

Investor Presentation 30 June 2019 results

Abu Dhabi: July 2019

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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
FitchRatings	A+	F1	Stable
MOODY'S INVESTORS SERVICE	A2	P1	Stable
RAM RATINGS	AAA	P1	Stable

Stock Info
(Price and Ratio
as of 30 June
2019)

Market Cap (Price @ AED 4.61)	AED 16.7 bn (US\$ 4.6 bn)
Diluted EPS / share (AED)-Annualised	0.641
PE Ratio	7 times
Price / Book Ratio	1.28
Shares Issued (@ AED 1)	3.6 Bn

Presence

- Domestic - 82 Branches and 688 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)

- Established Abu Dhabi Islamic Securities Company (ADIBS) and Burooj Properties in **2005**.
- New strategic shareholder (EIIC) introduced in **2007**.
- **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 2014.
- **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 programme, of USD 750 Mn at maturity in 2015 .
- **2016** - Fully repaid 3rd tranche, issued under \$ 5 Bn EMTN programme, 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** - Welcomed 1,000,000th customer.
- **2018** - Issued Shari'a-compliant hybrid perpetual Tier 1 sukuk amounting to USD 750 million.
- **2018** - Redeemed USD 1 Bn Tier 1 sukuk successfully.
- **2018** - Raised capital AED 1 Bn by issuing right shares.
- **2019** - New CEO joined

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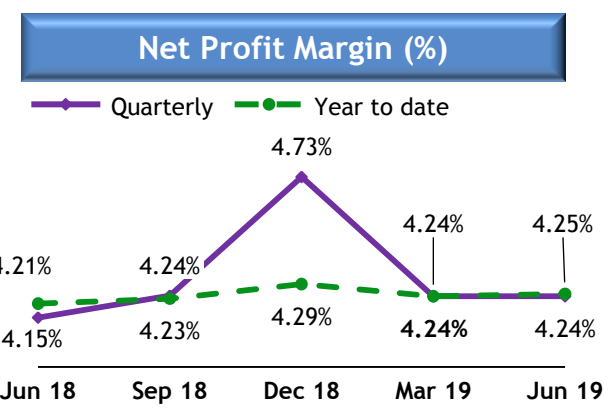
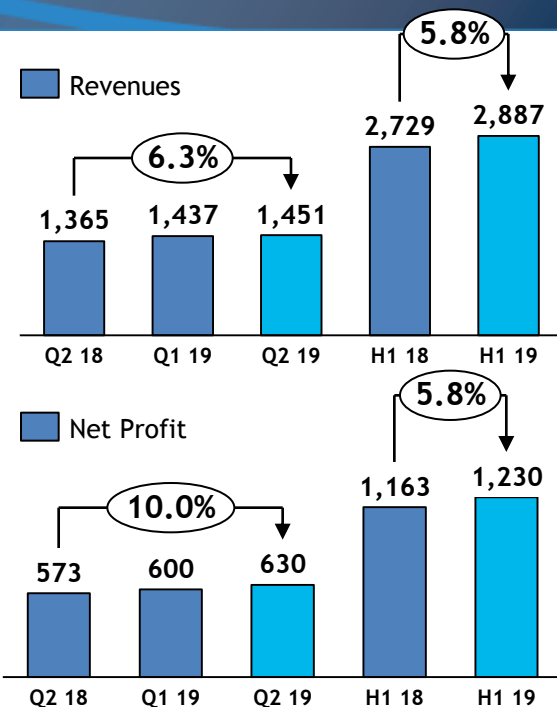
Financial Review

Business Review

Appendix

H1 / Q2 2019 – Key financial highlights – Income statement

AED Mn	Q2 18	Q2 19	Change %	H1 18	H1 19	Change %
Net Revenue from funds	929.1	961.3	3.5%	1,877.5	1,917.0	2.1%
Fees and commission	246.4	253.9	3.0%	477.7	467.7	-2.1%
FX income	58.9	71.1	20.8%	119.4	149.5	25.2%
Investment income	121.1	152.1	25.6%	236.3	328.0	38.8%
Others	9.3	12.1	29.9%	17.9	24.9	39.1%
Operating income	1,364.9	1,450.5	6.3%	2,728.8	2,887.1	5.8%
Expenses	624.7	660.8	5.8%	1,248.1	1,310.7	5.0%
Operating profit	740.2	789.7	6.7%	1,480.7	1,576.5	6.5%
Provision for impairment	165.3	158.6	-4.1%	315.2	345.0	9.4%
Zakat & tax	2.1	1.0	-53.2%	2.5	1.0	-58.2%
Net profit	572.7	630.1	10.0%	1,163.0	1,230.5	5.8%



