

9M 2021 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 01 November 2021

1 Bank in UAE



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Key Highlights

9M 2021 Earnings Presentation

= Key Highlights

ADIB continued to deliver a strong performance

▶ Delivering strong Y-O-Y Growth

- = 43% increase in net profit with ROE improving to 13.0%
- = Revenue up 4% driven by 8% increase in non-funded income
- = Effective cost control strategy leads to a reduction of 535 basis points in cost to income ratio
- = Steady balance sheet growth of 5% with customers' financing and deposits growth
- = Robust capital position with a CET1 of 13.77%, up 111bps on the previous year

ADIB Strategy

9M 2021 Investor Presentation

= A changing banking landscape

The global banking industry is experiencing an era of transformation and opportunity

**Digitalization
Drive**



**Fintech
Disintermediation**



**Regulatory
Pressure**



**Low Rate
Environment**



**Sustainability
Focus**



= ADIB Strategy 2025

ADIB has launched strategy 2025 with a renewed purpose and vision

= Purpose

Lifelong partner for customers, colleagues and community

= Vision

The world's **most innovative Islamic bank**

▶ 4-Pillar Strategy



Continuous
Innovation



Segment
Focused



Digital
Excellence



Sustainable
Future

= ADIB 2025 Strategy

Continuous Innovation in Sharia-compliant banking products

▶ Continuous Innovation



Continuous Innovation

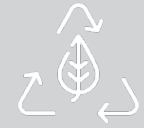
- Innovate Sharia-compliant banking products
- Re-engineer our processes
- Develop Islamic banking experts
- Launch digital ventures and new business models



Segment Focused



Digital Excellence



Sustainable Future

= ADIB 2025 Strategy

Build on strength in Emirati retail segment and expand underweight business segments

► Segment Focused



Continuous
Innovation

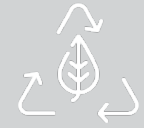


**Segment
Focused**

- Grow and strengthen existing segments
- Focus on Emirati throughout their lifecycle
- Develop Business Banking
- Expand offerings to large and mid corporations



Digital
Excellence



Sustainable
Future

= ADIB 2025 Strategy

Become a digital first financial institution

▶ Digital Excellence



Continuous
Innovation

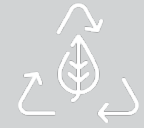


Segment
Focused



**Digital
Excellence**

- Elevate customer convenience through digital
- Build a modern technology foundation for staff
- Become a data-driven company through advanced analytics and AI
- Reskill staff and enable them with new digital tools and capabilities



Sustainable
Future

= ADIB 2025 Strategy

Embed sustainability and ESG frameworks into our existing Islamic banking DNA

► Sustainable Future



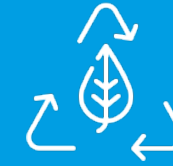
Continuous
Innovation



Segment
Focused



Digital
Excellence



**Sustainable
Future**

- Focus on employee wellbeing
- Develop ESG risk framework and policies
- Develop Group sustainability strategy and roadmap
- Elevate risk, compliance and governance profile
- Develop and Strengthen existing talents

= ADIB Strategy 2025 Strategic Targets

A commitment to driving value

ROE

20%

Net Profit

2x

C/I Ratio

<36%

NPS

#1

STP

>85%

= ADIB's revamped and energetic management team will lead the growth strategy

Steering Committee Members



"We are building the most innovative Islamic bank"

Sandeep Chouhan

Acting Group CEO & Group COO

- 30+ years of international banking in CIO and COO roles
- Country, regional and global positions in US, UK, Europe, Asia and Middle East
- Citi, Morgan Stanley, Barclays and Mashreq Bank
- BTech Motilal Nehru National Institute of Technology, MTech Indian Institute of Technology



"We have a clear path towards growth and sustainable returns."

Mohamed Abdel Bary, CFA

Group CFO

- 25+ years of finance roles in corporate and investment banking
- Finance and M&A background
- Country and regional roles in MEA, Europe and Russia
- Standard Chartered, Barclays and Citi.
- BCommerce Helman University



"We ensure adequate Governance of credit underwriting activities"

Meitha Al Hashemi

Group Chief Credit Officer

- 25+ years of credit and risk management experience
- Senior leadership roles in the UAE
- Board member Dar Al Takaful and Noor Takaful
- Emirates Islamic Bank, Emirates NBD
- BS from Webster University



"We manage and minimise risk within regulatory guidelines"

Faisal Abu Shaar

Group Chief Risk Officer

- 25+ years of risk and operations experience
- Senior positions across ASEAN and Middle East
- Local and international roles, including CRO and COO
- Standard Chartered, HSBC
- BS and MS University of Jordan



"We make people's lives better with responsible and ethical banking."

Philip King

Global Head of Retail Banking

- 25+ years of consumer banking experience
- Wealth management and bancassurance background
- Country, regional and global roles across Europe, the Americas and Middle East
- Citi, ABN Amro, Saudi Hollandi Bank, and IBQ
- BA Hon University of Bristol, MBA London Business School



"We tailor innovative solutions to corporate and institutional clients."

Mike Davis

Global Head of Wholesale Banking

- 15+ years of global wholesale banking experience
- Country and regional roles in UK, Taiwan, Hong Kong, Canada and UAE
- HSBC and Scotiabank
- Economics McMaster University, MBA York University



"We cross-sell treasury solutions and deliver sustainable returns."

Abdul Qadir Khanani

Global Treasurer

- 30+ years of treasury and financial markets experience
- Treasury and risk management background
- Local, regional and global roles across MENASA
- National Commercial Bank, Samba Financial Group
- BCommerce from University of Karachi



"We facilitate reach and convenience beyond UAE borders."

Abdullah Al Shehhi

Global Head of International Banking Group

- 30+ years of universal banking experience
- International expansion and business development
- Local and international roles, including Treasury
- Saudi Finance Company, Bosnia Bank International, Oman Housing Bank
- BS University of South Carolina, MBA UAE University

Financial Performance

9M 2021 Earnings Presentation

= Financial Performance Highlights

ADIB reports a strong set of results for 9M 2021

= Strong YoY Growth in Profitability

1.6bn

Net Income

+43%



4.1bn

Revenues

+4%



1.7bn

Expenses

-8%



= Steady Balance Sheet Growth

133bn

Total Assets

+5%



89bn

Gross Customer Financing

+3%



107bn

Deposits

+6%



= Robust Capital Position and Strong Return

19.5%

CAR

+112bps



13.0%

Return on Equity

+411bps



42.2%

Cost to Income Ratio

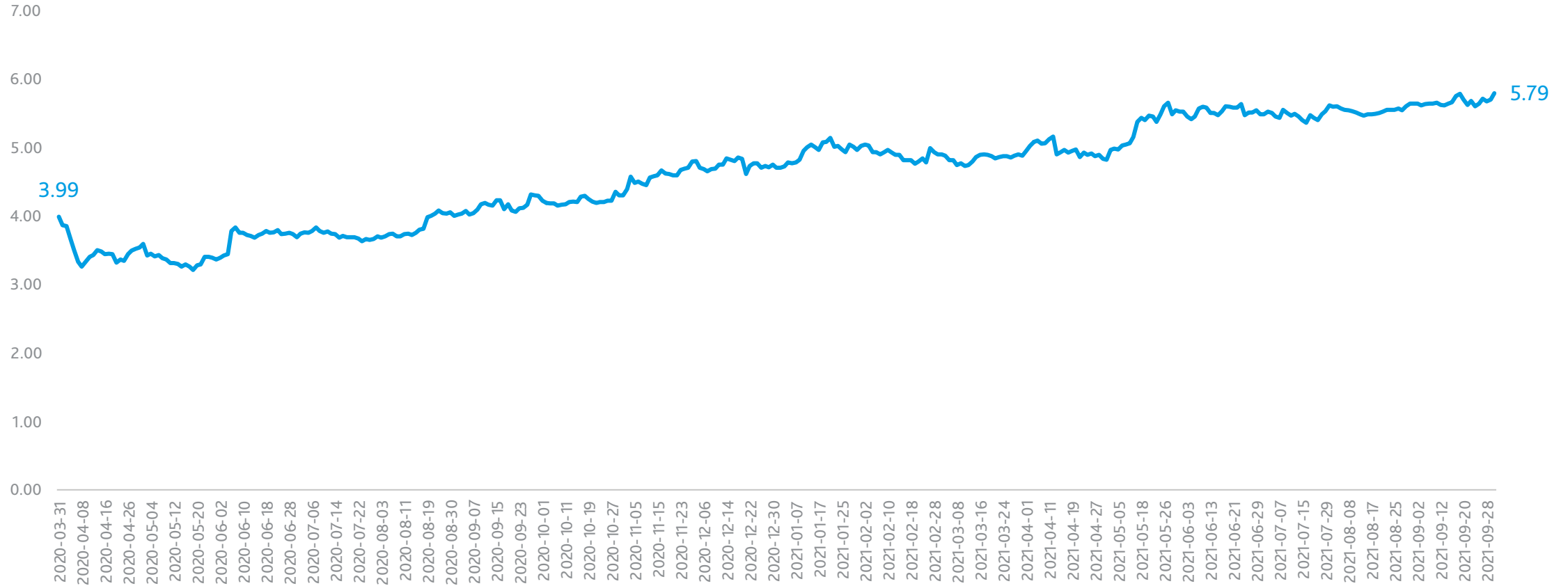
-535bps



= ADIB Share Price Performance

From 1Q 2020 to 3Q 2021 ADIB's share price is up 45%

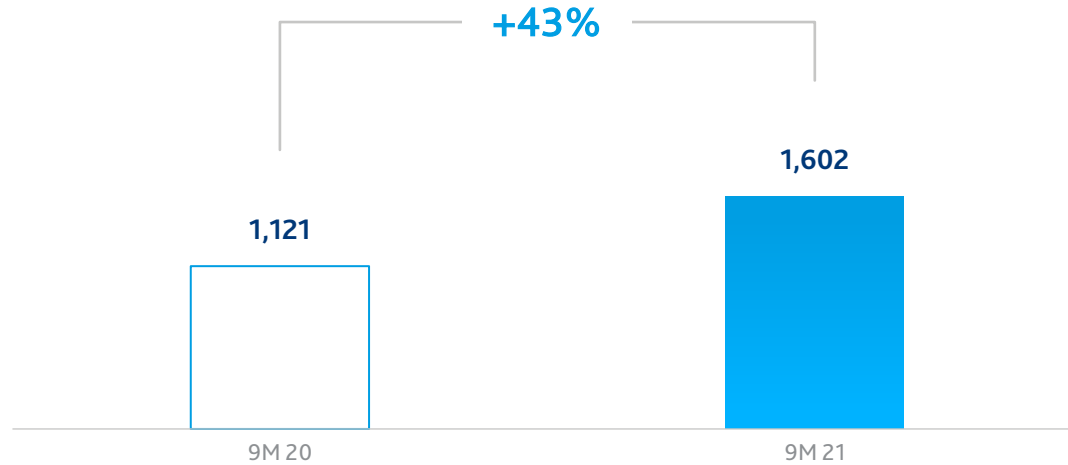
= ADIB Share Price (AED)



