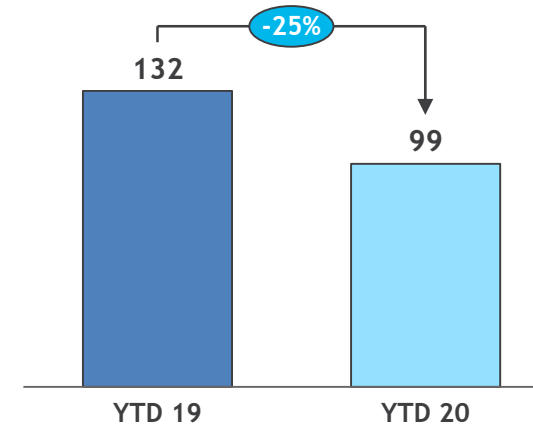
Assets (AED Bn)



Liabilities (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

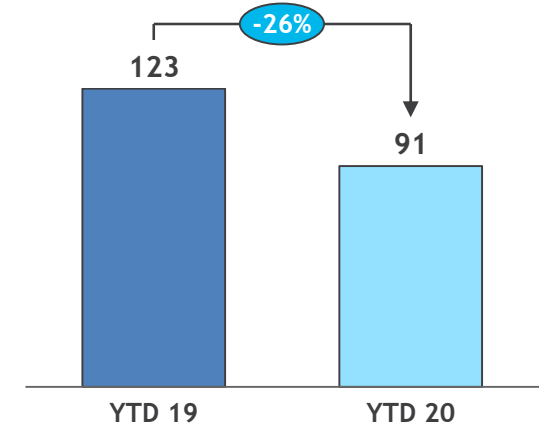


Table of Content



Introduction



Financial Review



Business Review



Appendix

Consolidated Statement of Income

AED Mn	Q1 19	Q4 19	Q1 20	% chg Q1 20 vs Q1 19	% chg Q1 20 vs Q4 20
Revenues	1,436.6	1,524.4	1,292.3	-10.0%	-15.2%
Net Revenue from Funds	955.7	953.1	868.0	-9.2%	-8.9%
Fees & commission	213.7	335.6	211.3	-1.1%	-37.0%
Investment income	185.3	144.8	152.3	-17.8%	5.2%
Foreign Exchange	78.4	88.8	56.5	-28.0%	-36.4%
Other income	3.5	2.1	4.2	22.8%	98.8%
Expenses	649.8	667.6	634.9	-2.3%	-4.9%
Employee cost	366.9	378.8	387.2	5.5%	2.2%
Premises	43.1	31.6	24.1	-44.1%	-23.7%
Depreciation	87.6	103.8	87.4	-0.2%	-15.8%
Other Operating expenses	152.3	153.4	136.2	-10.6%	-11.2%
Operating Profit - Margin	786.7	856.8	657.4	-16.4%	-23.3%
Provision for impairment	186.4	105.6	387.1	107.7%	266.4%
Net profit before zakat & tax	600.3	751.2	270.3	-55.0%	-64.0%
Zakat & Tax	-	0.5	0.7	100.0%	19.7%
Net Profit after zakat & tax	600.3	750.6	269.7	-55.1%	-64.1%

