

1H 2021 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 28 July 2021

ADIB IR Website



IR App Download link:



= Contents

1H 2021 Earnings Presentation

= Key Highlights

= Financial Performance

= Outlook & Guidance

= Questions & Answers

= Contacts

= Disclaimer

Key Highlights

1H 2021 Earnings Presentation

= Key Highlights

Strong 1H 2021 performance driven by fee income growth and effective cost control

▶ Delivering strong Y-O-Y Growth

- = 89% surge in net profit with ROE improving to 13.7%
- = Revenue up 3% driven by 19% increase in non-funded income
- = Effective cost control strategy leads to a reduction of 529 basis points in cost to income ratio
- = Steady balance sheet growth of 5% with customers' financing and deposits growth
- = ADIB ranked number 1 Bank in the UAE by Forbes and awarded Best bank in crisis innovation by Global Finance

Financial Performance

1H 2021 Earnings Presentation

= Financial Performance Highlights

ADIB reports a strong set of results for 1H 2021

= Strong YoY Growth in Profitability

1.1bn

Net Income

+89%



2.6bn

Revenues

+3%



1.2bn

Expenses

-8%



= Steady Balance Sheet Growth

131bn

Total Assets

+5%



88bn

Gross Customer Financing

+3%



105bn

Deposits

+7%



= Robust Capital Position and Strong Return

19.1%

CAR

+87bps



13.7%

Return on Equity

+706bps



43.9%

Cost to Income Ratio

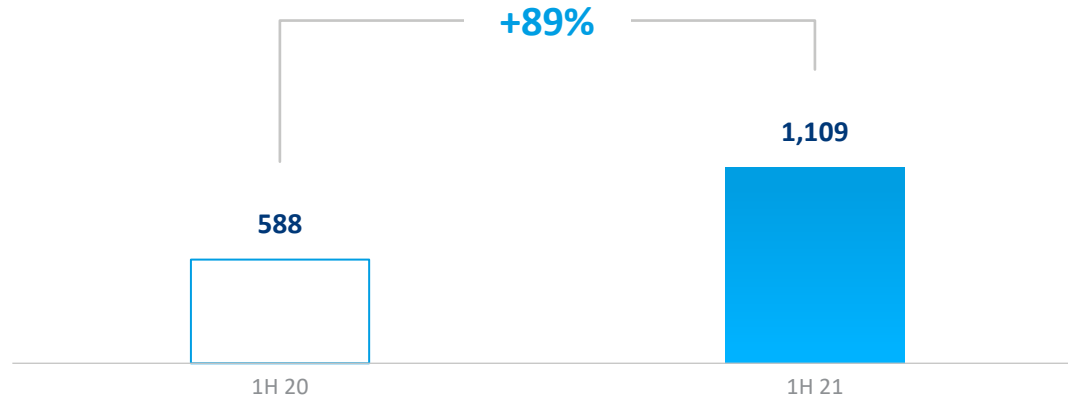
-529bps



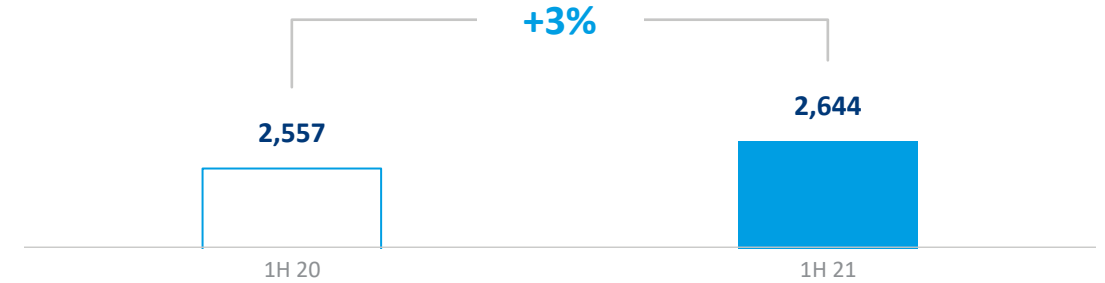
= Income Statement Highlights

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

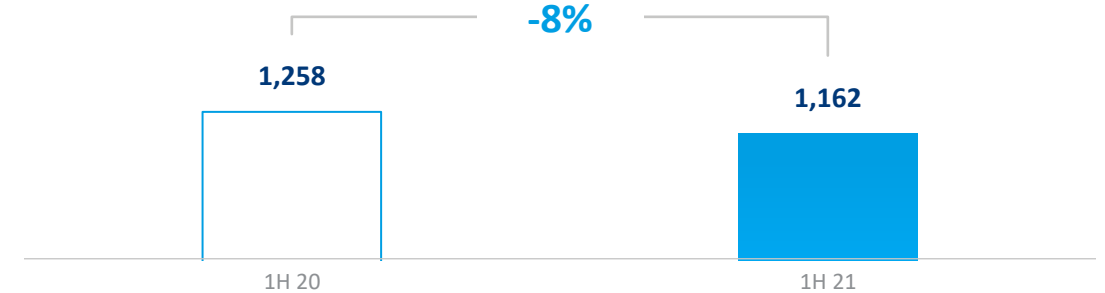
= Profit After Zakat & Tax (AEDmn)



= Revenues (AEDmn)



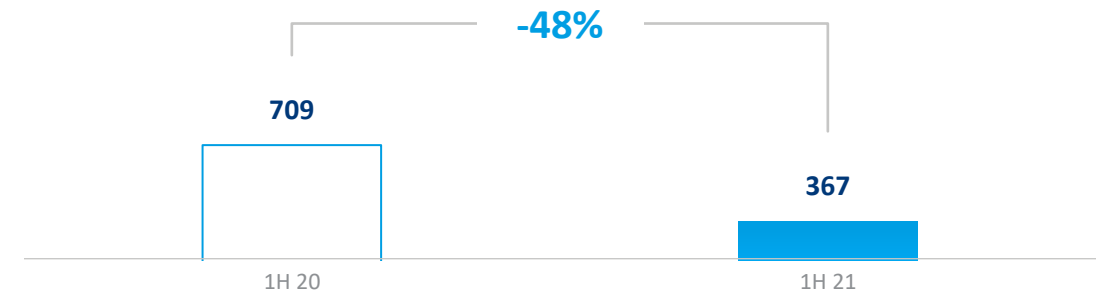
= Expenses (AEDmn)



= Key Highlights

- The rebound in UAE economic activity and an improvement in business momentum lifted revenues by 3%
- Profit growth was further boosted by an 8% YoY reduction in expenses
- The improved economic outlook allowed us to reduce impairments by 48%

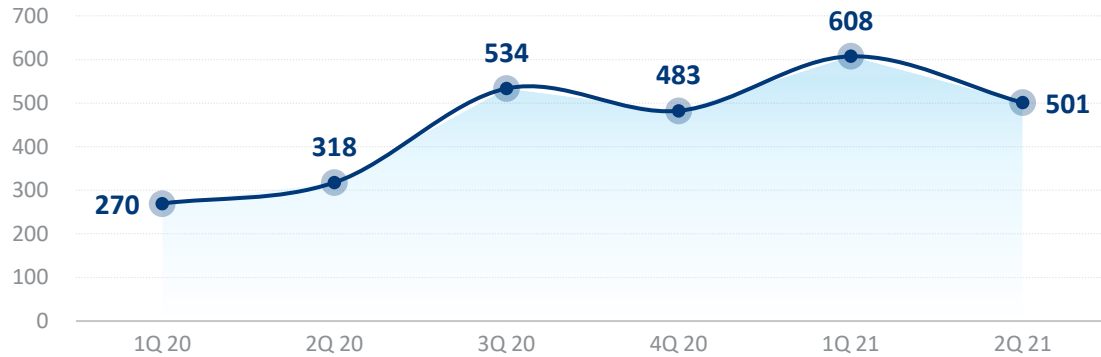
= Impairments (AEDmn)



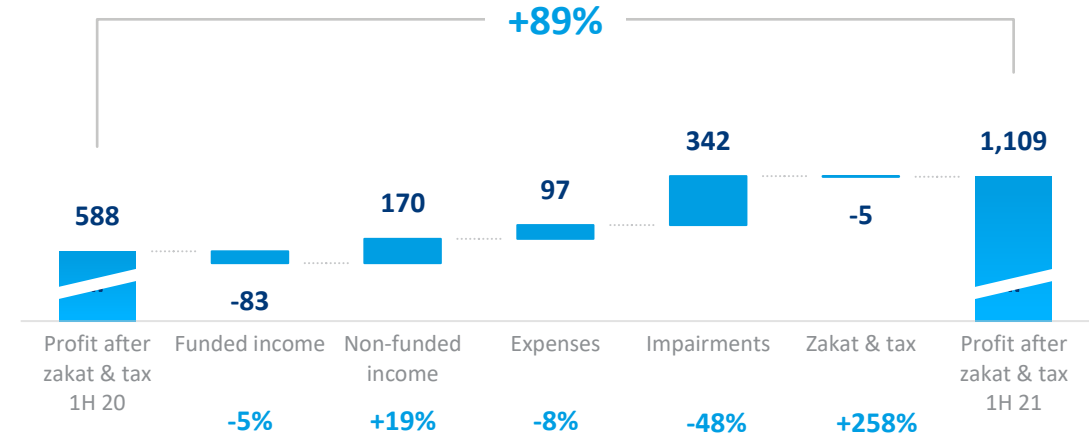
= Income Statement

ADIB witnessed a strong rebound in profitability with 89% growth YoY...