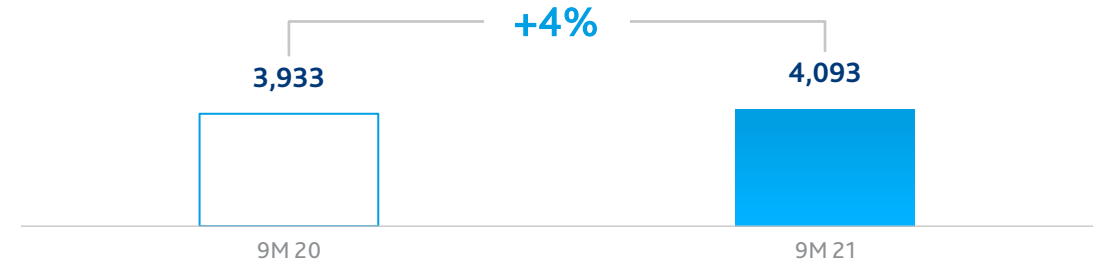
= Income Statement Highlights

Strong YoY growth in profitability driven by revenue growth and OPEX optimization

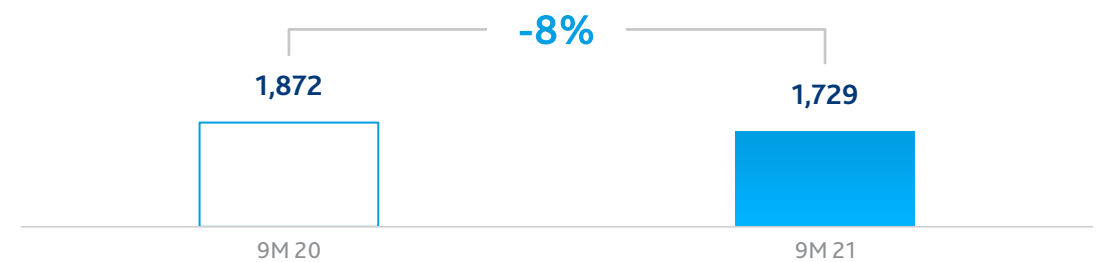
= Profit After Zakat & Tax (AEDmn)



= Revenues (AEDmn)



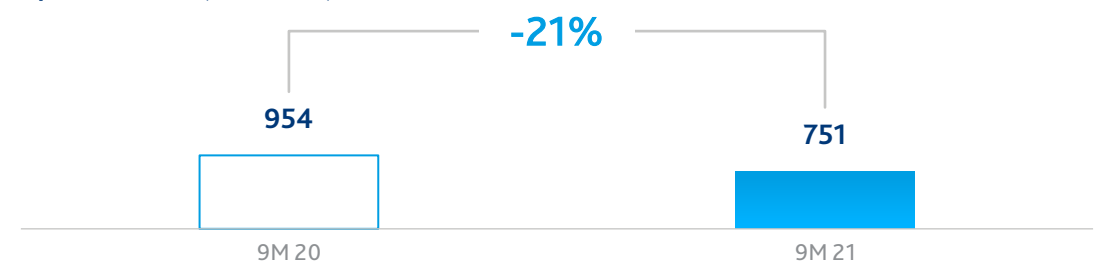
= Expenses (AEDmn)



= Key Highlights

- The rebound in UAE economic activity and an improvement in business momentum lifted revenues by 4%
- Profit growth was further boosted by an 8% YoY reduction in expenses
- The improved economic outlook allowed us to reduce impairments by 21%

= Impairments (AEDmn)



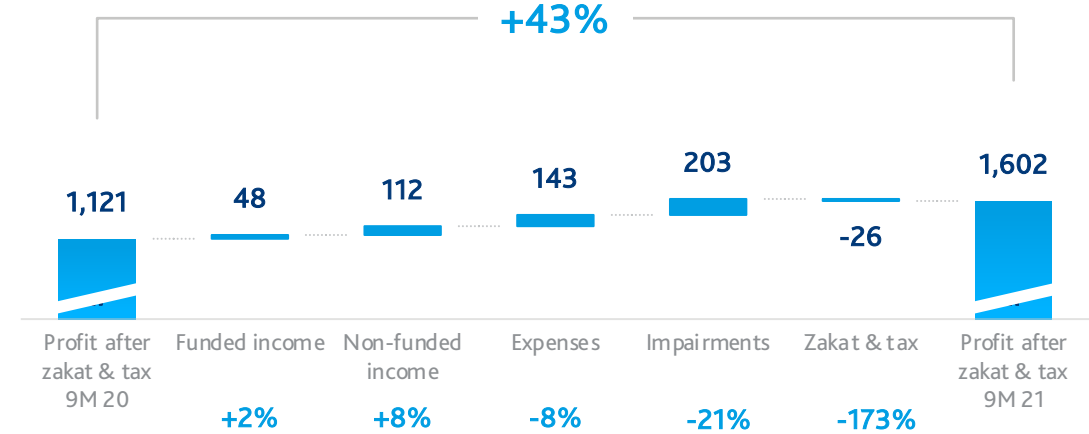
= Income Statement

ADIB witnessed an increase in profitability with 43% growth YoY...

= Net Income (AEDmn)



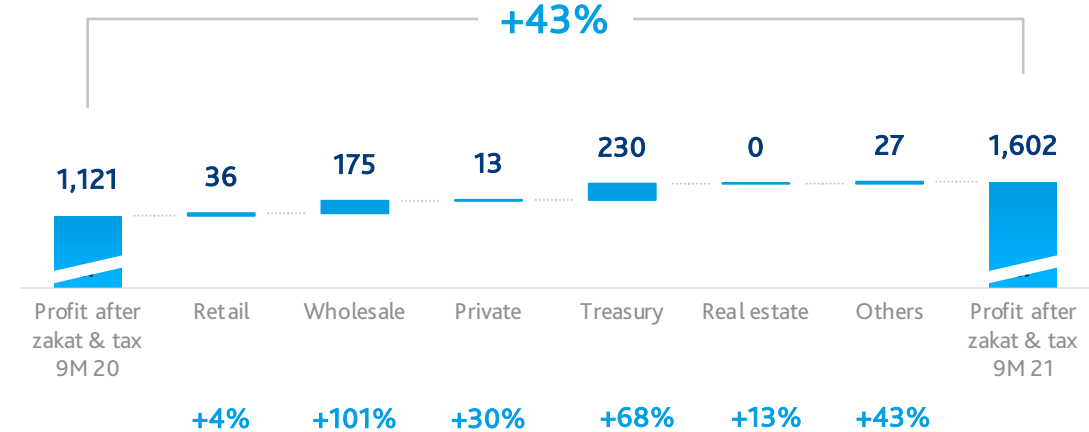
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	9M 2021	9M 2020	Δ%	3Q 2021	3Q 2020	Δ%
Funded income	2,545	2,497	+2%	957	827	+16%
Non-funded income	1,548	1,436	+8%	491	549	-11%
Revenues	4,093	3,933	+4%	1,448	1,376	+5%
Operating expenses	(1,729)	(1,872)	-8%	(567)	(614)	-8%
Provision for impairment	(751)	(954)	-21%	(384)	(245)	+57%
Net Income after zakat and income tax	1,602	1,121	+43%	493	534	-8%

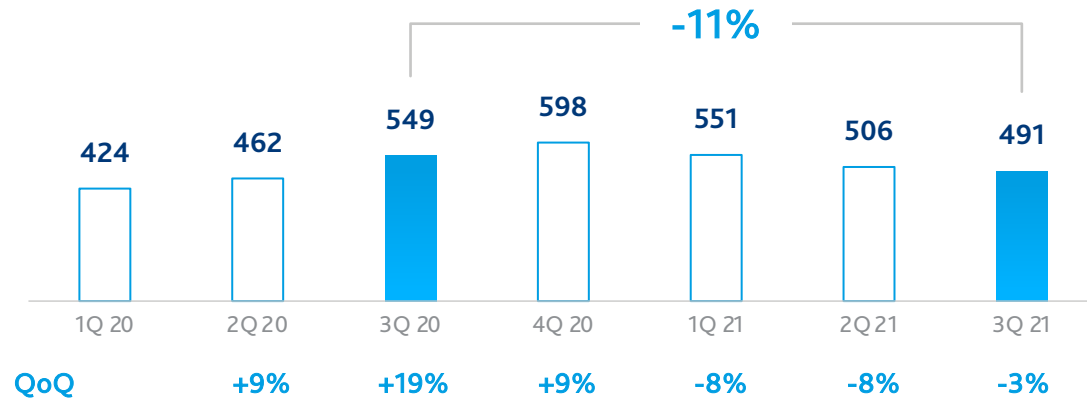
= Net Income Movement by Segment YoY (AEDmn)



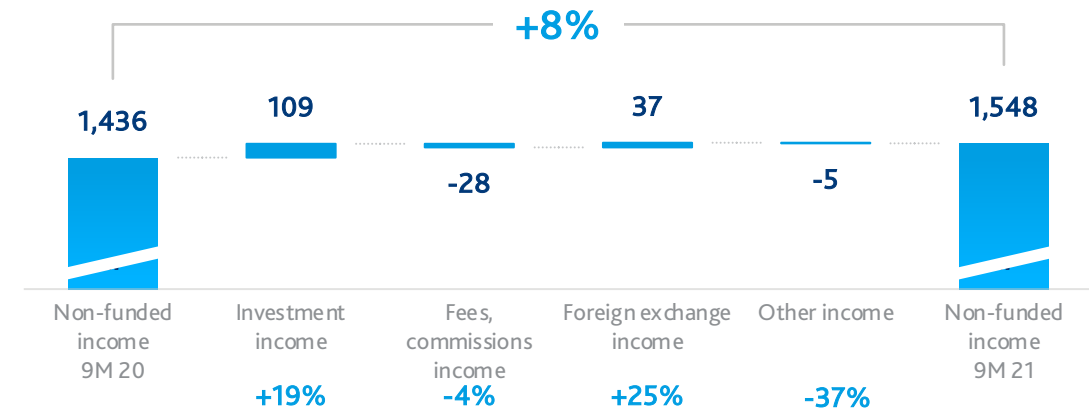
= Non-Funded Income

...due to a strong 8% YoY rise in non-funded income from higher cards, investment income and forex income,...