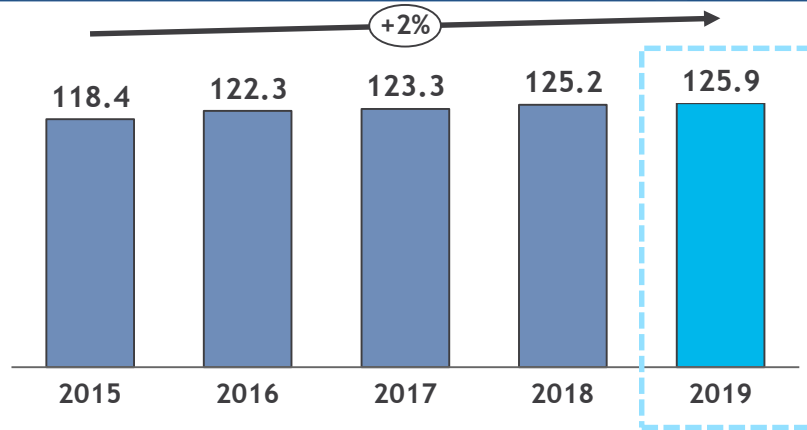
Consolidated Balance Sheet

AED Mn	31 Mar 2019	31 Dec 2019	31 Mar 2020	% chg 31 Mar 2020 vs 31 Mar 2019	% chg 31 Mar 2020 vs 31 Dec 2019
Cash and balances with Central Banks	17,045	19,823	17,213	1.0%	-13.2%
Due from financial institutions	6,666	3,363	4,828	-27.6%	43.6%
Net Customer financing	78,146	81,108	79,371	1.6%	-2.1%
Investments	13,874	12,940	12,487	-10.0%	-3.5%
Investment in associates	1,041	1,281	1,302	25.1%	1.7%
Investment and development properties	2,229	2,086	2,084	-6.5%	-0.1%
Other assets / fixed assets / intangibles	5,631	5,385	5,428	-3.6%	0.8%
TOTAL ASSETS	124,632	125,987	122,712	-1.5%	-2.6%
Due to financial institutions	3,565	2,461	1,746	-51.0%	-29.1%
Customers' deposits	100,617	101,404	98,852	-1.8%	-2.5%
Other liabilities	3,221	3,018	3,942	22.4%	30.6%
TOTAL LIABILITIES	107,403	106,884	104,540	-2.7%	-2.2%
Share capital	3,632	3,632	3,632	-	-
Tier 1 sukuk	4,754	4,754	4,754	-	-
Reserves	8,843	10,717	9,787	10.7%	-8.7%
TOTAL EQUITY	17,229	19,103	18,173	5.5%	-4.9%
TOTAL LIABILITIES AND EQUITY	124,632	125,987	122,712	-1.5%	-2.6%

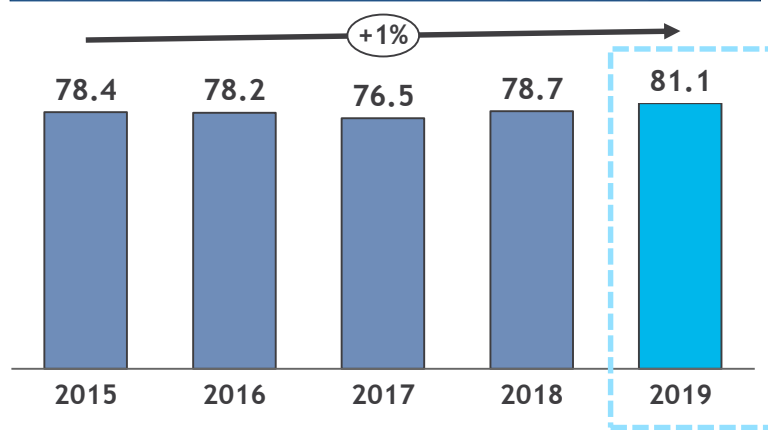
Financial Snapshot

A growth story with 5 year Net Profit CAGR 8%

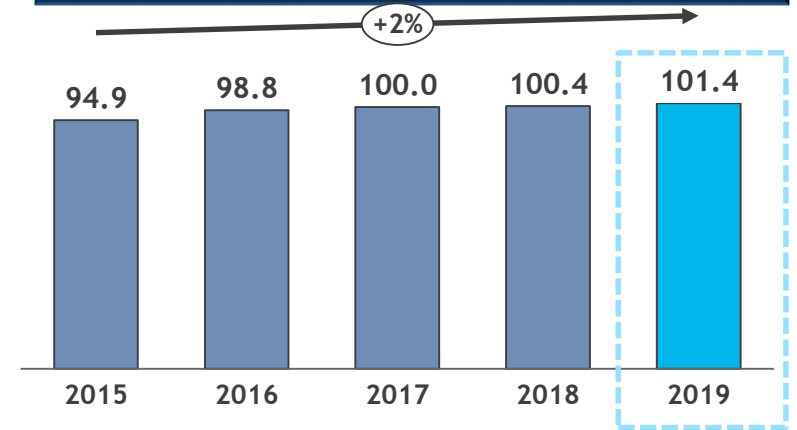
Total Assets (AED Bn)