= Net Income (AEDmn)



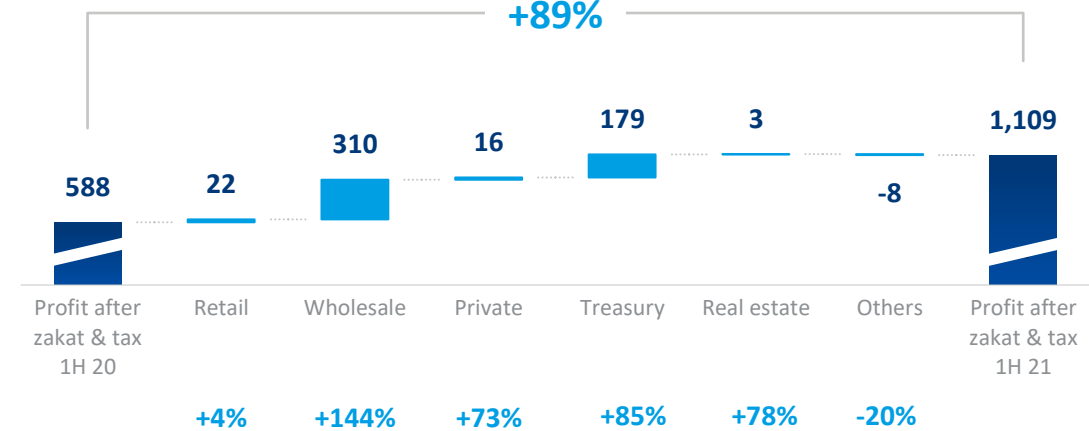
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	1H 2021	1H 2020	Δ%	2Q 2021	2Q 2020	Δ%
Funded income	1,587	1,670	-5%	803	802	+0%
Non-funded income	1,057	887	+19%	506	462	+9%
Revenues	2,644	2,557	+3%	1,309	1,264	+4%
Operating expenses	(1,162)	(1,258)	-8%	(570)	(624)	-9%
Provision for impairment	(367)	(709)	-48%	(233)	(322)	-27%
Net Income after zakat and income tax	1,109	588	+89%	501	318	+58%

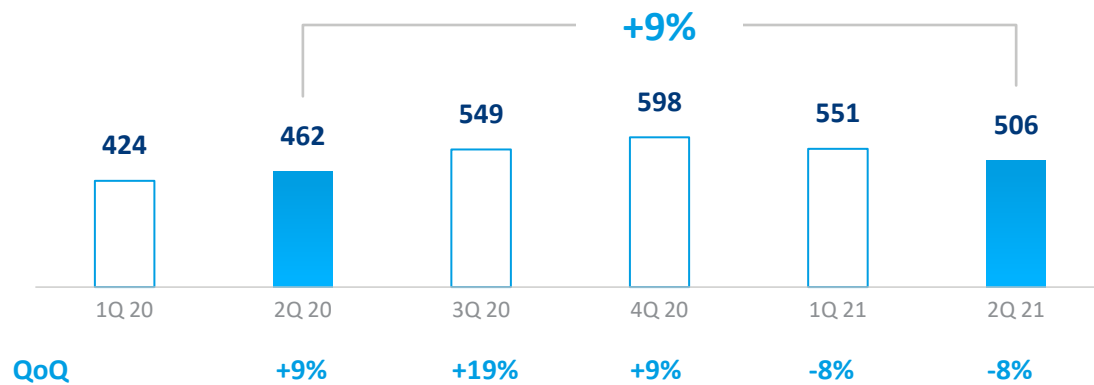
= Net Income Movement by Segment YoY (AEDmn)



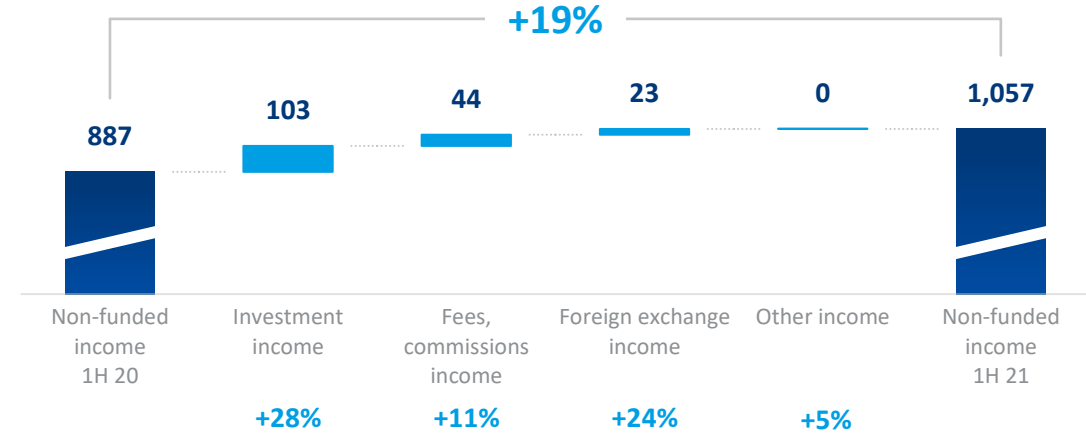
= Non-Funded Income

...due to a strong 19% YoY rise in non-funded income from higher investment, cards and forex income,...

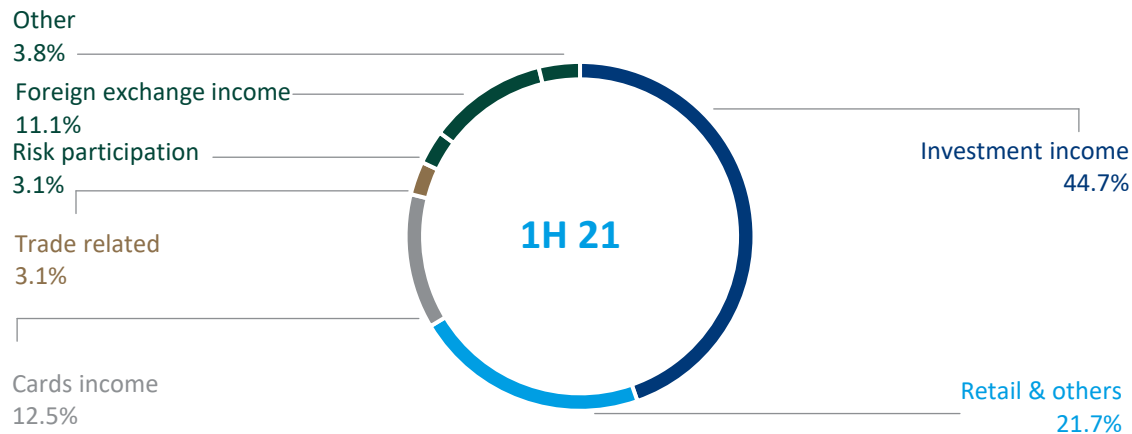
= Non-Funded Income (AEDmn)



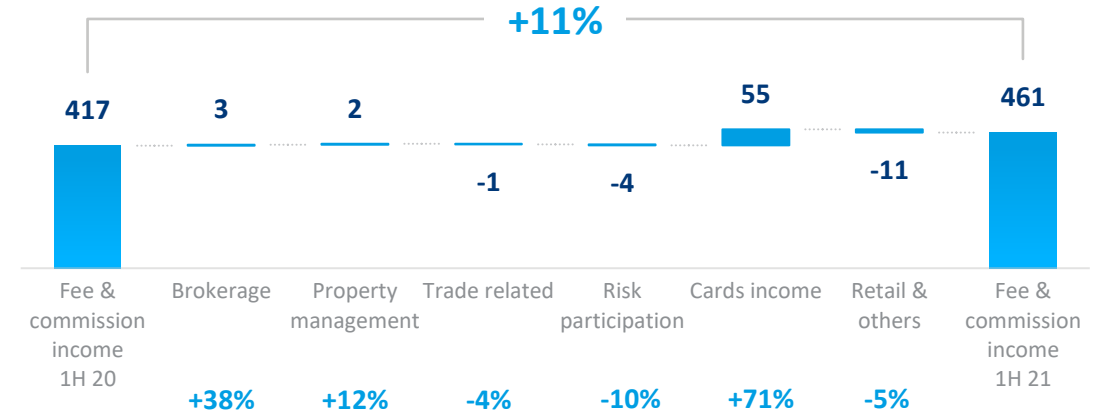
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