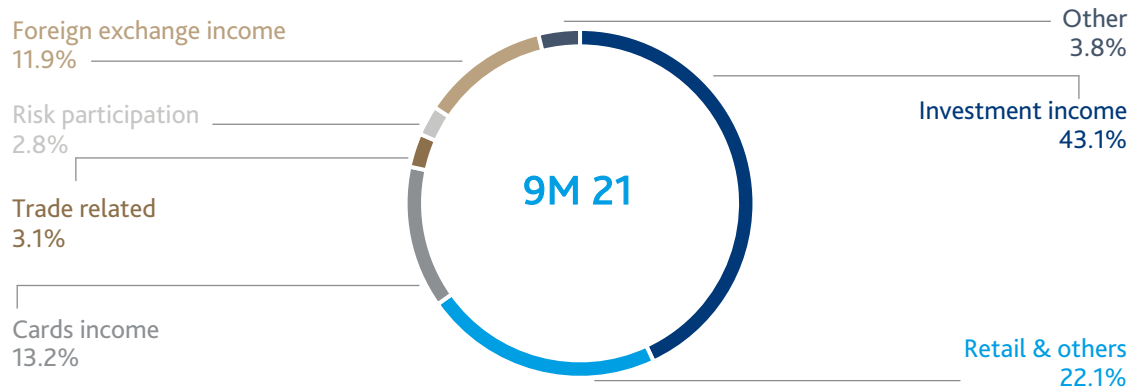
= Non-Funded Income (AEDmn)



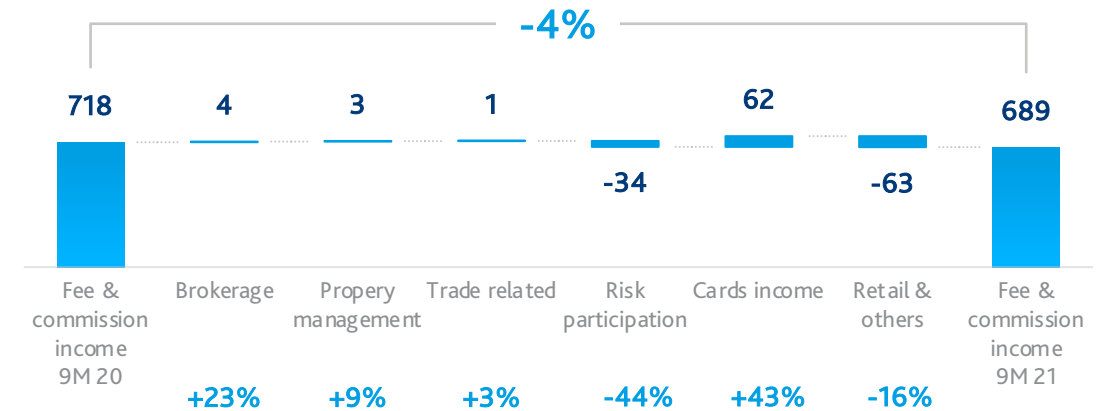
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



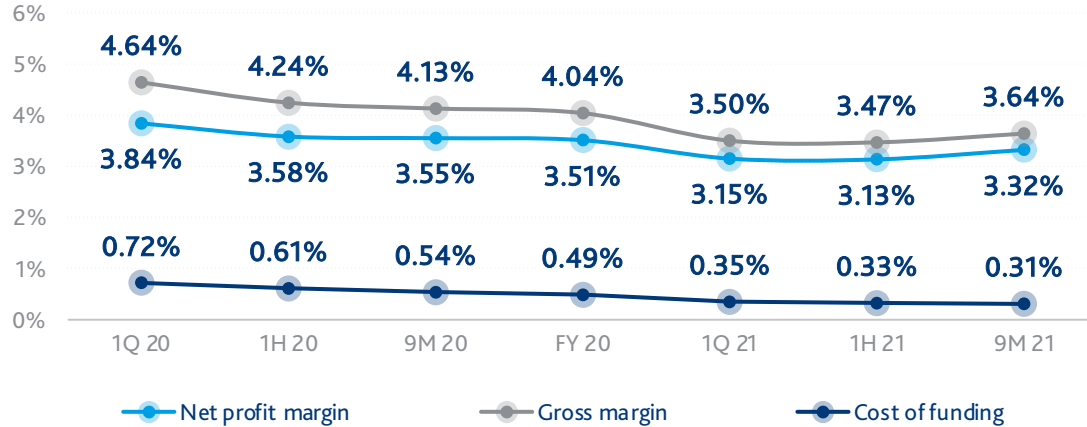
= Fee & Commission Income Movement YoY (AEDmn)



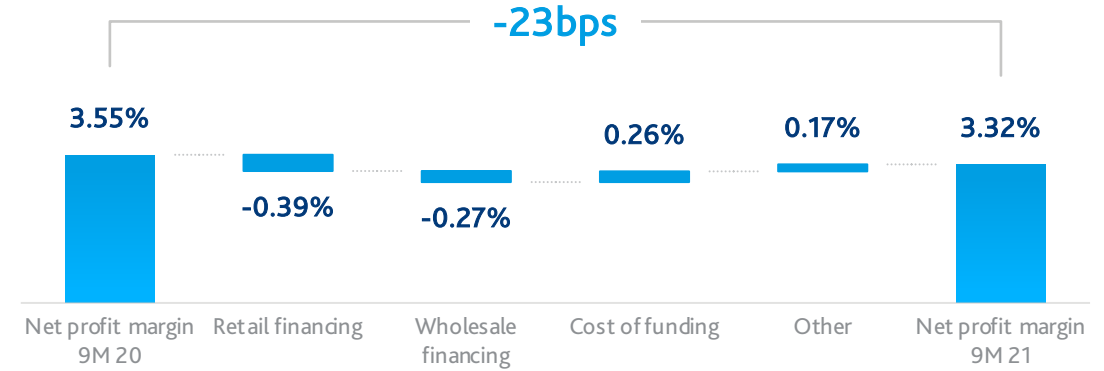
= Funded Income

...while maintaining sector-leading cost of funding and net profit margin.

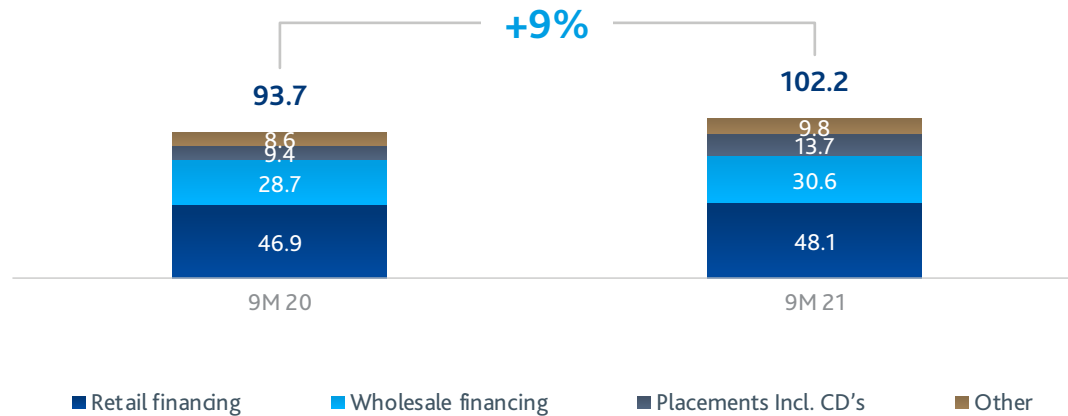
= Net Profit Margin (%)



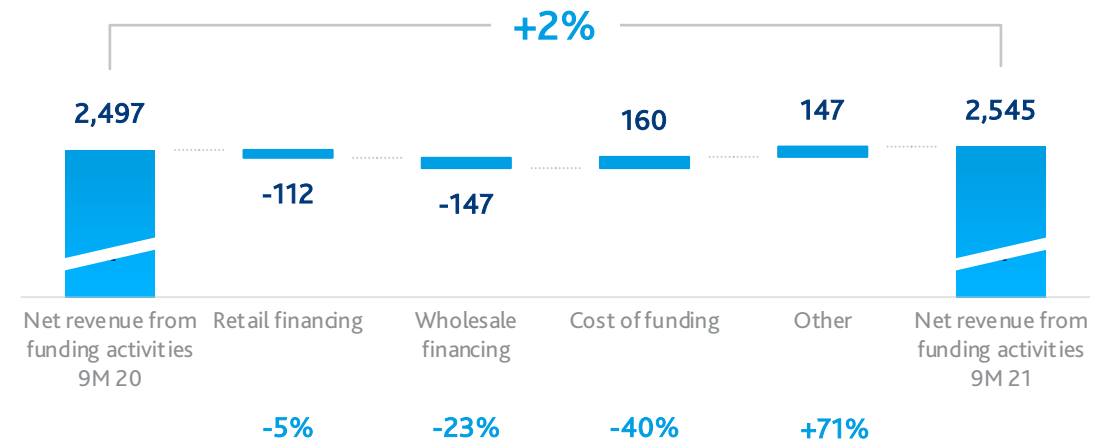
= Net Profit Margin Movement YoY (%)



= Average Profit Earning Assets (AEDbn)