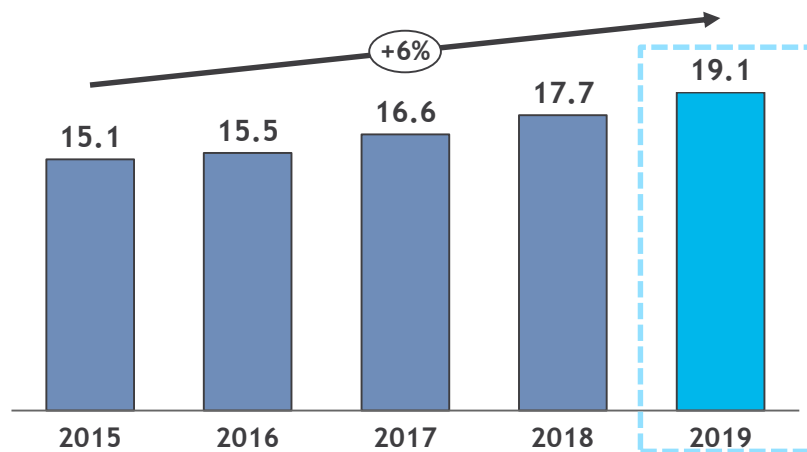
Net Customer Financing (AED Bn)



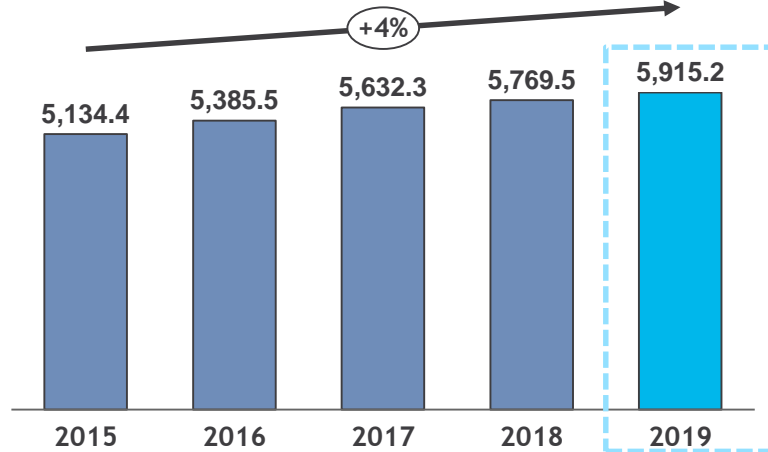
Customer Deposits (AED Bn)



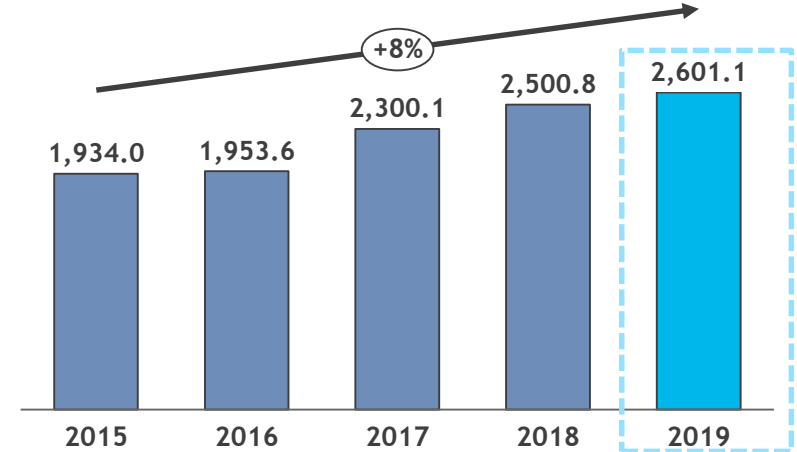
Equity (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