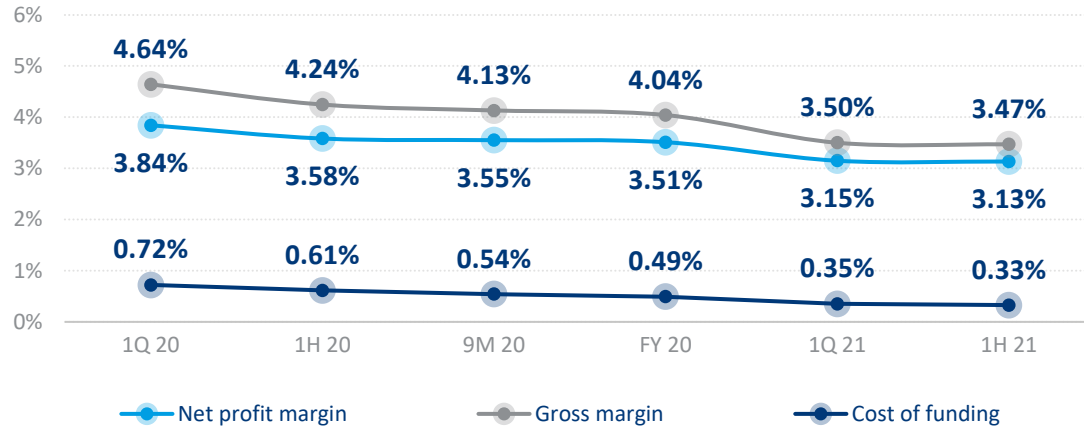
= Fee & Commission Income Movement YoY (AEDmn)



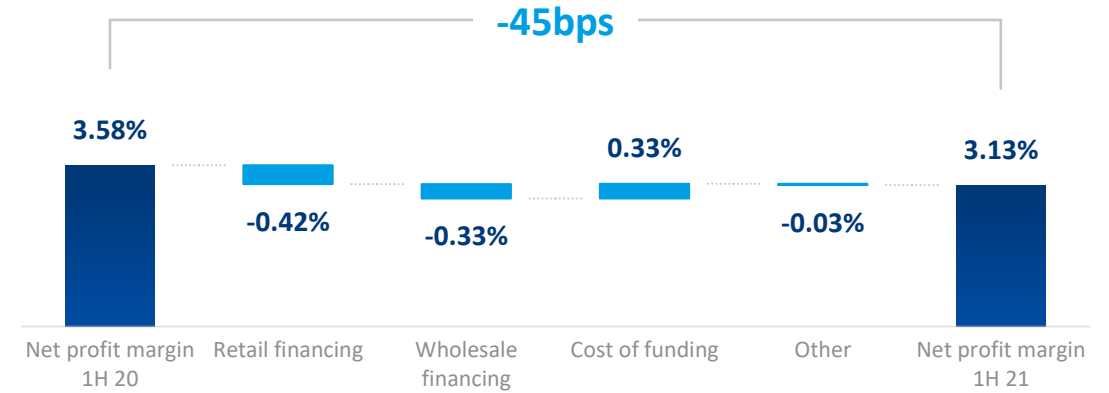
= Funded Income

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

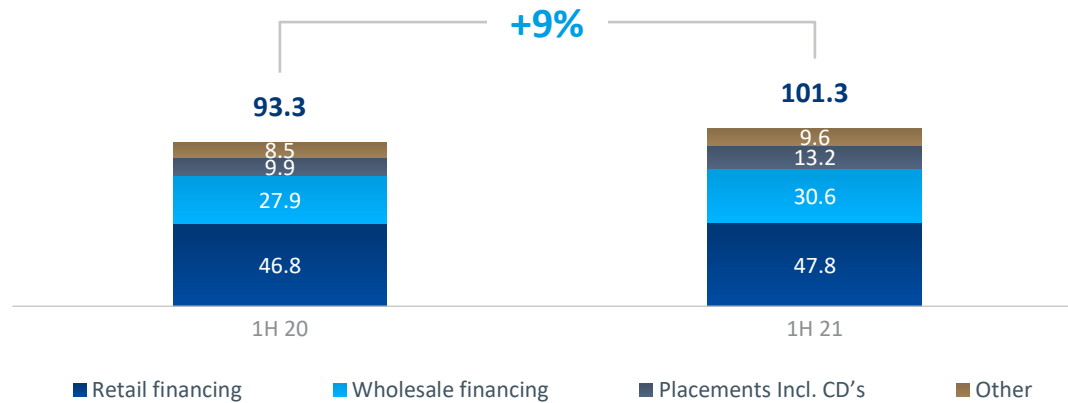
= Net Profit Margin (%)



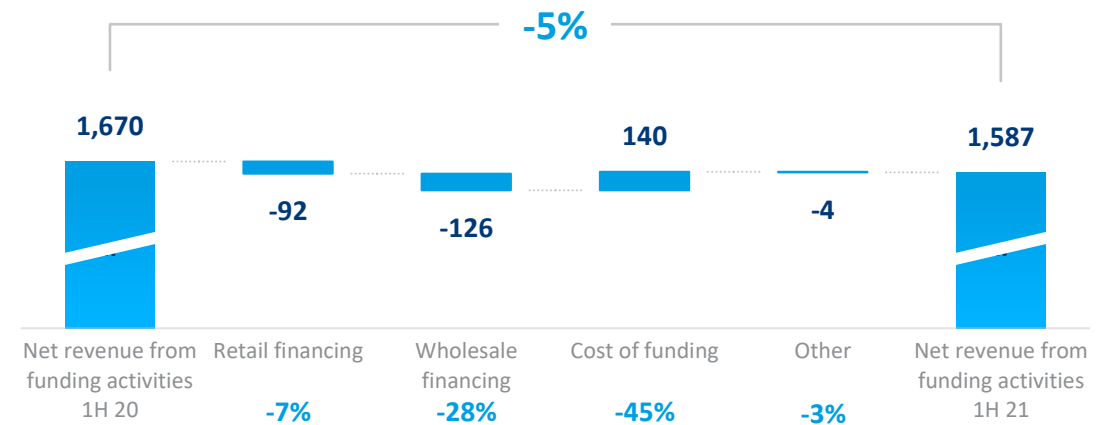
= Net Profit Margin Movement YoY (%)



= Average Profit Earning Assets (AEDbn)



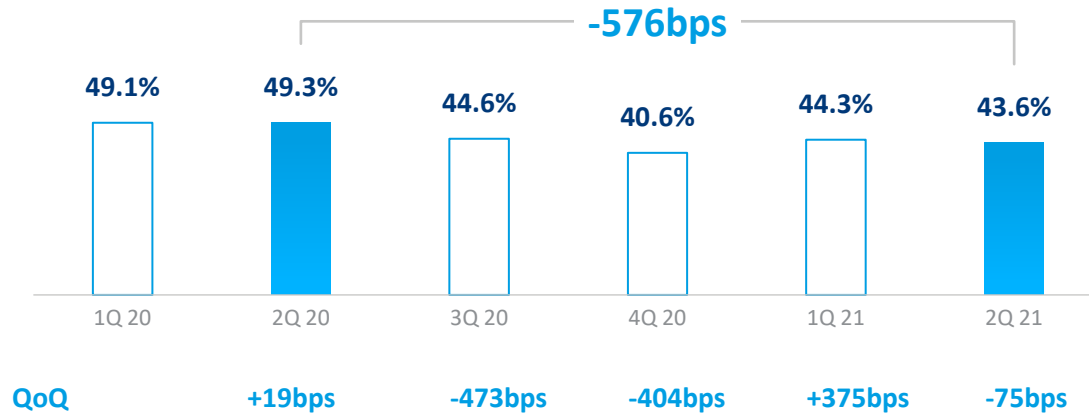
= Net Revenue from Funding Activities Movement YoY



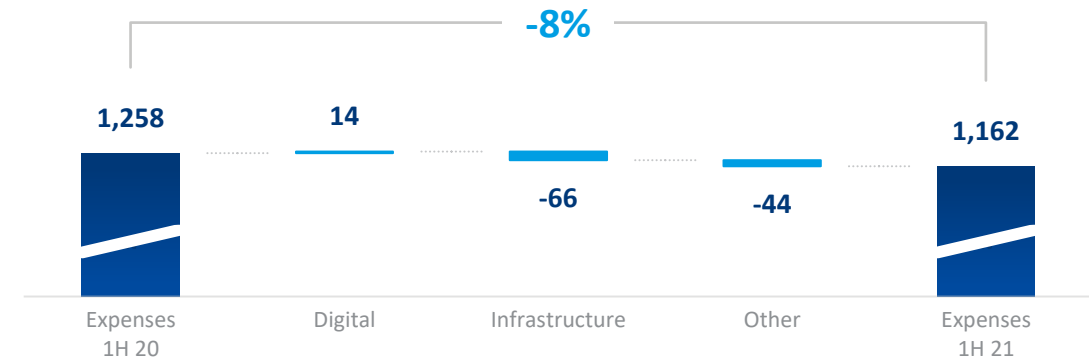
= Operating Expenses

Profit growth was further boosted by an 8% YoY reduction in 1H 2021 expenses, reflecting disciplined cost control and early benefits of the digital strategy.