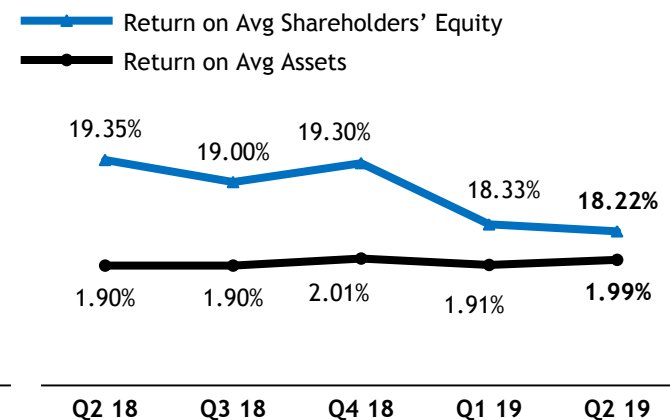
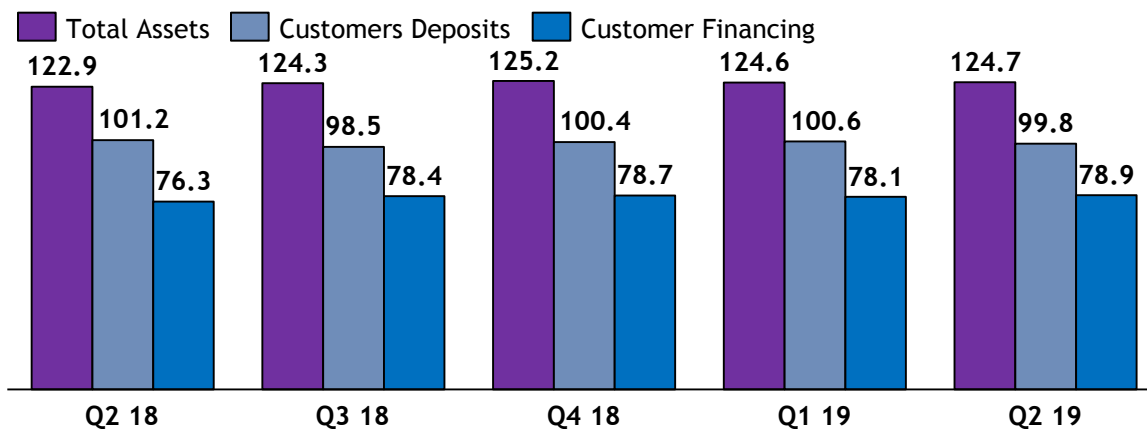
- Net revenue from Funds (NRFF) increased 2.1%, driven by growth in customer financing of 3.4% which is partially offset by higher cost of funds.
- Non-profit income increased by 14.0% mainly due to higher investment income, foreign exchange income and property income.
- Expenses increased by 5.0% mainly due to continuous investment in digital capabilities across all businesses and processes.

- Provision for impairment Bank maintained a conservative approach to risk as total credit provisions reached AED 345.0 million up by 9.4% .
- Net profit up by 5.8% mainly due to revenue growth of 5.8% driven by higher NRFF income, investment income, foreign exchange income and property income. This increase is despite growth in expenses and impairment.