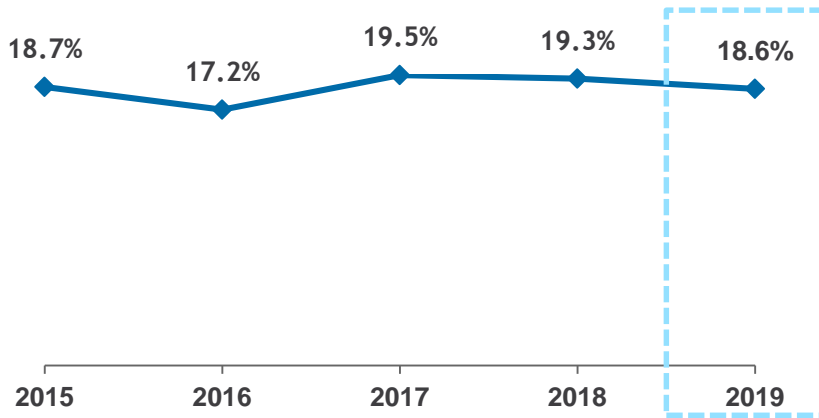


Source: Derived from published financial statements

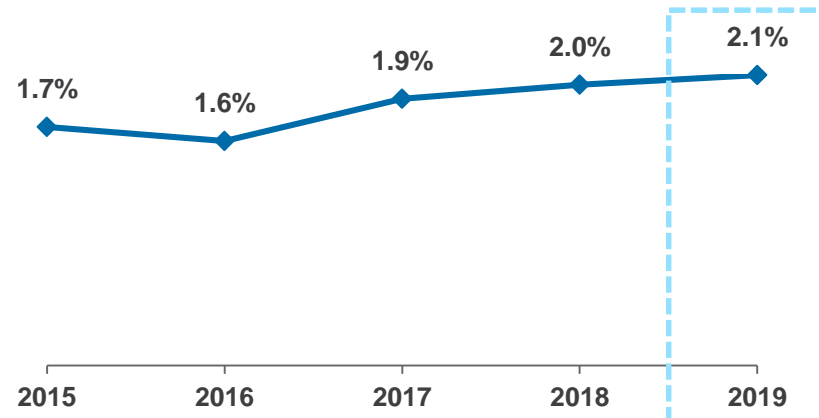
Financial Snapshot

Amongst the best and most consistent ROASE & ROA

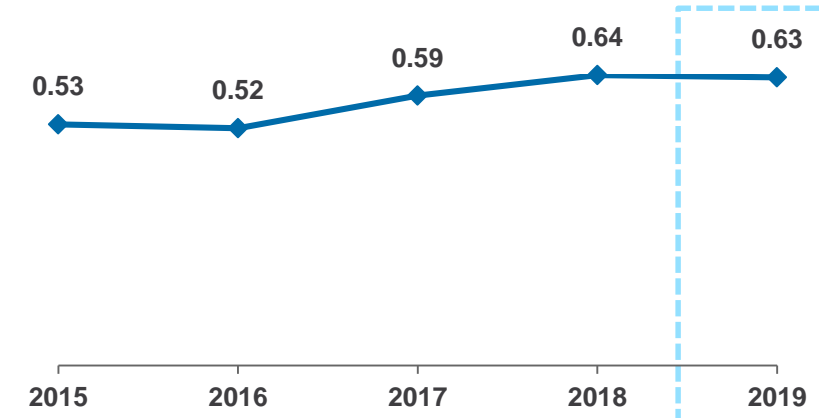
Return on Avg Shareholders' Equity (%)