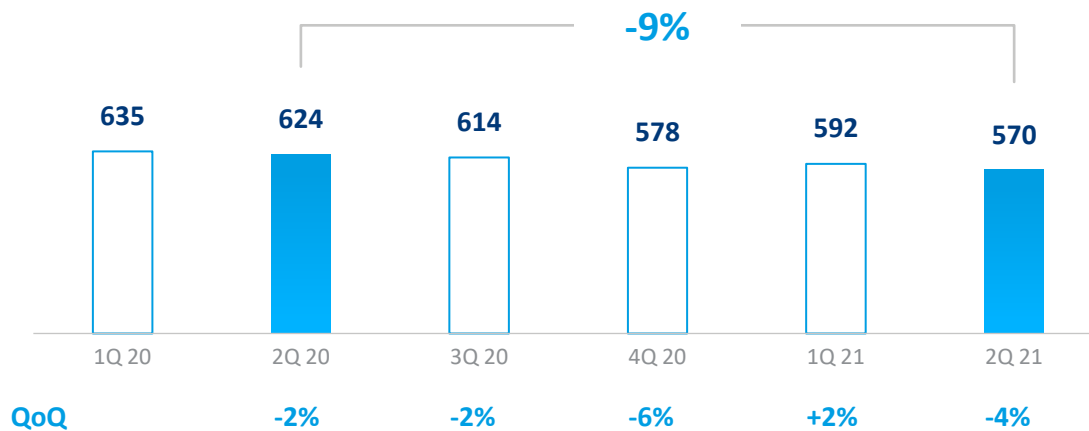
= Cost To Income Ratio (%)



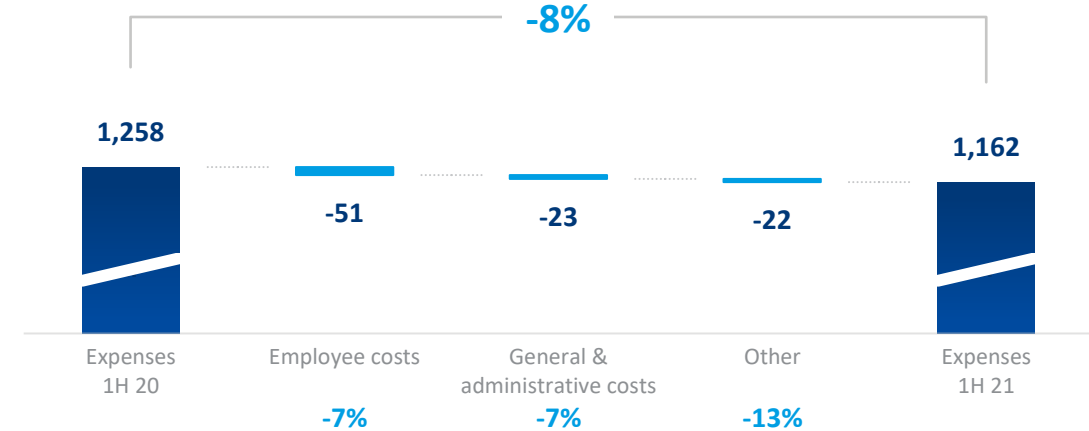
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



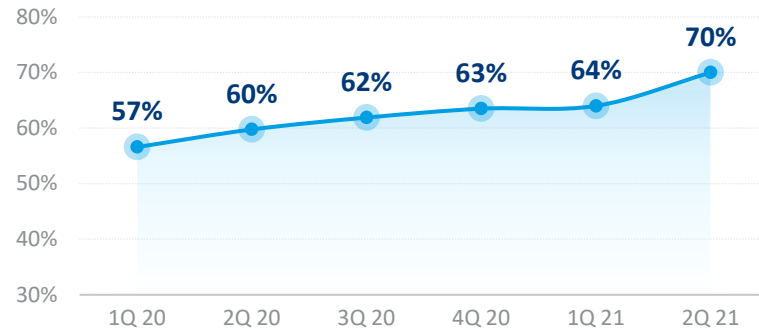
= Expenses Movement YoY (AEDmn)



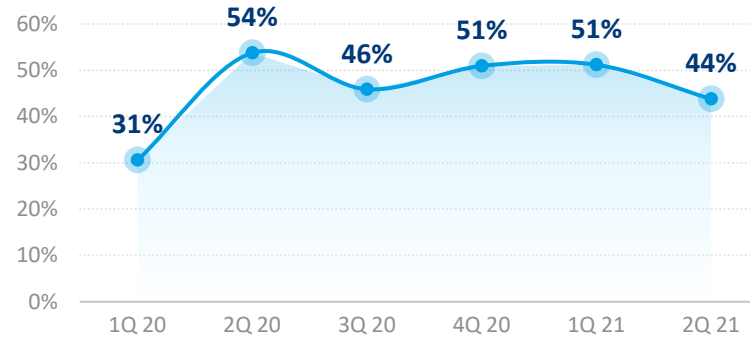
= Digital Banking

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

= Digitally Active Customers (%)



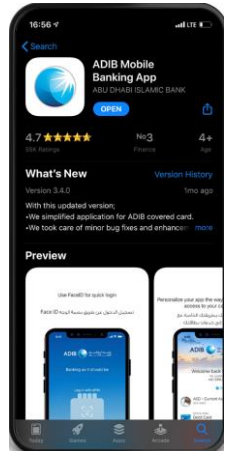
= Digital Sales (%)



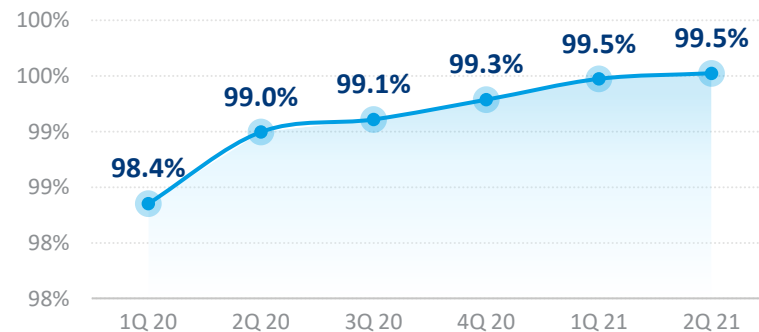
= ADIB main Mobile App

#1
Banking
in the
UAE

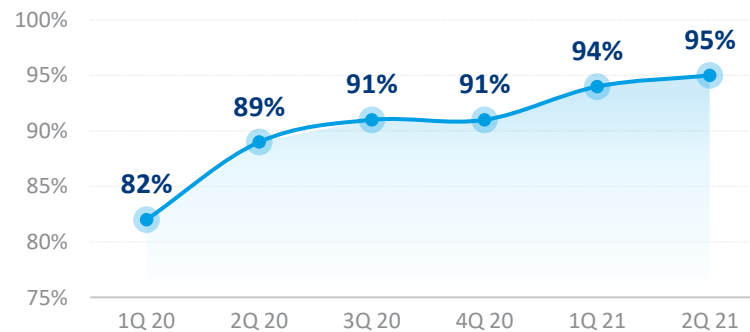
★★★★★ 4.7



= Digital Payment (%)



= Straight Through Processing-Payment (%)



= ADIB Smart Banking Mobile App

#1
UAE App
Store

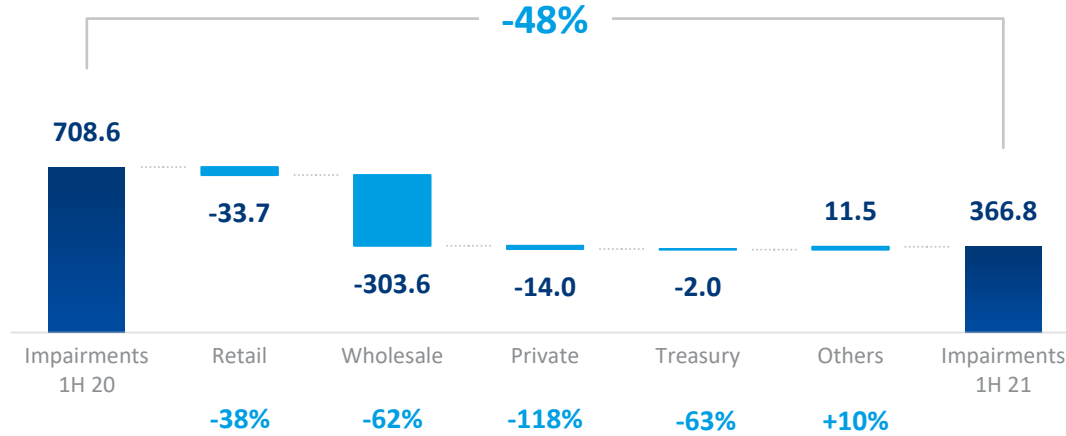
★★★★★ 4.8



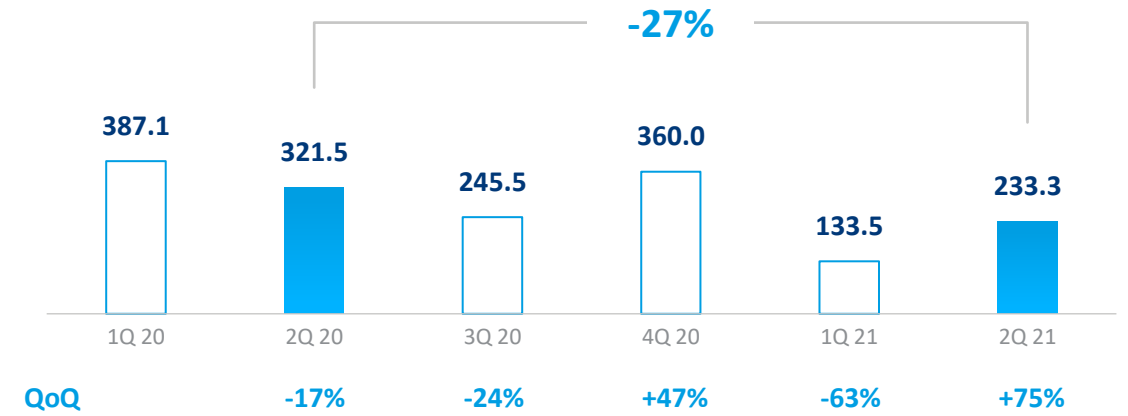
= Impairments

A 48% YoY decline in impairments due to an improved economic outlook,...