30 June 2019 - Key financial highlights - Balance sheet

AED Bn	Jun 18	Jun 19	Change %	Dec 18	Change %
Total assets	122.9	124.7	1.4%	125.2	-0.4%
Net customer financing	76.3	78.9	3.4%	78.7	0.3%
Investments	13.9	14.5	5.0%	14.7	-0.9%
Customers' deposits	101.2	99.8	-1.4%	100.4	-0.6%
Total equity	16.5	17.8	7.8%	17.7	0.6%

- **Total assets** increased by 1.4% over Q2 2018 to reach AED 124.7 Bn primarily due to growth in financing and sukuk investments.
- **Customer financing** increased by 3.4% from Q2 2018 to reach AED 78.9 Bn, primarily due to growth in Retail banking 1.9% and Wholesale banking 4.1%.
- **Customer deposits** decreased by 1.4% over Q2 2018, however, Financing to Deposit ratio remains healthy at 79.0% and Advances to Stable Funds Ratio at 84.0%.
- **Capital adequacy ratio - Basel III** at 30 Jun 2019 Total CAR was 18.33%, Tier 1 ratio was 17.24% and CET 1 ratio was 12.46% .



Key ratios

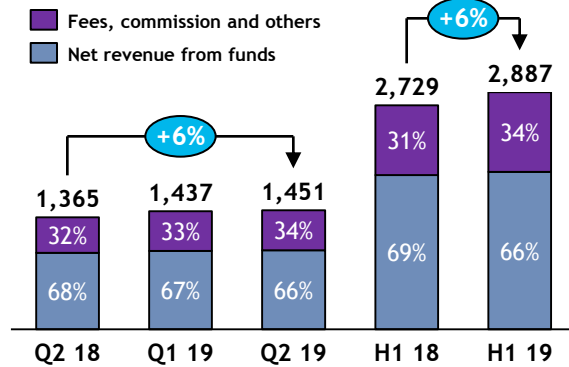
Ratios		Jun 2018	Dec 2018	Jun 2019
Efficiency	Diluted Earnings per share (EPS in AED)	0.299	0.637	0.297
	Return on Average Shareholders' Equity (excluding - Tier 1 capital)	19.4% ¹	19.3%	18.2% ¹
	Net profit margin (%)	4.21% ¹	4.29%	4.25% ¹
	Cost of funds (%)	0.58% ¹	0.70%	0.83% ¹
	Cost / income ratio	45.7%	45.8%	45.4%
Liquidity	Percentage lent (Financing / Total Assets)	62.1%	62.8%	63.3%
	Financing to Deposits ratio	75.4%	78.4%	79.0%
	Advances to Stable funds ratio	81.5%	82.9%	84.0%
	Liquid Assets to Total Assets ratio	20.0%	19.6%	19.0%
Solvency	Capital Adequacy - Basel III	16.8%	17.2%	18.3%
	Tier -1 ratio - Basel III	15.7%	16.1%	17.2%
	Common Equity Tier -1 ratio (CET 1) - Basel III	10.3%	11.3%	12.5%
	Leverage ratio (Assets / Equity)	743%	706%	699%

Operating Performance - Net profit income

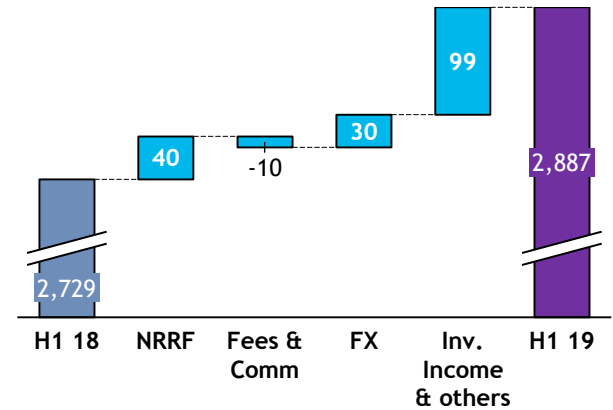
Highlights (H1 2019 vs. H1 2018)

- Net revenue from Funds (NRFF) 2.1% higher, driven by growth in customer financing volumes by 3.4% (Retail 1.9% and Wholesale 4.1%). Year-on-Year Net profit margin shows an increase from 4.21% to 4.25%.
- Cost of funds remains one of the best among the peer banks, despite an increase of 17 bps vs. Q2 2018 due to higher benchmark rates. Decrease in cost of funds since Dec 18, are due to drop in benchmark rates and decrease in customer deposits.
- Bank continues to diversify the revenue base and as a result NRFF revenue to total revenue is now 66% vs. 69% in H1 18.