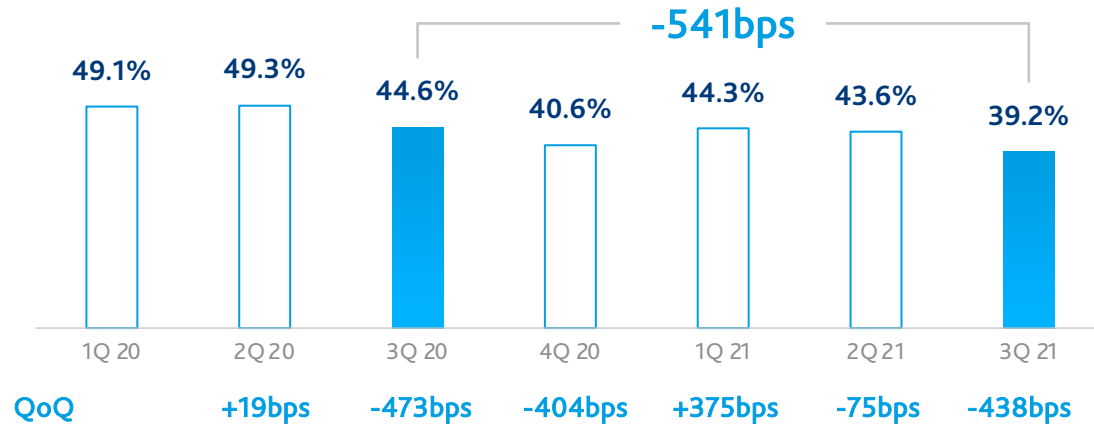
= Net Revenue from Funding Activities Movement YoY (AEDmn)



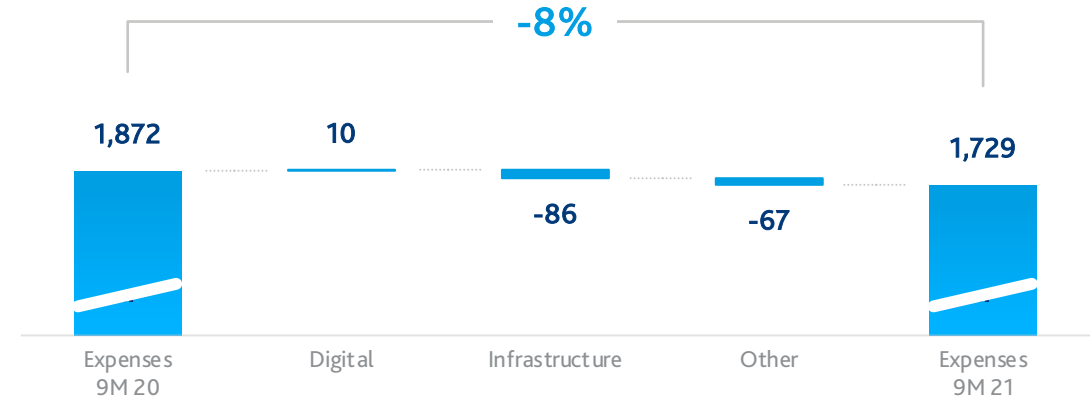
= Operating Expenses

Profit growth was further boosted by an 8% YoY reduction in 9M 2021 expenses, reflecting disciplined cost control and early benefits of the digital strategy.

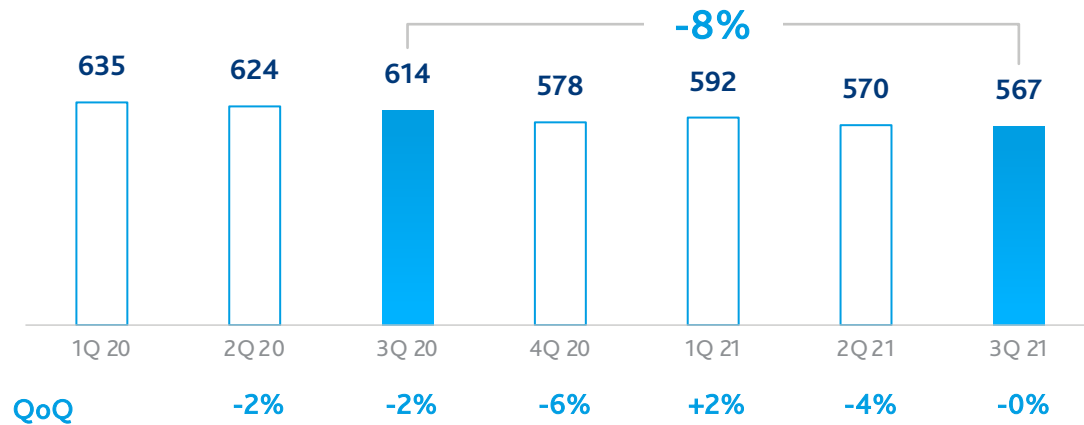
= Cost To Income Ratio (%)



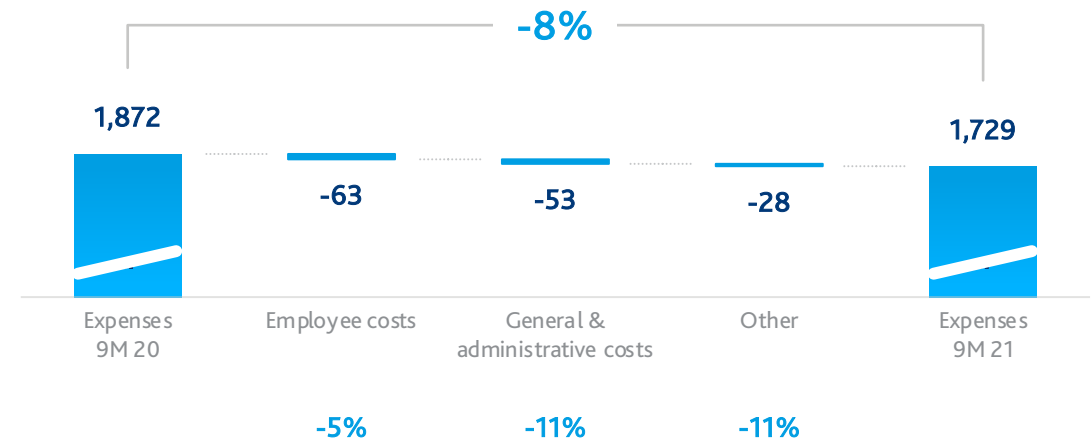
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



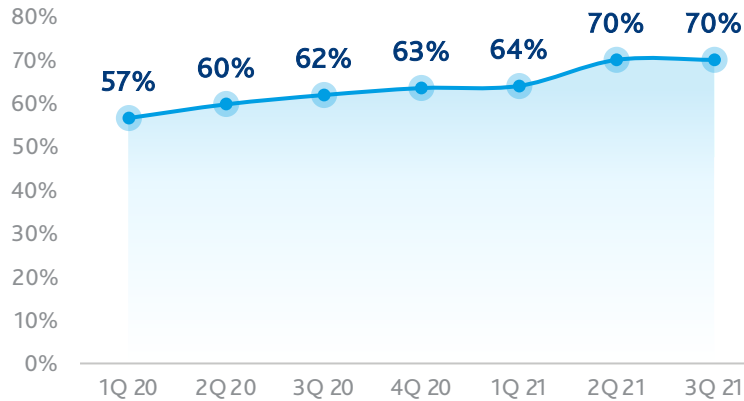
= Expenses Movement YoY (AEDmn)



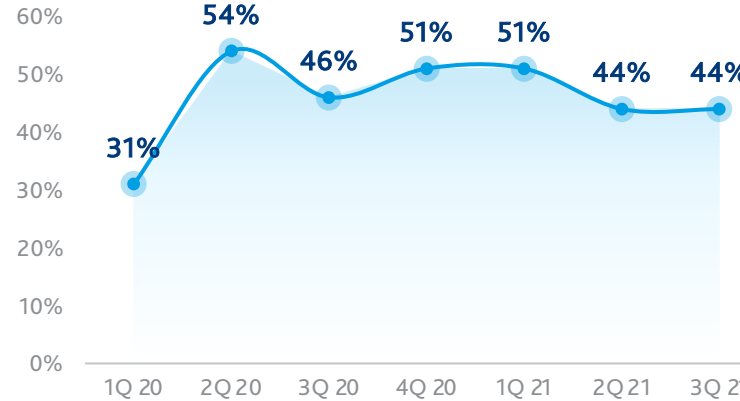
= Digital Banking

Progress made on ADIB's digital strategy is reflected in UAE's highest customer ratings and other key digital metrics.

= Digitally Active Customers (%)



= Digital Sales (% of Total)



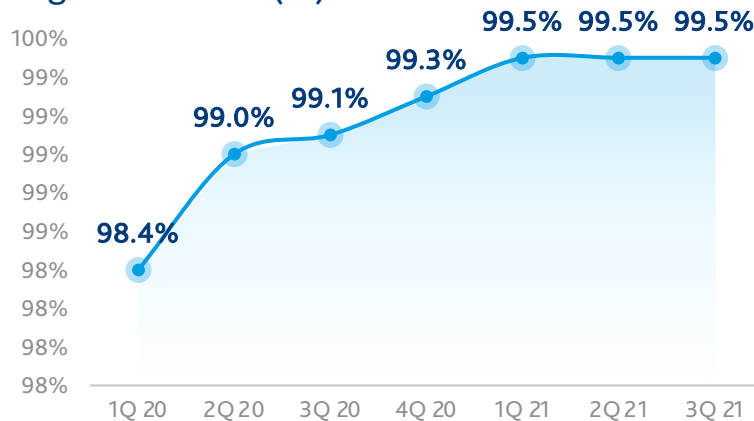
= Amwali Youth Bank Account



= Facial Recognition Account Opening



= Digital Transfers (%)



= Straight Through Processing (%)