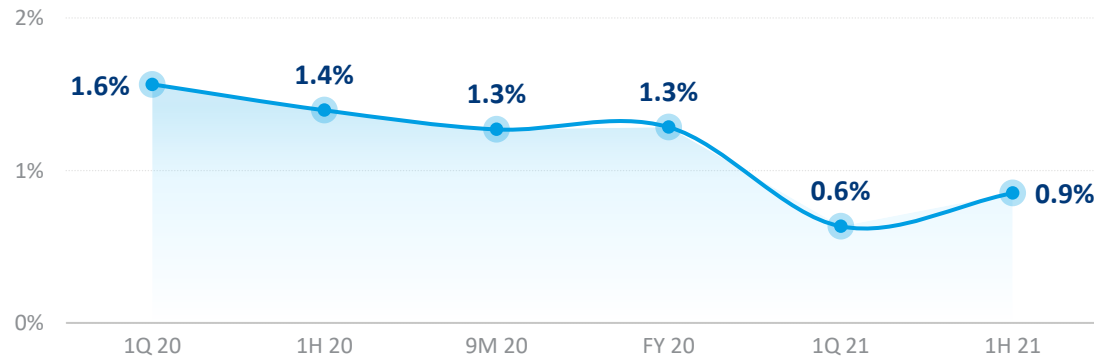
= Impairments Movement YoY (AEDmn)



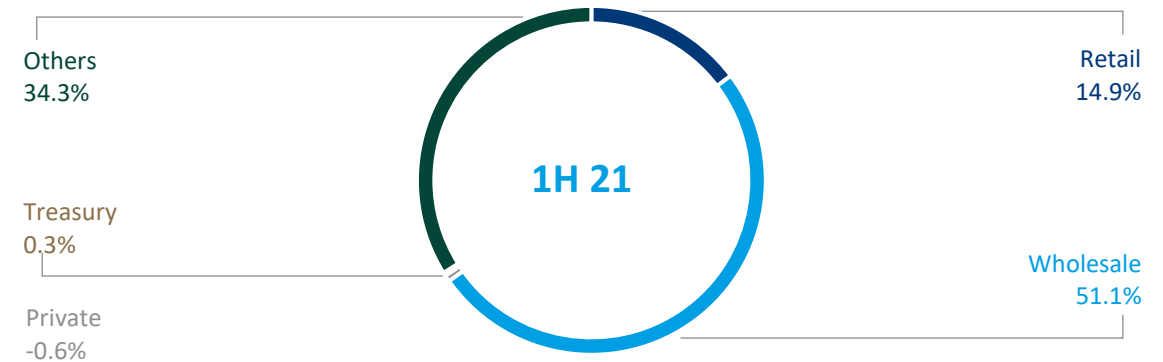
= Impairments (AEDmn)



= Cost Of Risk (%)



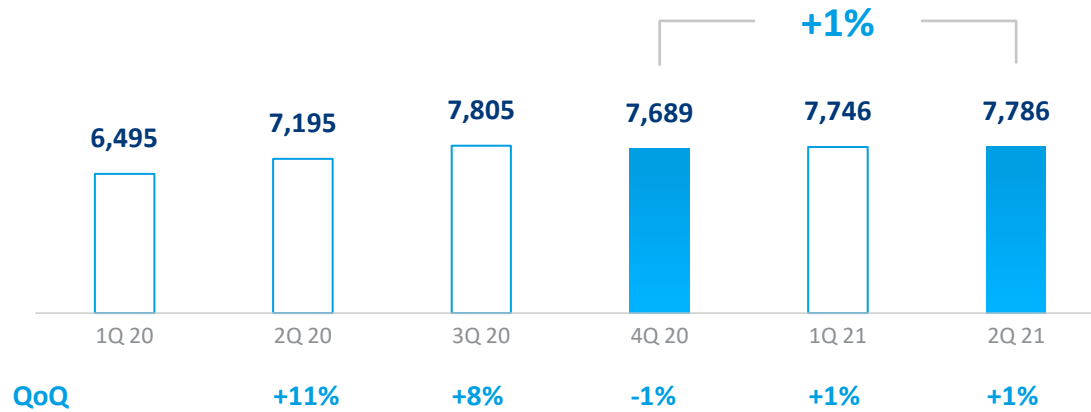
= Impairments Composition (%)



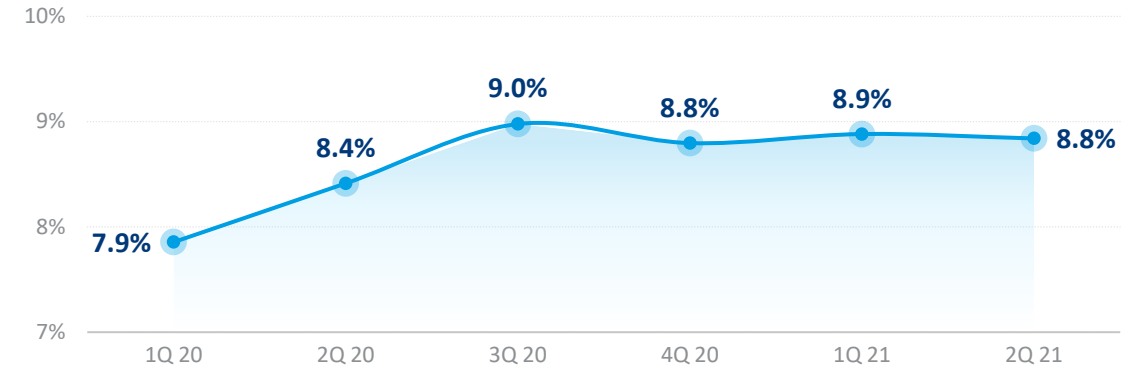
= Non-Performing Financing

...resulting in modest NPA growth and a stable NPA ratio, with NPA coverage at 115.2% including the benefit of significant and high-quality collaterals.

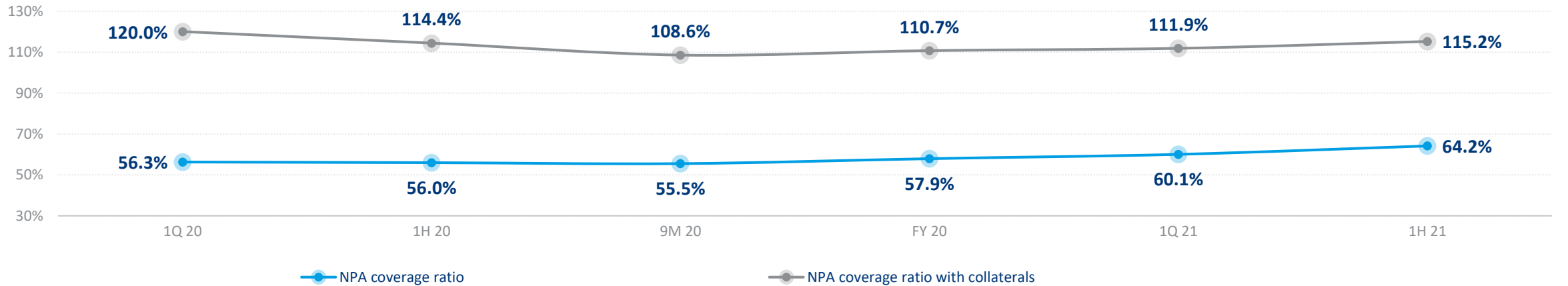
= NPA (AEDmn)



= NPA Ratio (%)



= NPA Coverage Ratio (%)



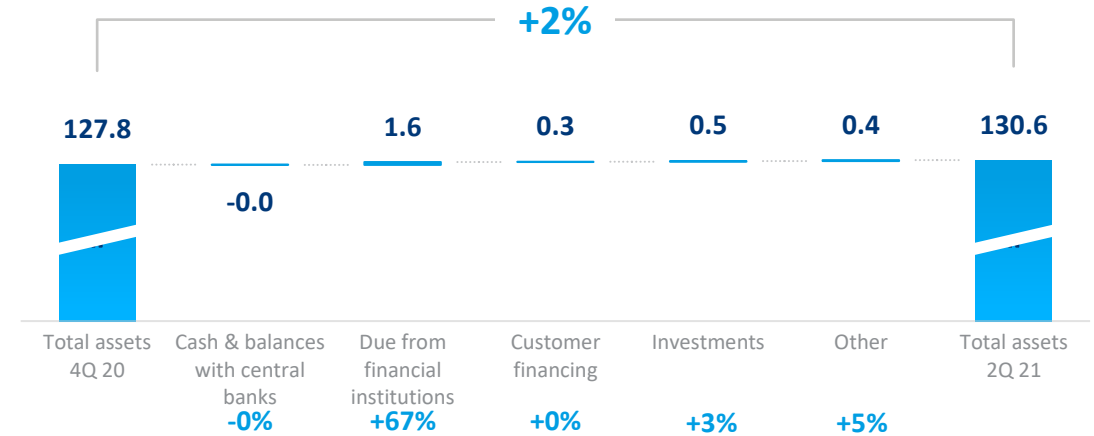
= Balance Sheet

ADIB reported steady balance sheet growth during 1H 2021...