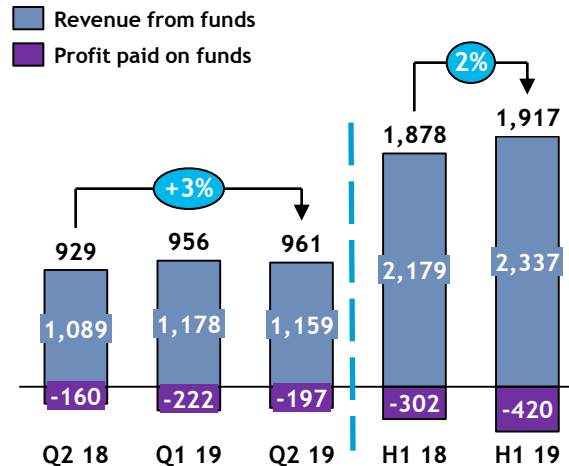
Revenues (AED Mn)



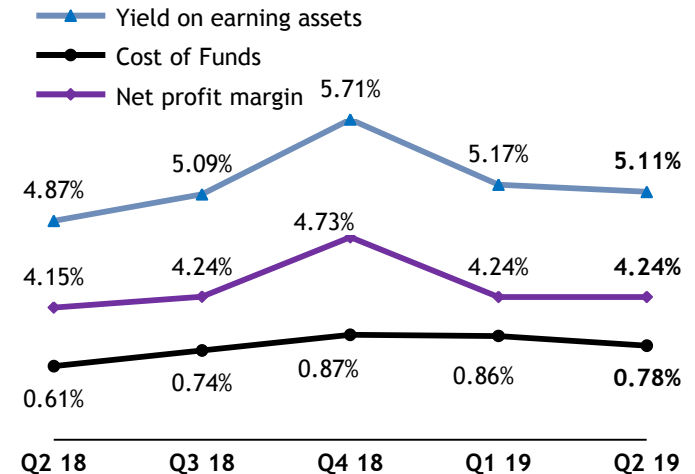
Key movements in Revenues (AED Mn)



Net Revenue from Funds (AED Mn)



Evolution of Yields (%) *

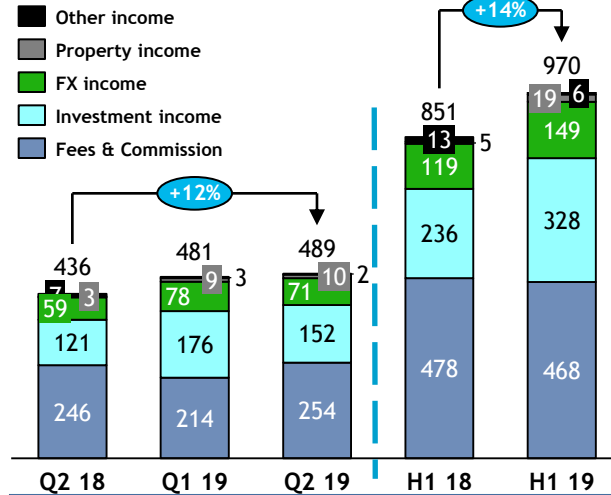


Operating Performance - Non-profit income

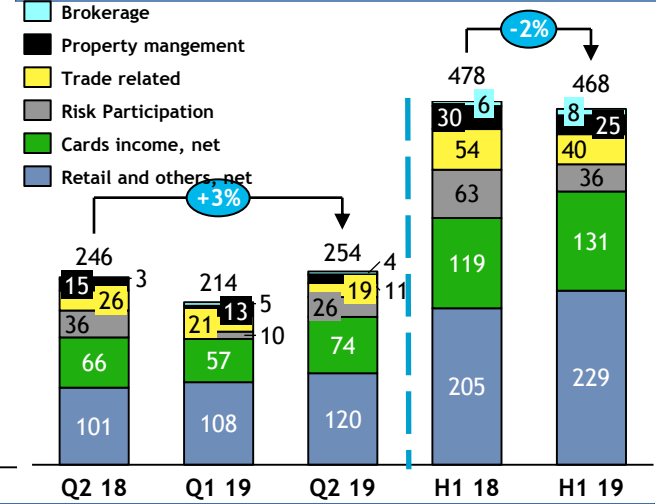
Highlights (H1 2019 vs. H1 2018)