= Al Ghaf Initiative for Paperless Branches



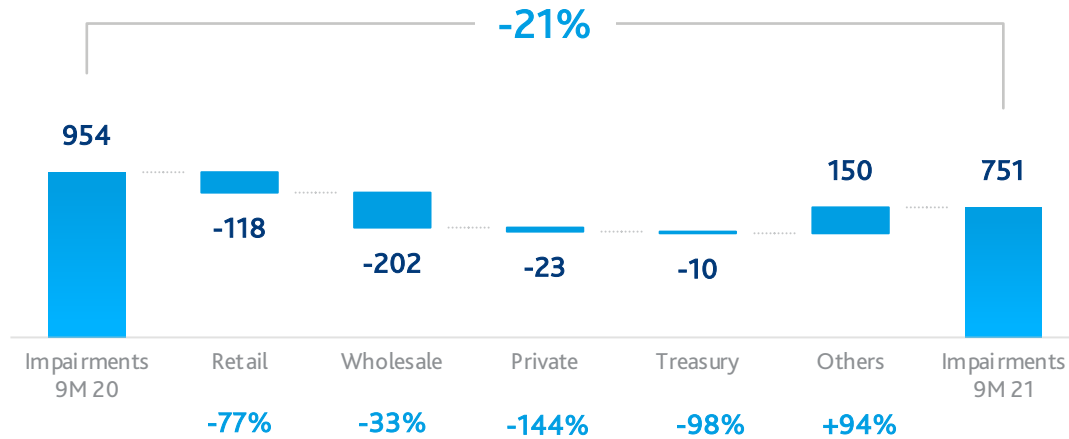
= Analytics Center of Excellence



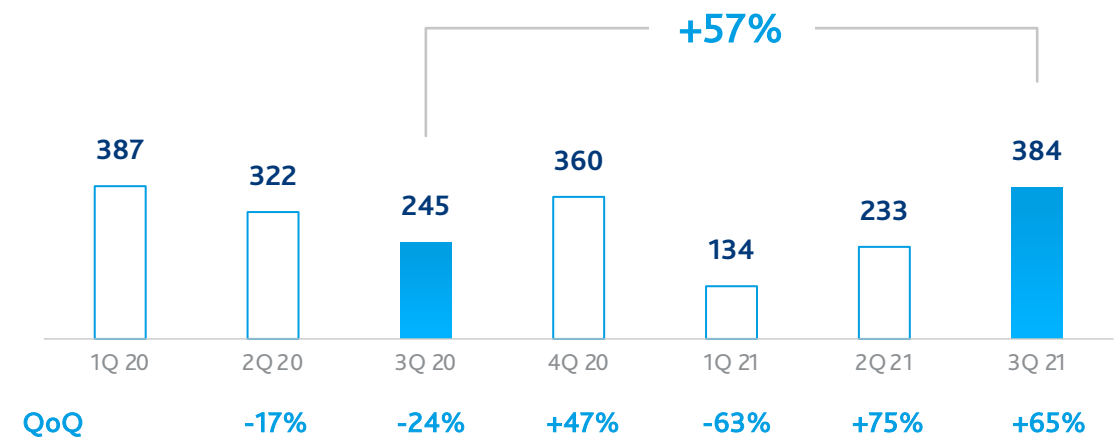
= Impairments

A 21% YoY decline in impairments due to an improved economic outlook,...

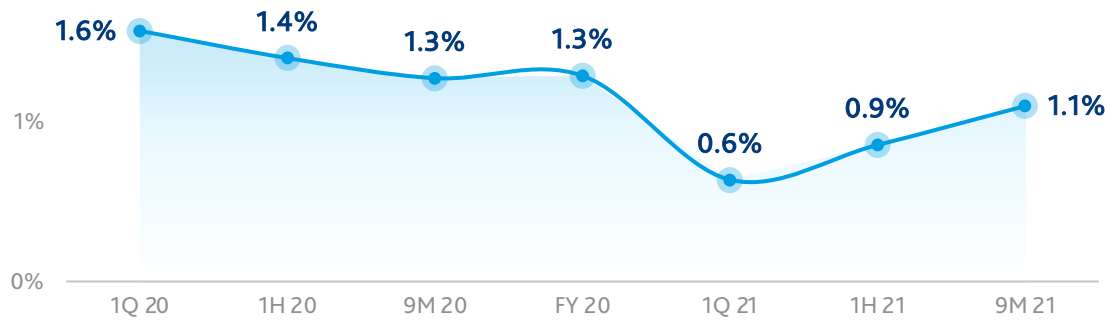
= Impairments Movement YoY (AEDmn)



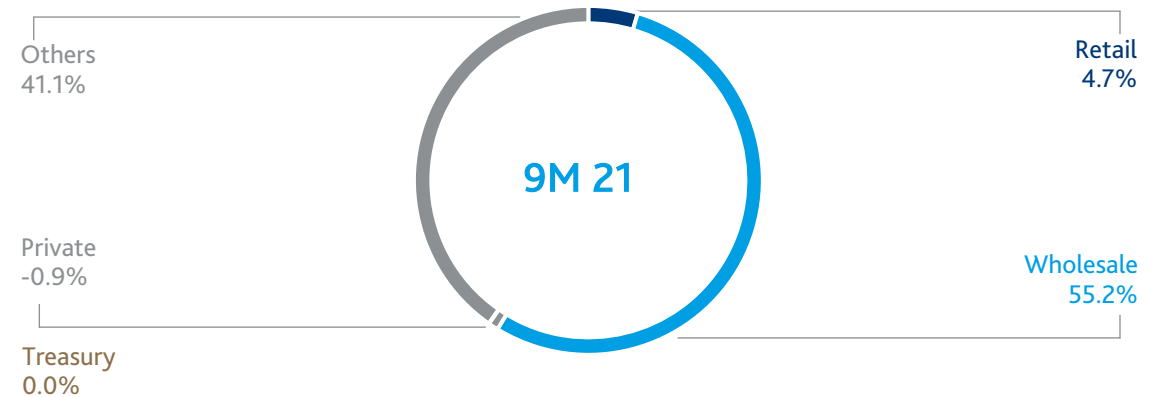
= Impairments (AEDmn)



= Cost Of Risk (%)



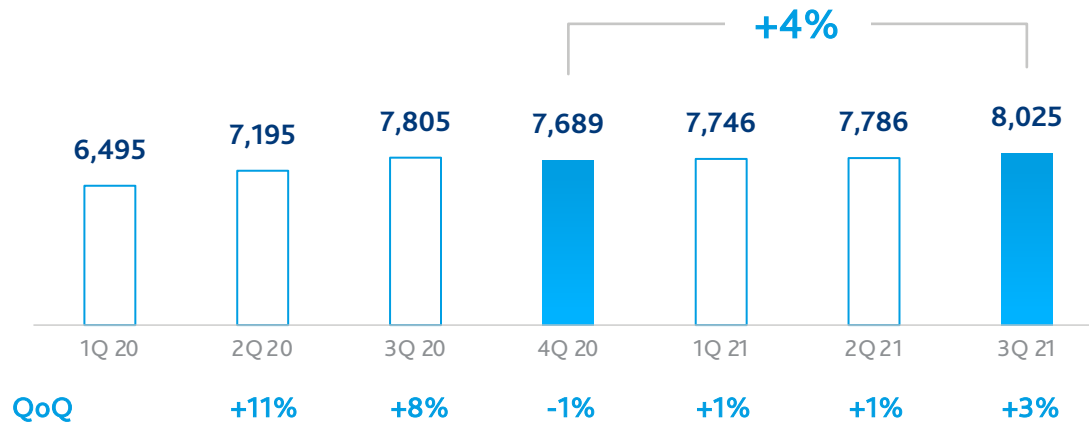
= Impairments Composition (%)



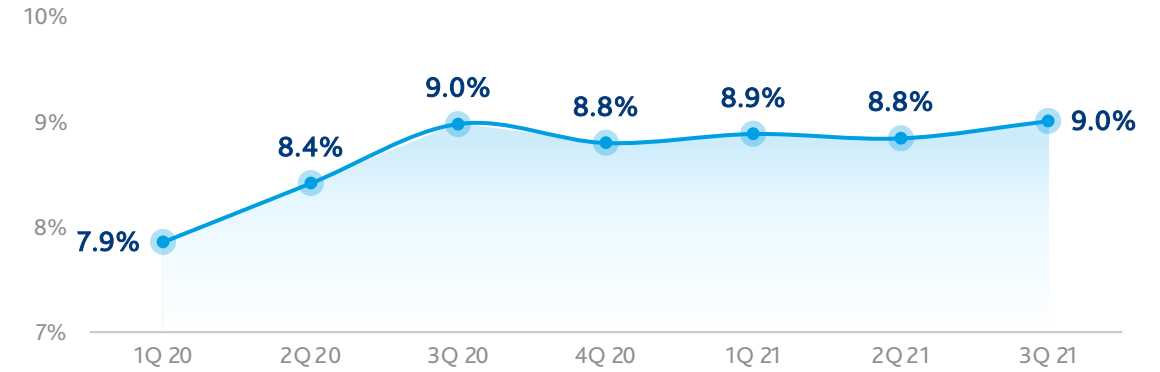
= Non-Performing Financing

...resulting in modest NPA growth and a stable NPA ratio, with NPA coverage at 118.2% including the benefit of significant and high-quality collaterals.