= Total Assets (AEDbn)



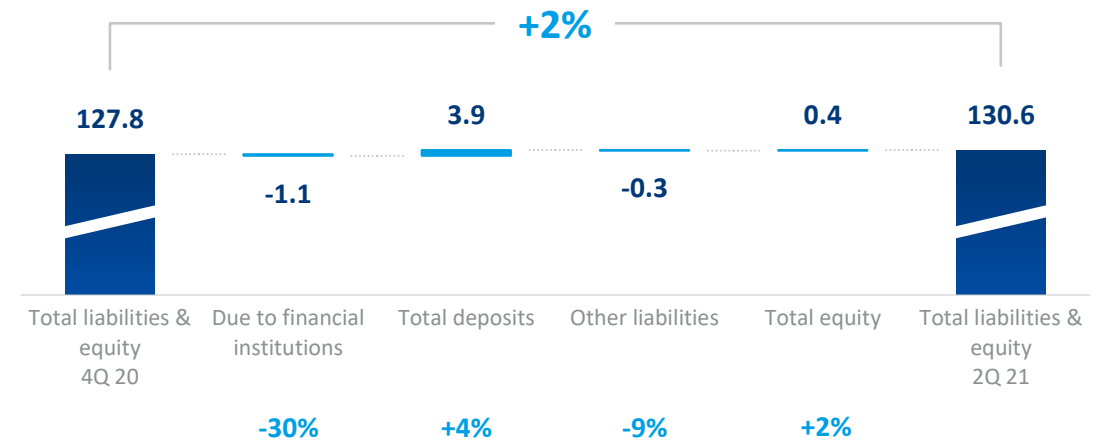
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	2Q 2021	1Q 2021	Δ%	4Q 2020	Δ%
Customer financing	83,700	83,082	+1%	83,409	+0%
Investments	14,259	14,467	-1%	13,809	+3%
Total assets	130,608	130,694	-0%	127,816	+2%
Total Deposits	105,159	103,069	+2%	101,276	+4%
Total liabilities	111,071	110,859	+0%	108,654	+2%
Total equity	19,538	19,835	-1%	19,162	+2%

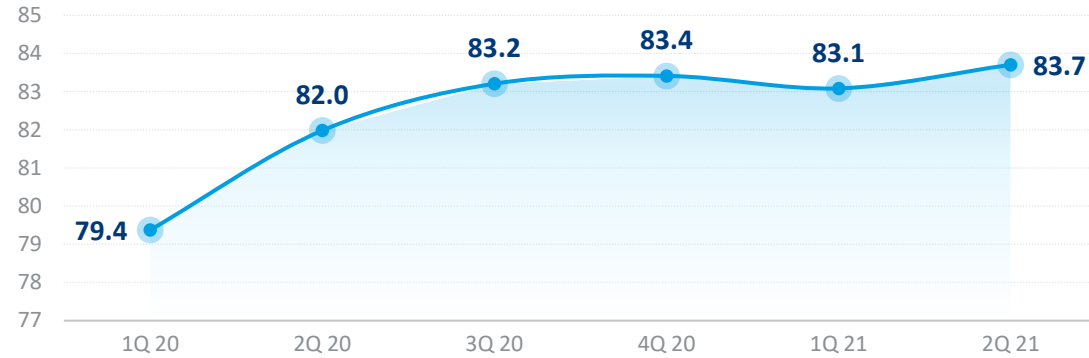
= Funding Movement YTD (AEDbn)



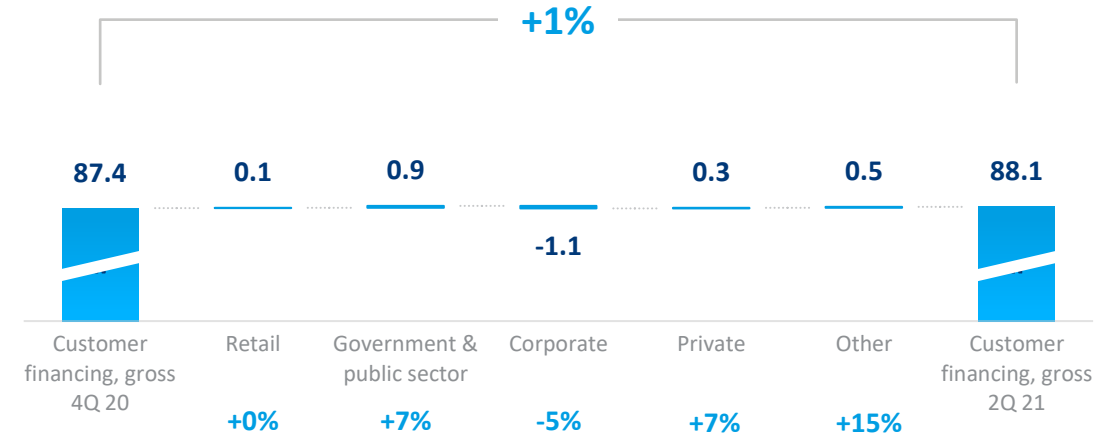
= Customer Financing

...with customer financing growth driven mainly by 7% YTD growth in Government and PSE financing...

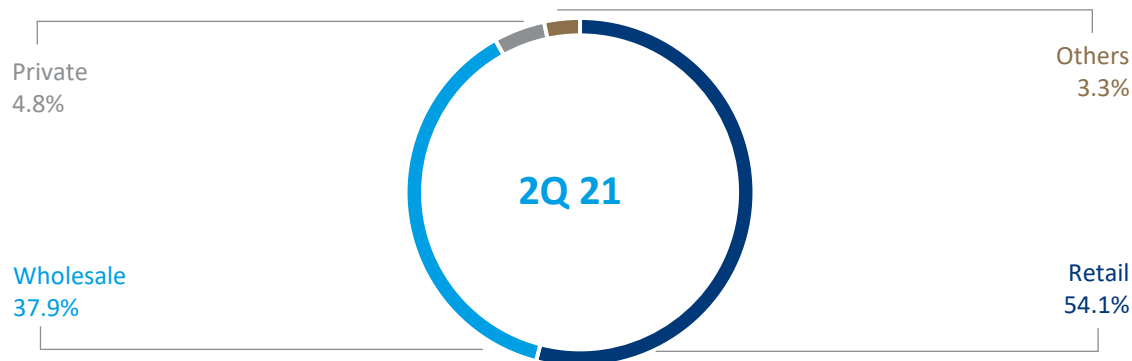
= Customer Financing (AEDbn)



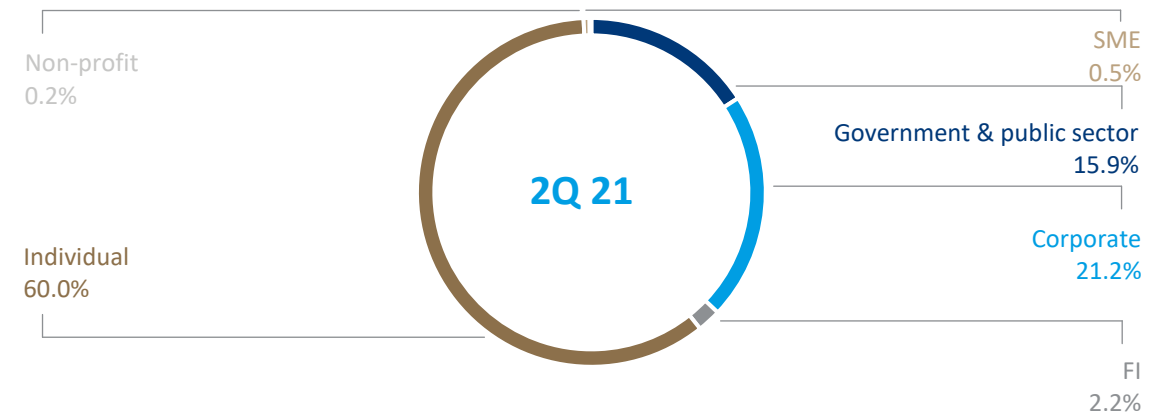
= Customer Financing, Gross Movement YTD (AEDbn)



= Customer Financing, Gross Composition (%)