- Non-profit income higher by 14.0% at AED 970.1 Mn, now comprised 34% of total revenue compared to 31% in H1 18.
- Increase of 14.0% mainly driven by higher investment income, foreign exchange income, income from properties and partially off-set by lower fees & commissions.
- Investment income higher by 38.9% primarily due to higher trading sukuk gains & increase in sukuk profit income resulting from increase in sukuk portfolio.
- FX income higher by 25.2% at AED 149.5 Mn, due to markets recovery which led to strong performance across FX.

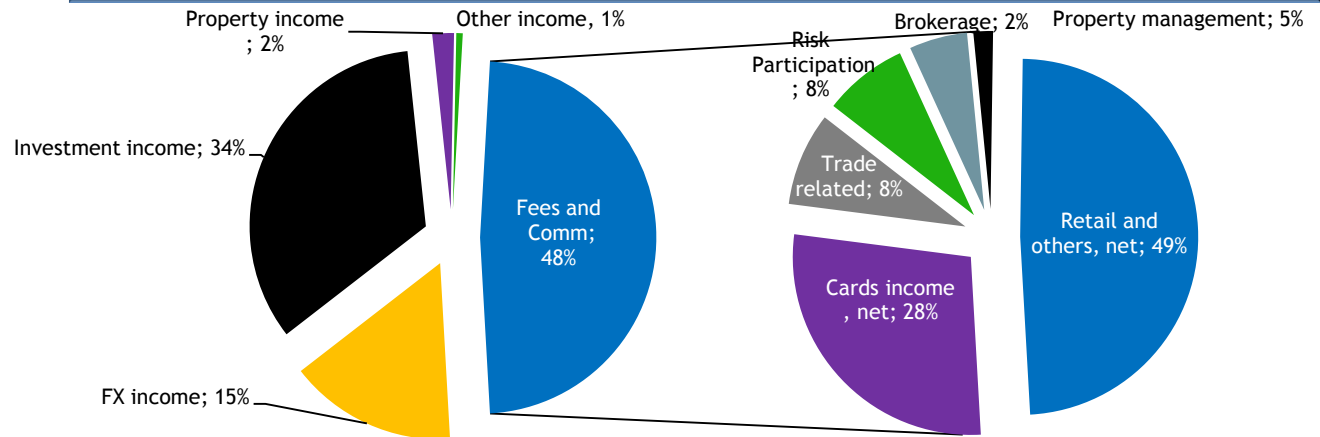
Non-profit income (AED Mn)



Composition of Fees & commission (AED Mn)