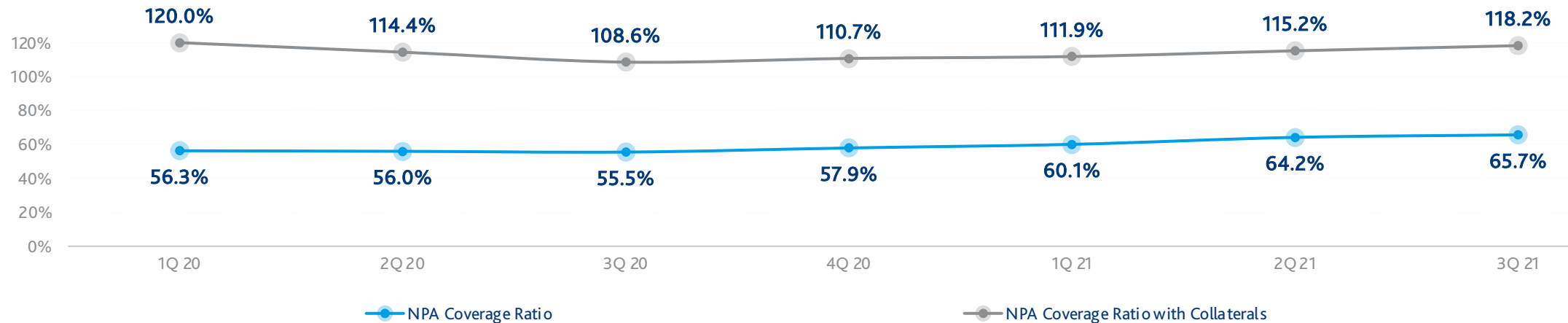
= NPA (AEDmn)



= NPA Ratio (%)



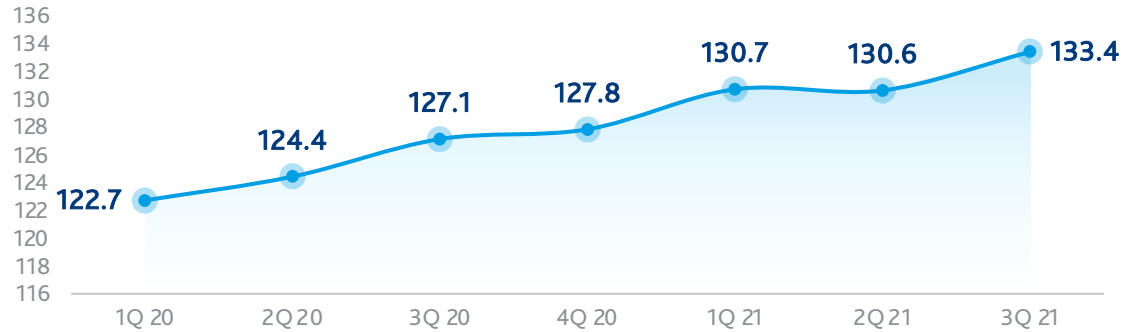
= NPA Coverage Ratio (%)



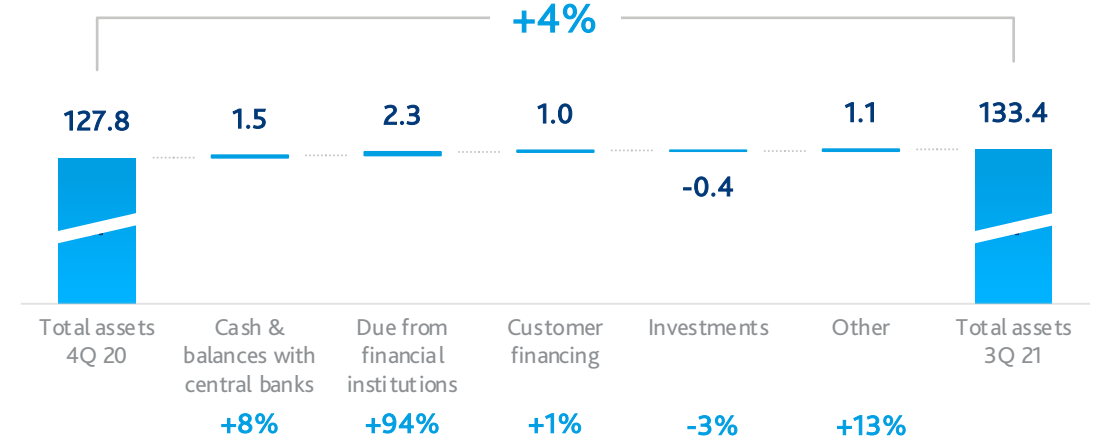
= Balance Sheet

ADIB reported steady balance sheet growth during 9M 2021...

= Total Assets (AEDbn)



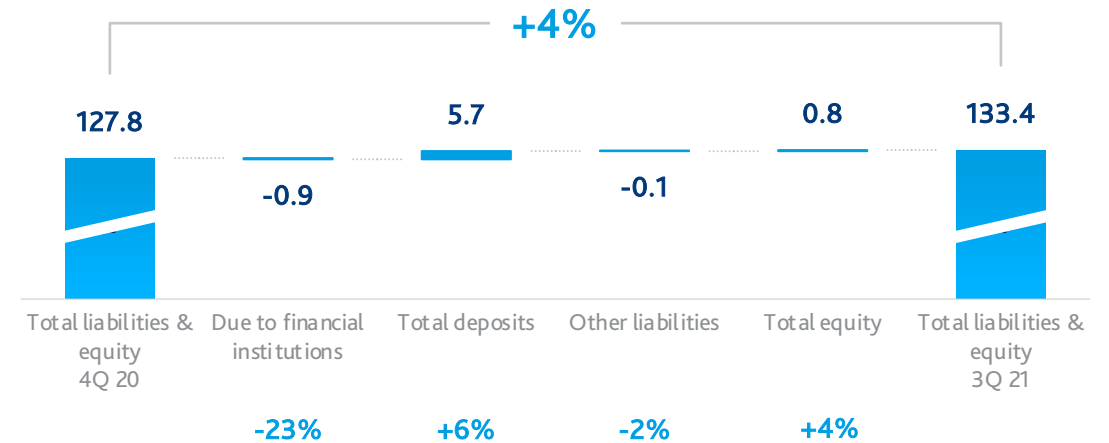
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	3Q 2021	2Q 2021	Δ%	4Q 2020	Δ%
Customer financing	84,419	83,700	+1%	83,409	+1%
Investments	13,420	14,259	-6%	13,809	-3%
Total assets	133,382	130,608	+2%	127,816	+4%
Total Deposits	107,005	105,159	+2%	101,276	+6%
Total liabilities	113,454	111,071	+2%	108,654	+4%
Total equity	19,928	19,538	+2%	19,162	+4%

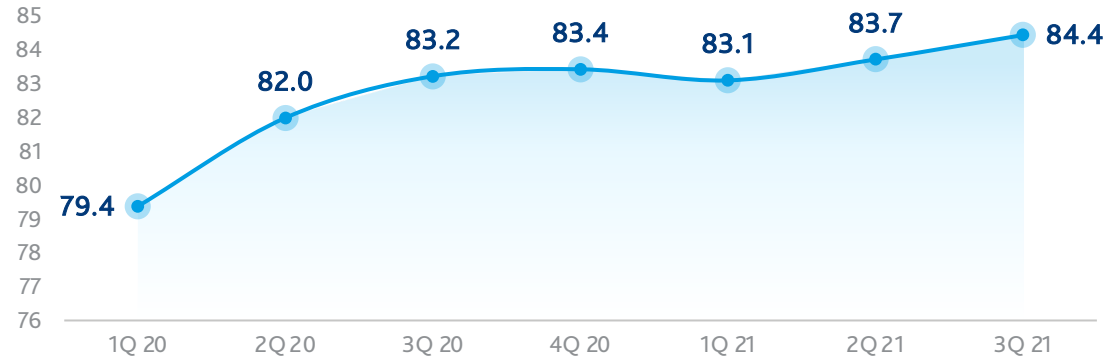
= Funding Movement YTD (AEDbn)



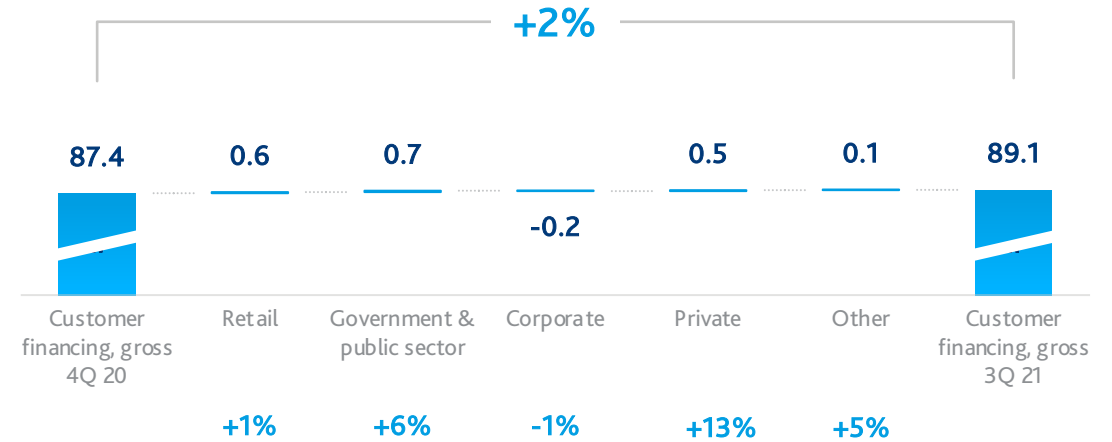
= Customer Financing

...with customer financing growth driven mainly by 6% YTD growth in Government and PSE financing...

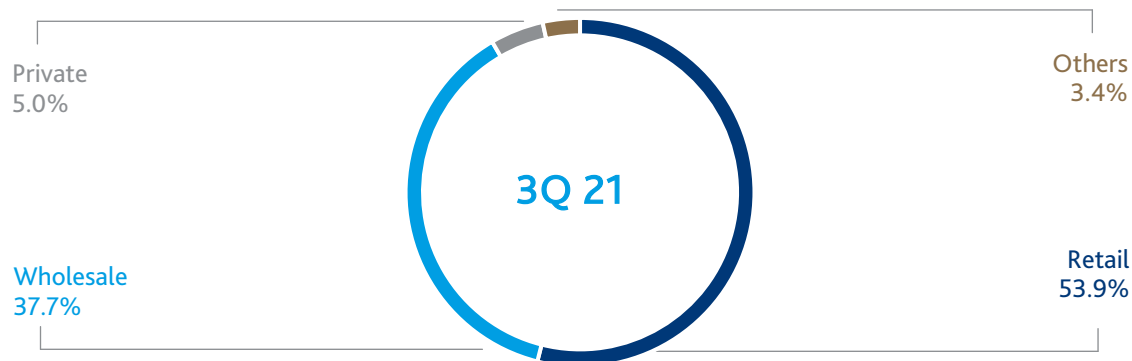
= Customer Financing, net (AEDbn)