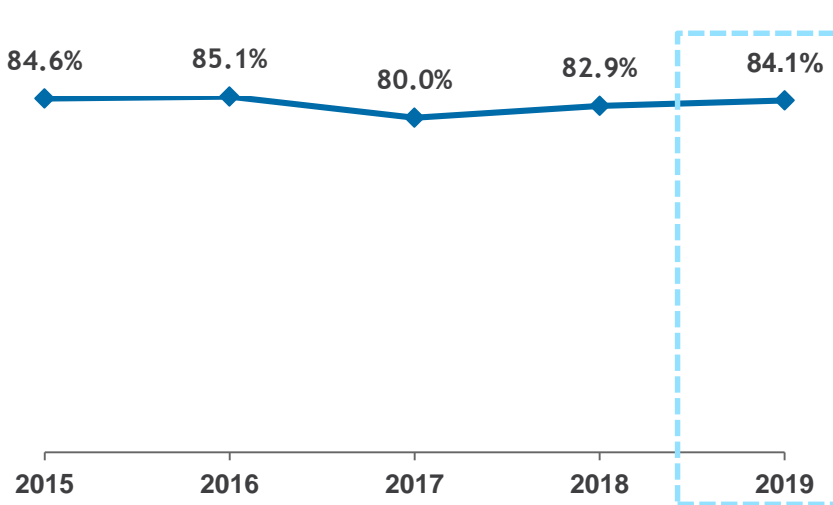
Return on Assets(%)



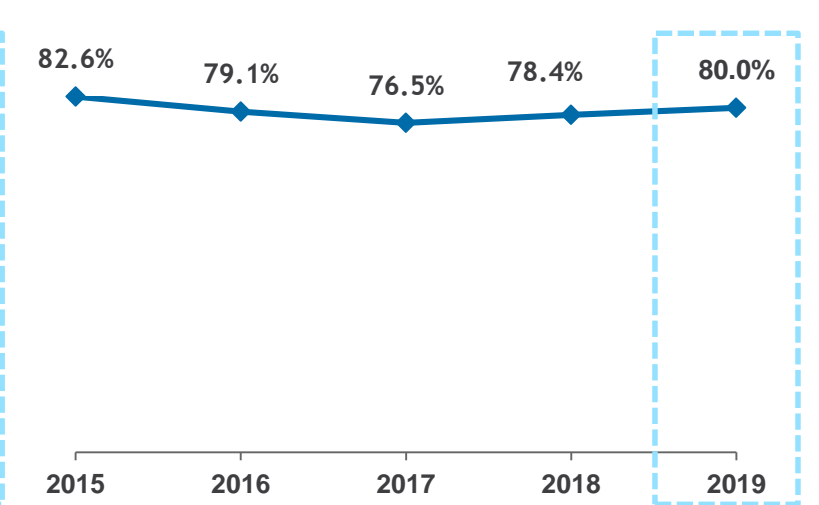
Earning per share (AED)



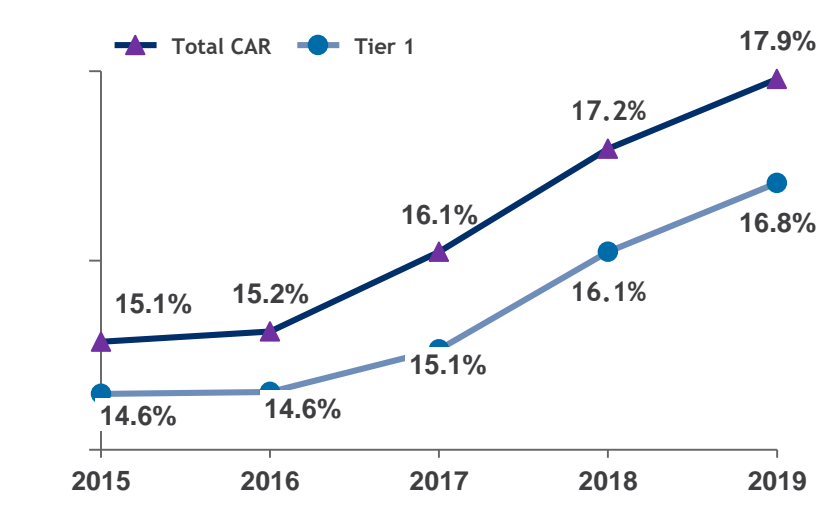
Advances to Stable Funds Ratio (%)



Financing to Deposits Ratio (%)



CAR (%) [Note 1]



*Return on Average shareholders' equity calculation excludes Tier 1 payments from net income and non-controlling interest & Tier 1 sukuk from equity balance.
 Note 1 : 2015 & 2016 as per Basel 2 and 2017 to 2019 as per Basel 3