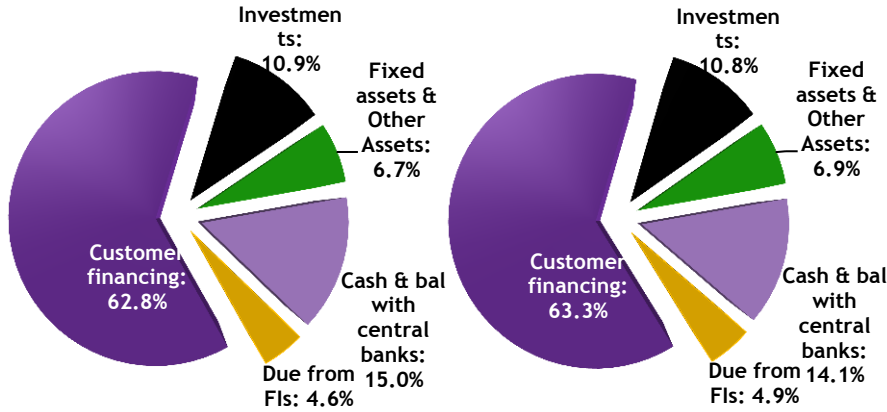
Non-profit income Revenue breakdown



Balance Sheet Strength and Customer Financing

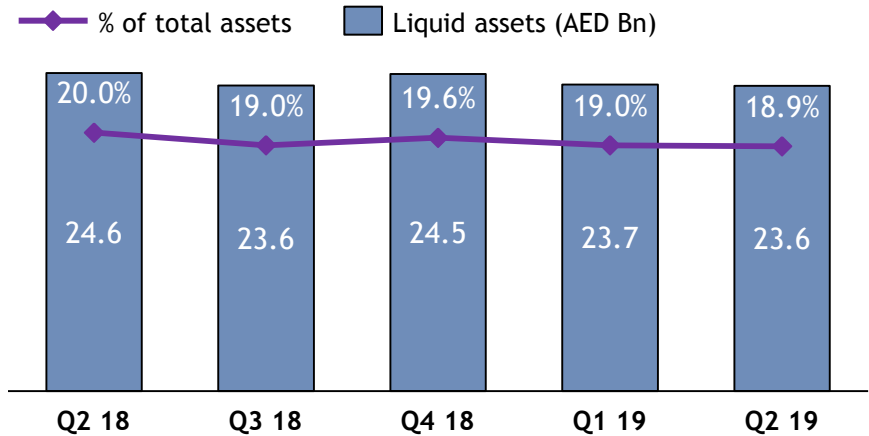
Gross Customer Portfolio increased 2.9% vs. Jun 18, mainly due to Retail banking up by 1.9% and WBG up by 4.1%.

Composition of Total Assets - AED Bn

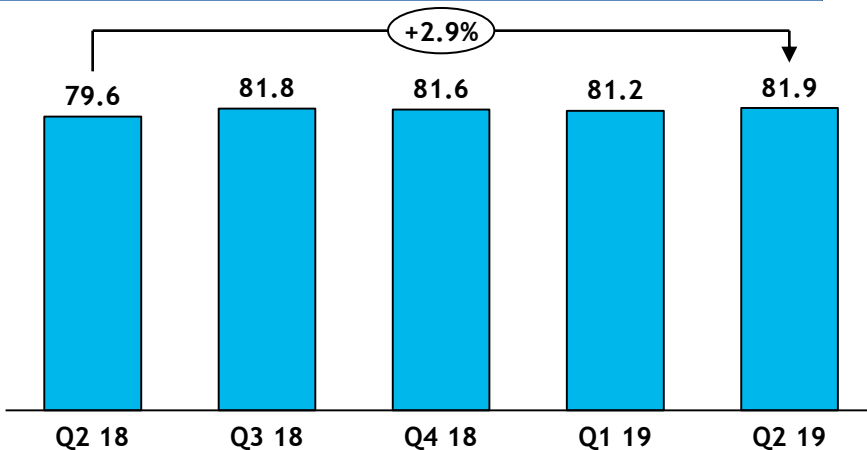


31 Dec 2018 - AED 125.2 Bn 30 Jun 2019 - AED 124.7 Bn

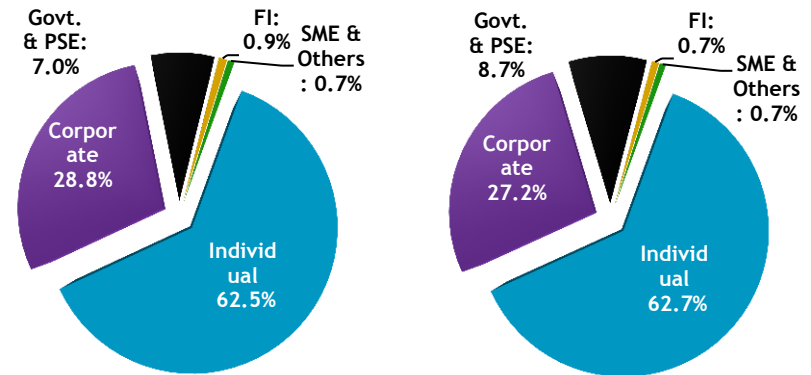
Liquidity ratio* (%)