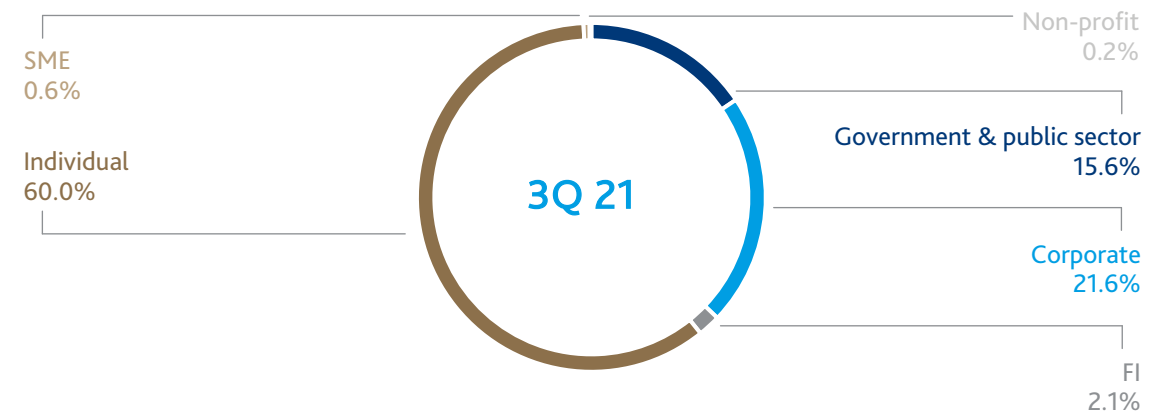
= Customer Financing, Gross Movement YTD (AEDbn)



= Customer Financing, Gross by Segment (%)



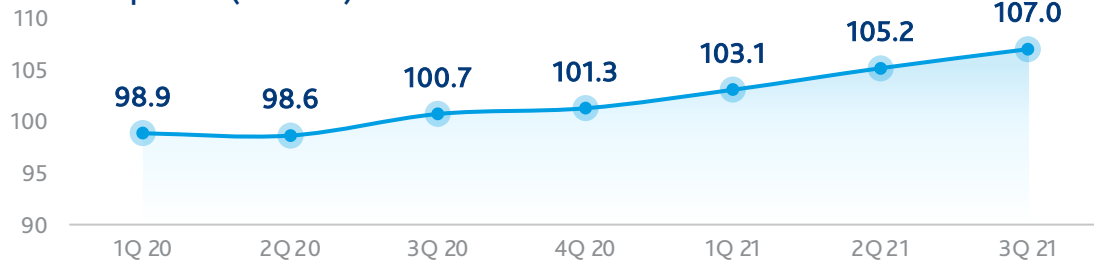
= Customer Financing, Gross by Sector (%)



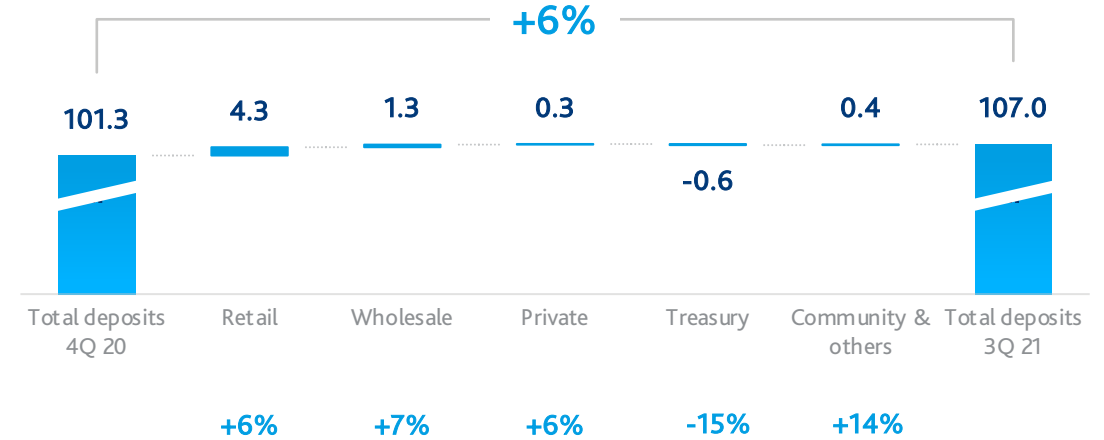
= Customer Deposits

...and solid 6% deposit growth from strong CASA and STI generation, mainly in the Retail segment...

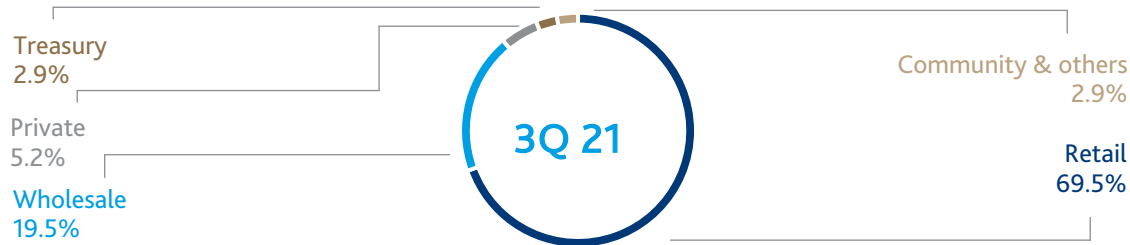
= Total Deposits (AEDbn)



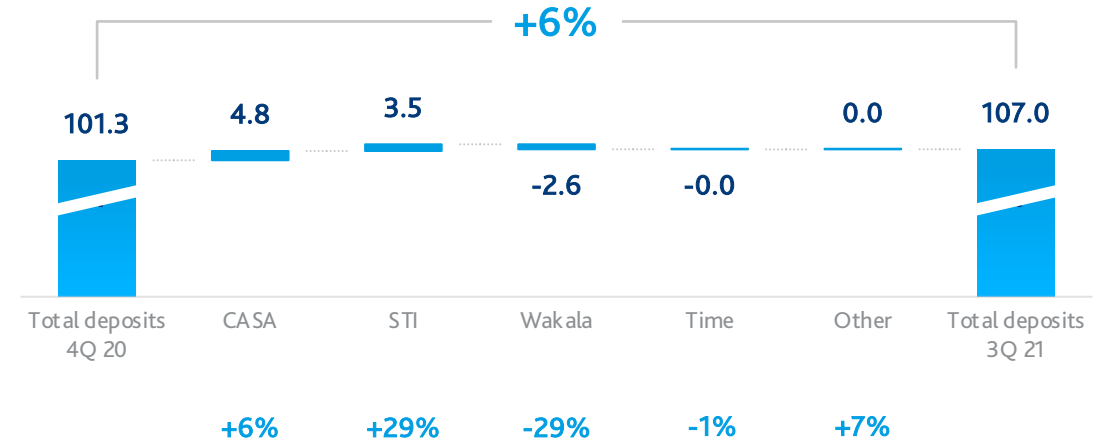
= Total Deposits Movement by Segment YTD (AEDbn)



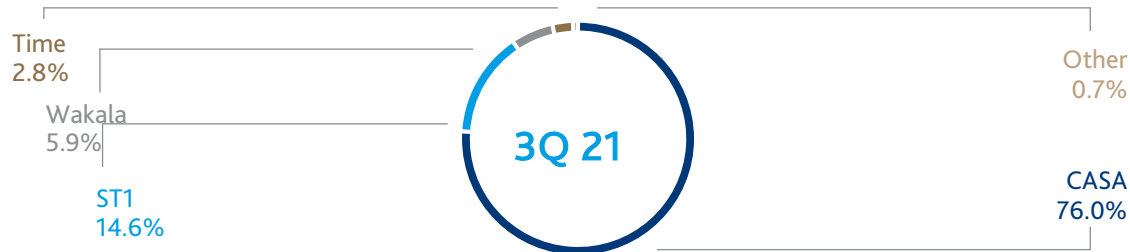
= Total Deposits by Segment (AEDbn)



= Total Deposits Movement by Type YTD (AEDbn)



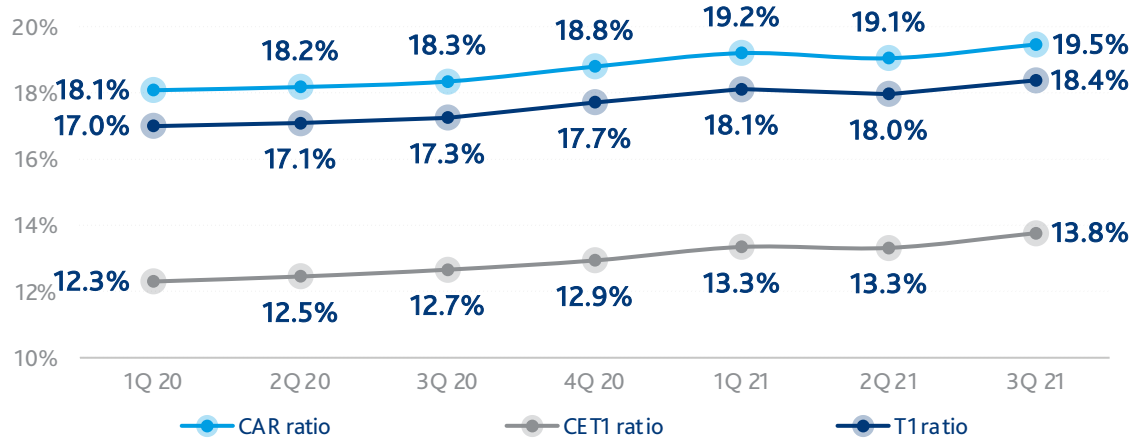
= Total Deposits by Type (AEDbn)



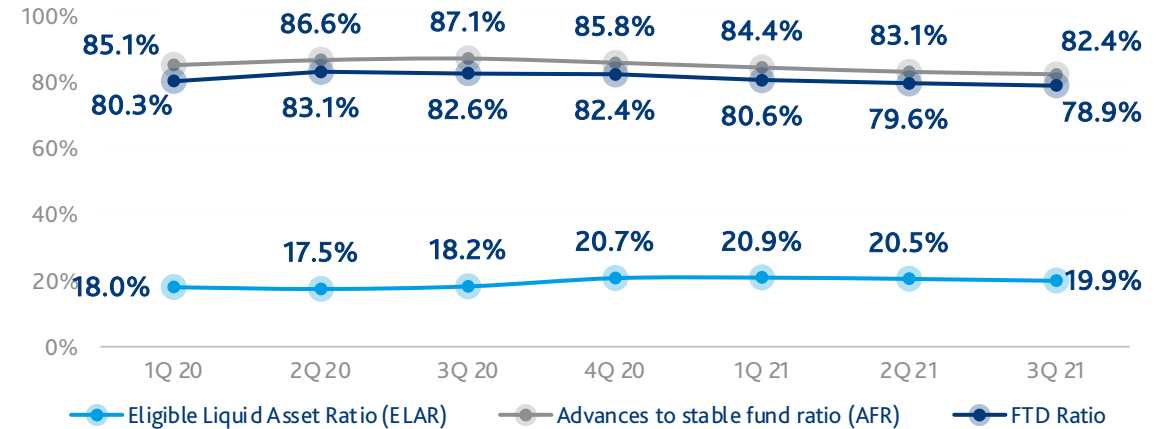
= Capital and Liquidity

...while maintaining robust capitalization and liquidity positions, well within regulatory requirements.