Dividend Distribution History - AED

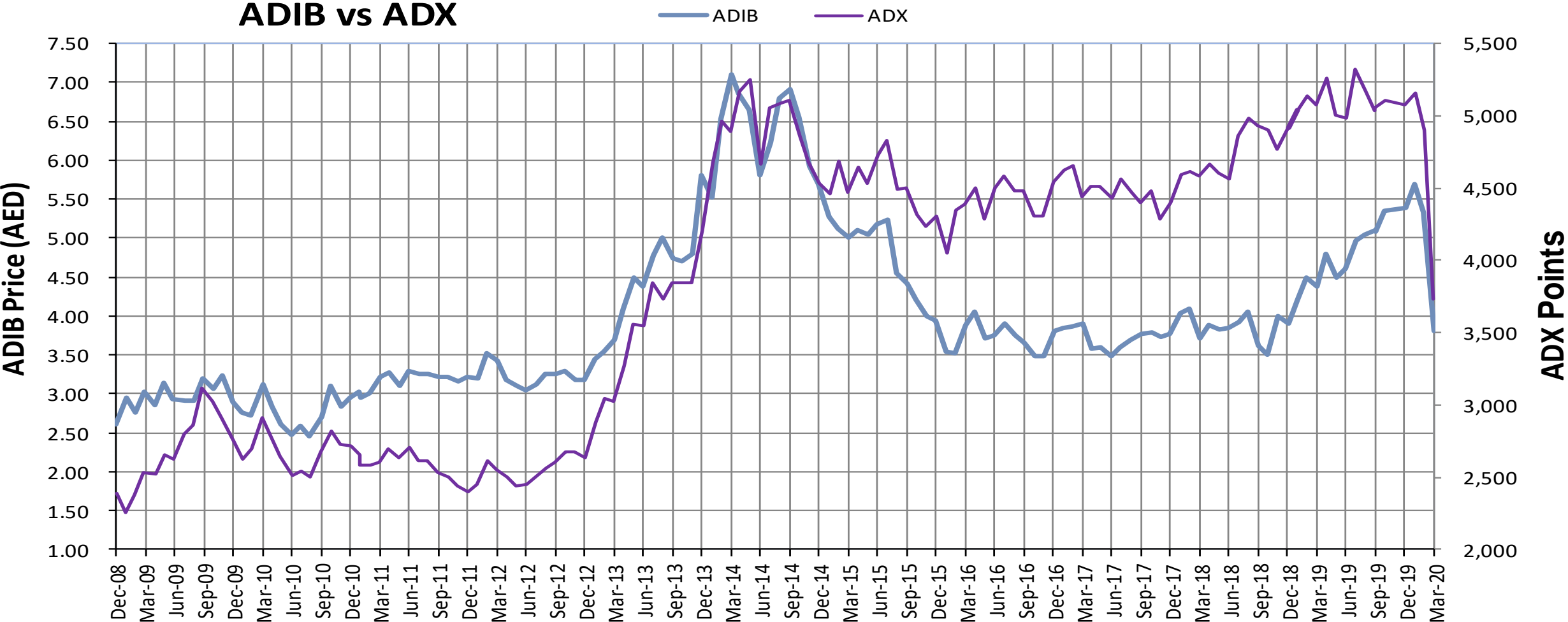
A consistent dividend distribution record

AED	2012	2013	2014	2015	2016	2017	2018	2019
Net Profit (Mn)	1,201.2	1,450.2	1,750.7	1,934.0	1,953.6	2,300.1	2,500.8	2,601.1
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%	38.2%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%
Cash Dividends (Mn)	600.6	725.1	700.2	769.0	776.8	914.5	994.3	994.3
Total Dividend Yield	8.0%	9.9%	4.1%	6.2%	6.5%	7.6%	7.0%	5.1%
Bonus shares (Mn)	-	635.3	-	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-

Source: Derived from published financial statements

Shareholders' Return

31 March 2020 share price was AED 3.99 per share (31 Dec 2019: AED 5.39 per share).



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