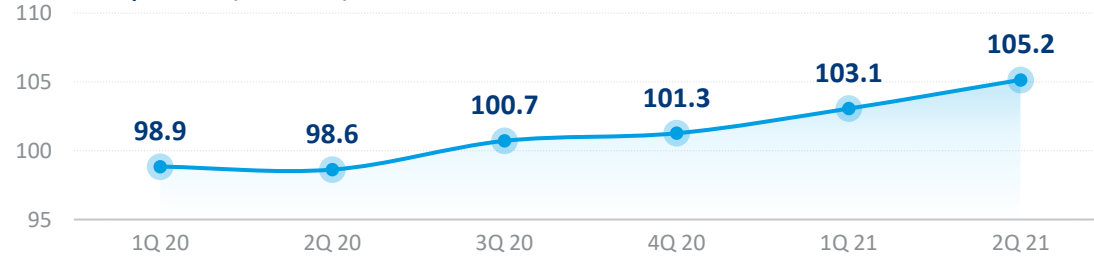
= Customer Financing, Gross Composition (%)



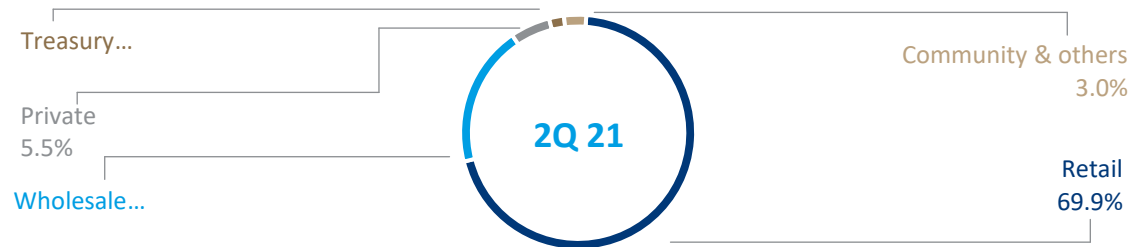
= Customer Deposits

...and solid 4% deposit growth from strong CASA and STI generation, mainly in the Retail segment...

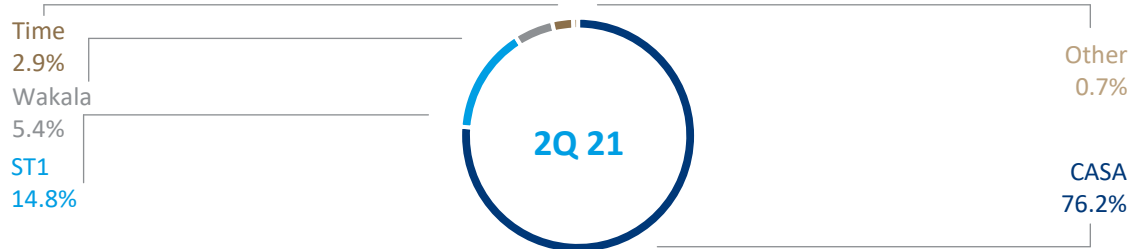
= Total Deposits (AEDbn)



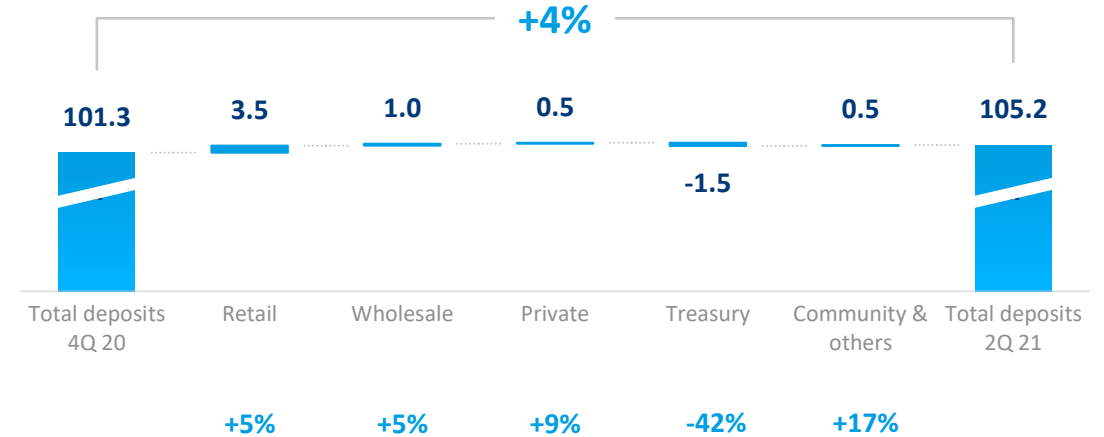
= Total Deposits Composition by Segment (%)



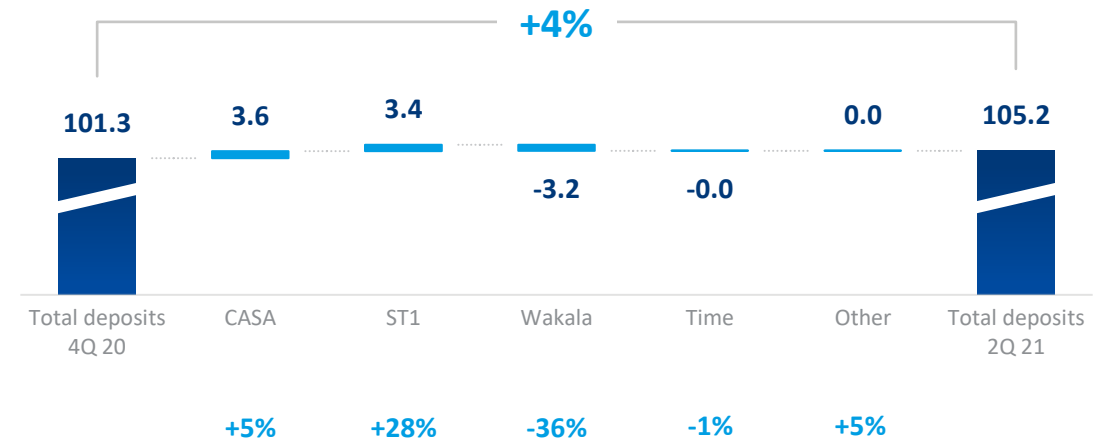
= Total Deposits Composition by Type (%)



= Total Deposits Movement by Segment YoY (AEDbn)



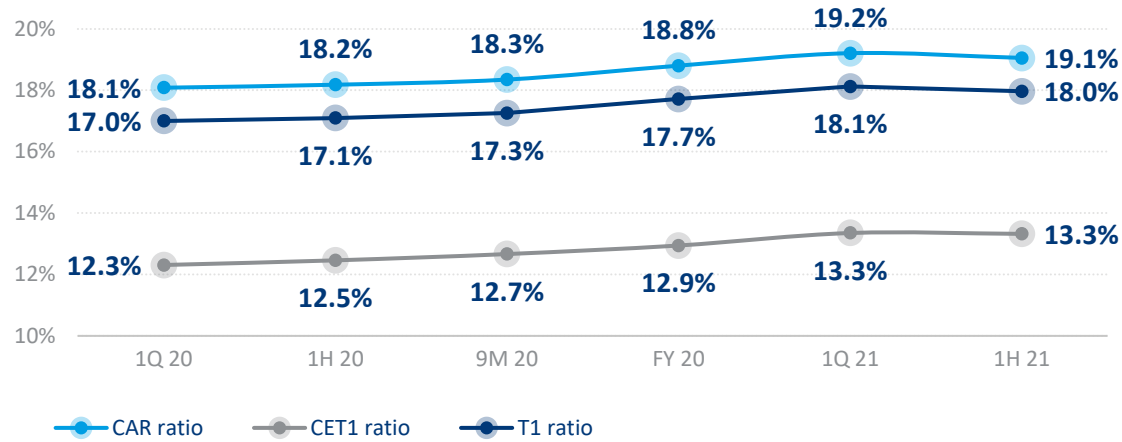
= Total Deposits Movement by Type YoY (AEDbn)



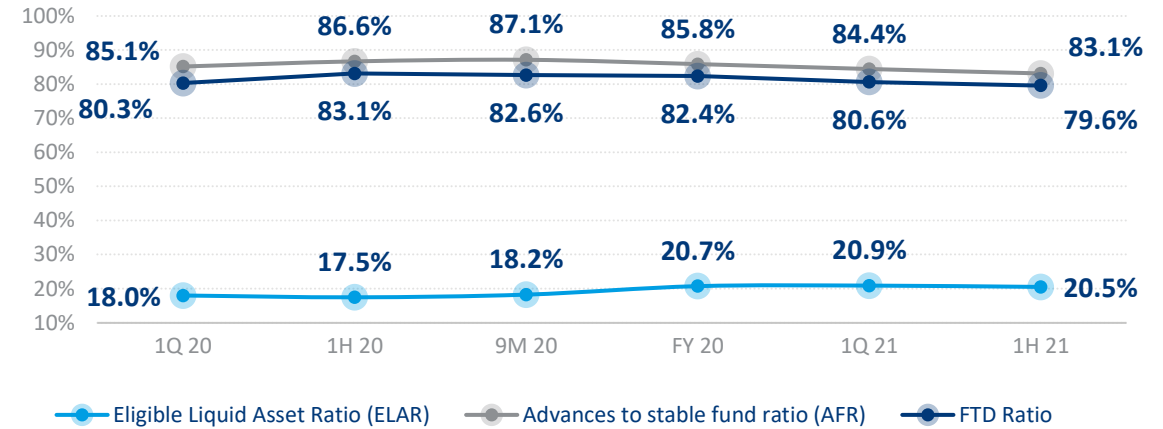
= Capital and Liquidity

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

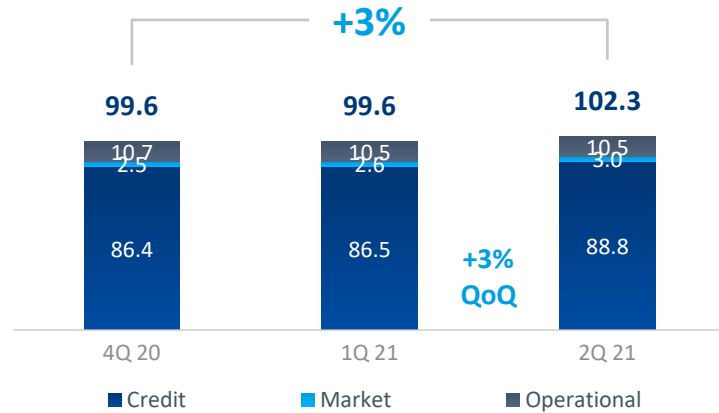
= Capitalization Ratios (%)