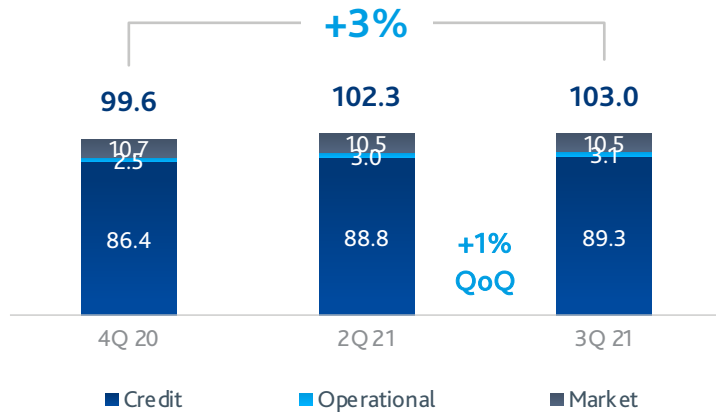
= Capitalization Ratios (%)



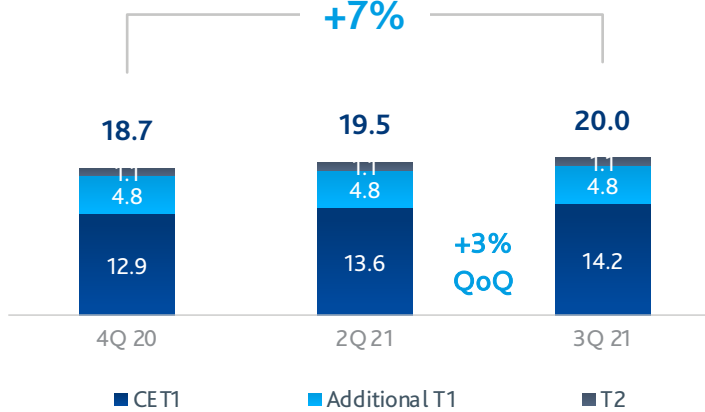
= Liquidity Ratios (%)



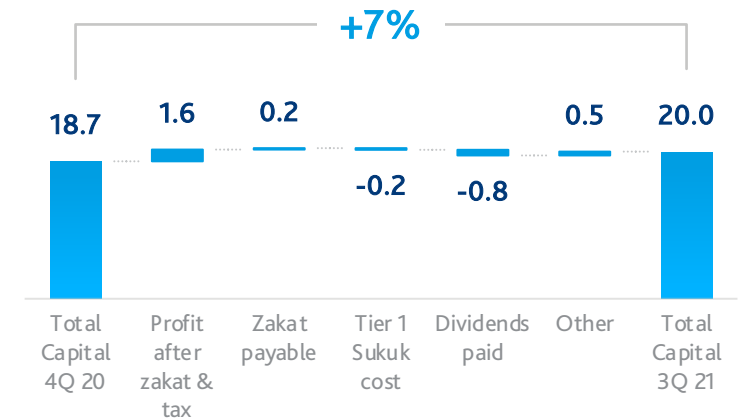
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

9M 2021 Earnings Presentation

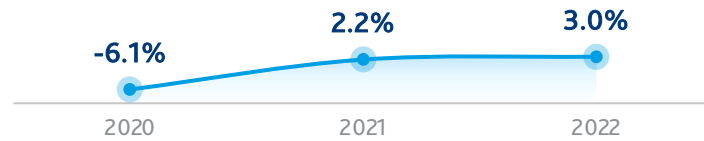
= Outlook and Guidance

Improving economic fundamentals and solid YTD financial performance drive a promising outlook for FY 2021

= Market Outlook

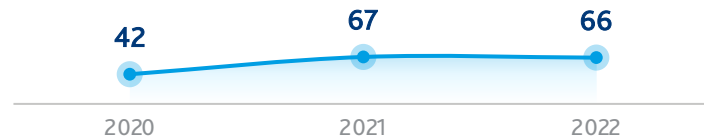
= GDP growth from rising oil prices

Real GDP growth (%)



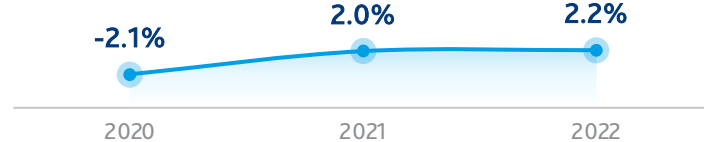
= Expected improvement in oil prices

Brent Price / Barrel (avg) (USD)



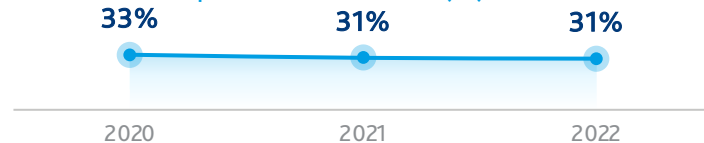
= Return from deflation to inflation by 2021

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2020 level

Government expenditure % of GDP (%)



= Management Guidance

9M 2021 Reported

FY 2021 Guidance

= Net Income Growth

ADIB is well-positioned for a period of sustained growth in 2021, leveraging on its strong market position, strategic initiatives and operational resilience.

+43%

30% to 50%

= Gross Financing Growth

Despite an improved economic outlook, rising competitive pressure may limit credit growth

+3%

3% to 5%

= Net Profit Margin

Continued maintenance of lowest cost of funds, efficient funding strategy, and higher CASA supportive of net profit margins

3.32%

3.00% to 3.20%

= Cost of Risk

Improving outlook expected to lower impairment charges and continued build-up of prudent provisioning

1.10%

0.80% to 0.90%

= Cost to Income Ratio

Continued digital investments to enhance efficiency while ensuring cost discipline

42.2%

42% to 44%

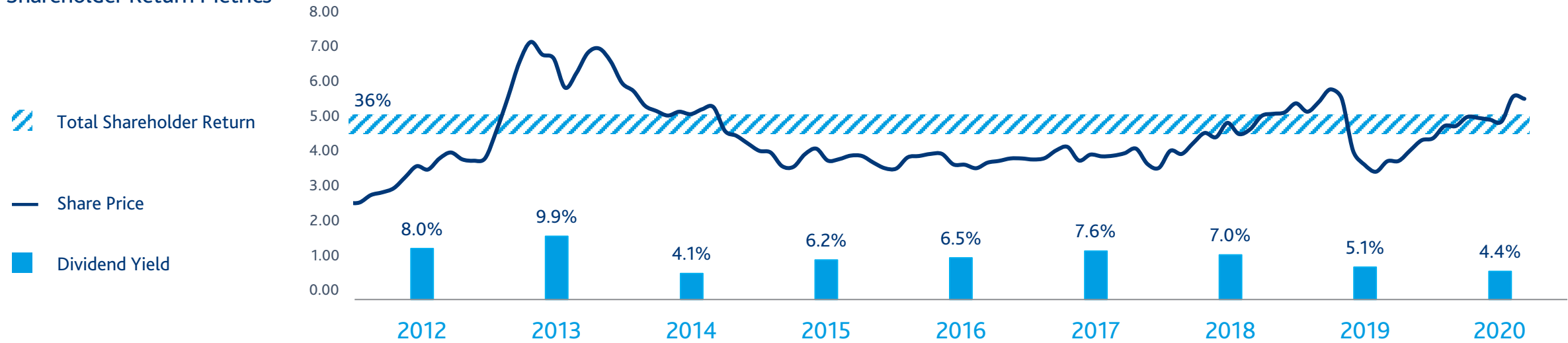
Questions & Answers

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= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of 4% and TSR of 36%

= Shareholder Return Metrics



Net Profit in AEDmn	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%	38.2%	46.6%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%	20.6%
Cash Dividend in AEDmn	601	725	700	769	777	915	994	994	747
Bonus shares	-	635.3	-	-	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-

= Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

= Credit Ratings

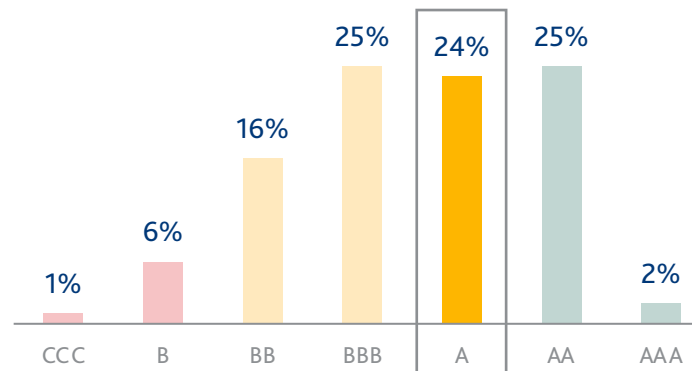
MOODY'S
A2
Negative Outlook

FitchRatings
A+
Stable Outlook

= ADIB's MSCI ESG Rating



= MSCI Rating Distribution



= Recent Accolades

THE DIGITAL BANKER
#1
Digital Transformation Program

BEST ISLAMIC FINANCIAL INSTITUTIONS 2021
GLOBAL FINANCE
#1
Islamic Bank in the UAE (March 2021)

Forbes 2021
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Bank in the UAE (April 2021)

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GLOBAL FINANCE
#1
Islamic Bank in Egypt (March 2021)

Contacts

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= Additional Information

Please contact the Investor Relations team for additional information or download ADIB's IR App

= ADIB Investor Relations Contact

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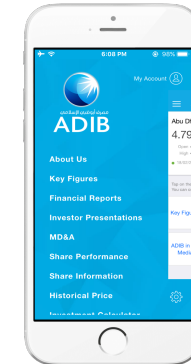
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