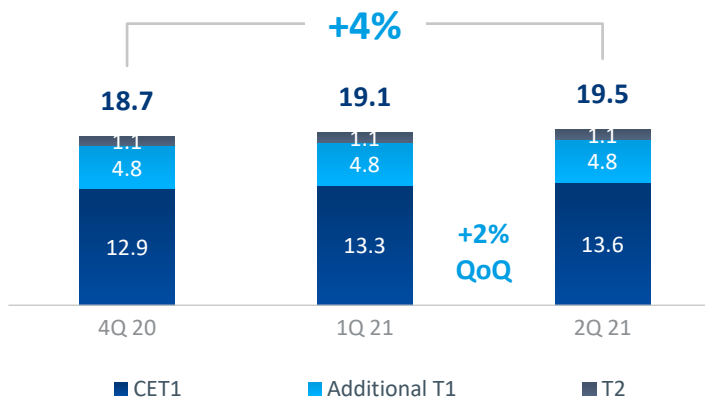
= Liquidity Ratios (%)



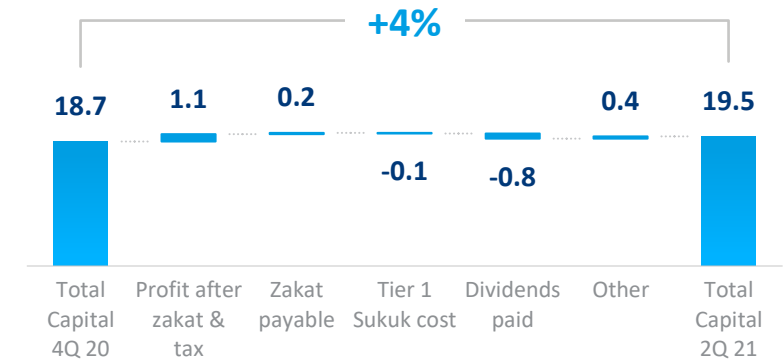
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

1H 2021 Earnings Presentation

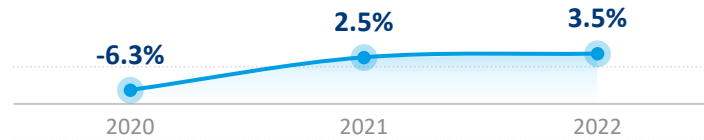
= Outlook and Guidance

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

= Market Outlook

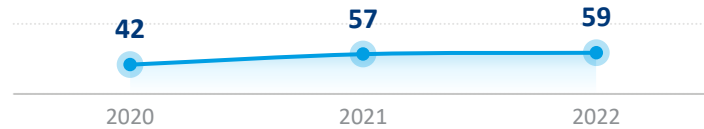
= GDP growth from rising oil prices

Real GDP growth (%)



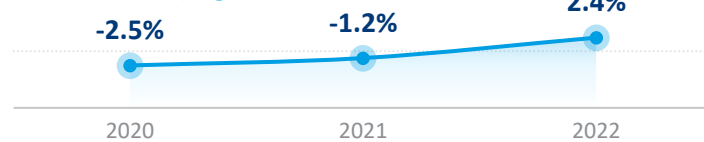
= Expected improvement in oil prices

Brent Price / Barrel (avg) (USD)



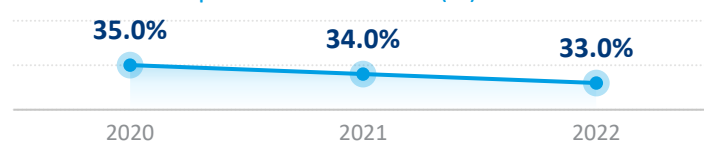
= Return from deflation to inflation by 2022

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2020 level

Government expenditure % of GDP (%)



= Management 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.

1H 2021 Reported

+89%

FY 2021 Guidance

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

3.13%

3.00% to 3.20%

= Cost of Risk

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

0.85%

0.80% to 0.90%

= Cost to Income Ratio

Continued digital investments to enhance efficiency while ensuring cost discipline

43.9%

42% to 44%

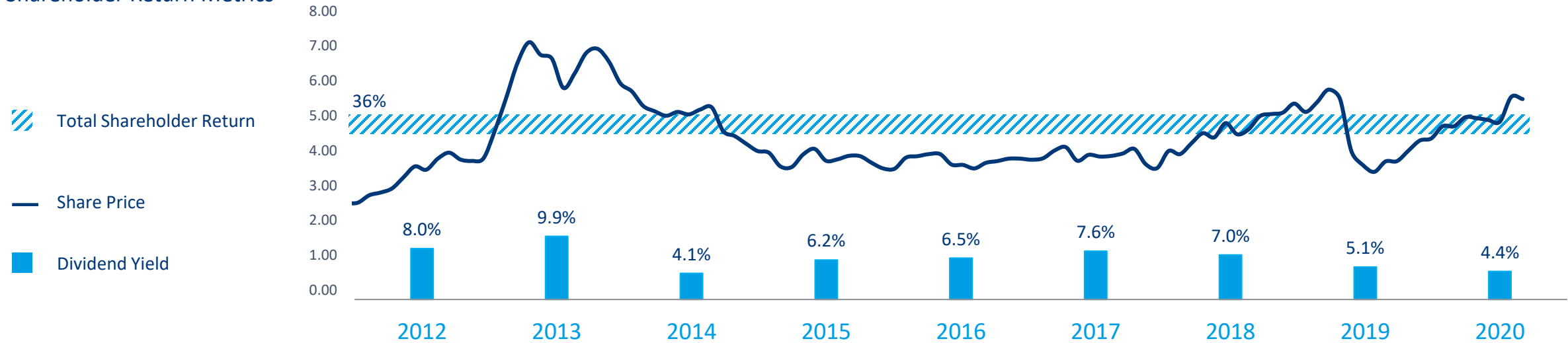
Questions & Answers

1H 2021 Earnings Presentation

= 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

= ADIB's MSCI ESG Rating



= Recent Accolades

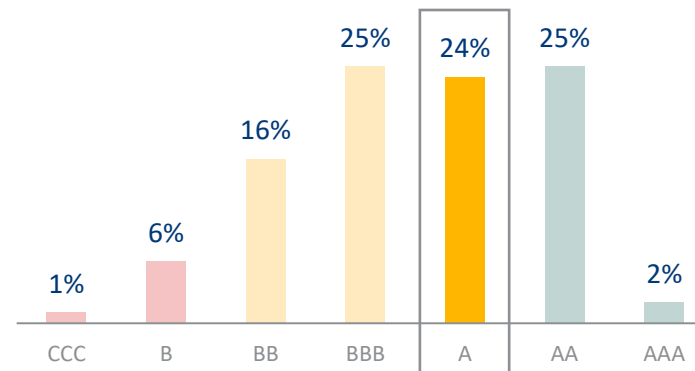


#1

Bank in the UAE
(April 2021)

= MSCI Rating Distribution

FitchRatings
A+
Stable Outlook



#1

Islamic Bank in
the UAE
(March 2021)



#1

Islamic Bank in
Egypt
(March 2021)

Contacts

1H 2021 Earnings Presentation

= Additional Information

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

= ADIB Investor Relations Contact

Mrs. Lamia Khaled Hariz

Head of Public Affairs and Investor Relations

E: Lamia.Hariz@adib.com

T: +917 2 634 3000

M: +971 50 682 4207

= ADIB Investor Relations App



Download link:



= ADIB Investor Relations Website

<https://adib.com/en/Pages/Investor-Relations.aspx>

Disclaimer

1H 2021 Earnings Presentation

= Disclaimer

-
- = The information contained herein has been prepared by Abu Dhabi Islamic Bank PJSC (ADIB). ADIB relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it, or part of it, form the basis of or be relied on in connection with any contract or commitment whatever.

Some of this information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of ADIB. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward looking information shall not be regarded as representation by ADIB or any other person that the objectives or plans of ADIB will be achieved. ADIB undertakes no obligation to publicly update or publicly revise any forward-looking statement, whatever as a result of new information, future events or otherwise.