Gross Customer Financing



Gross Customer Financing by Customer Segment

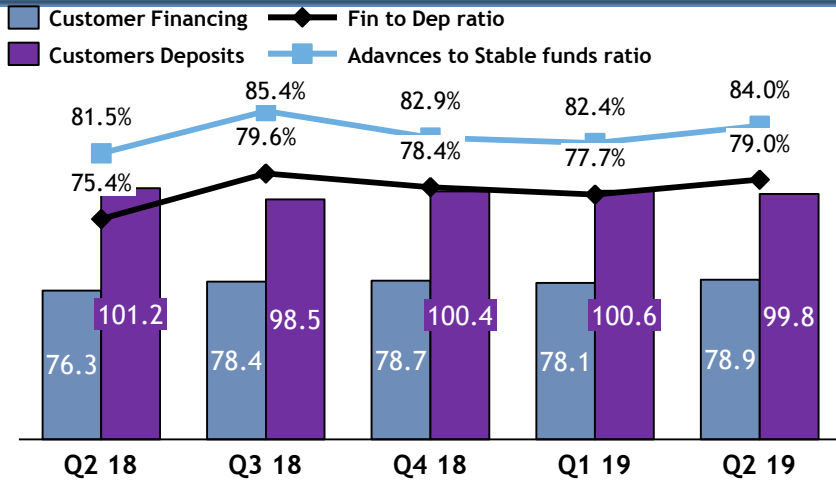


31 Dec 2018 - AED 81.6 Bn 30 Jun 2019 - AED 81.9 Bn

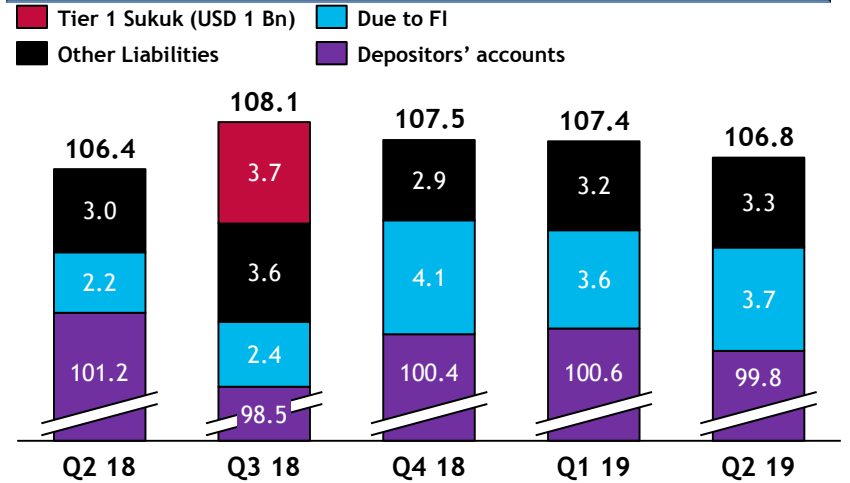
Funding Profile

Healthy Financing to Deposit ratio of 79.0%.

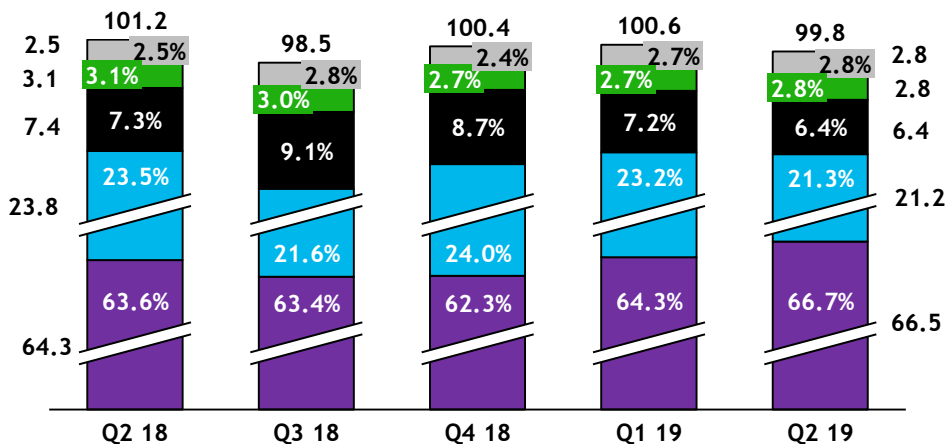
Net Customer Financing & Customers' Deposits (AED Bn)



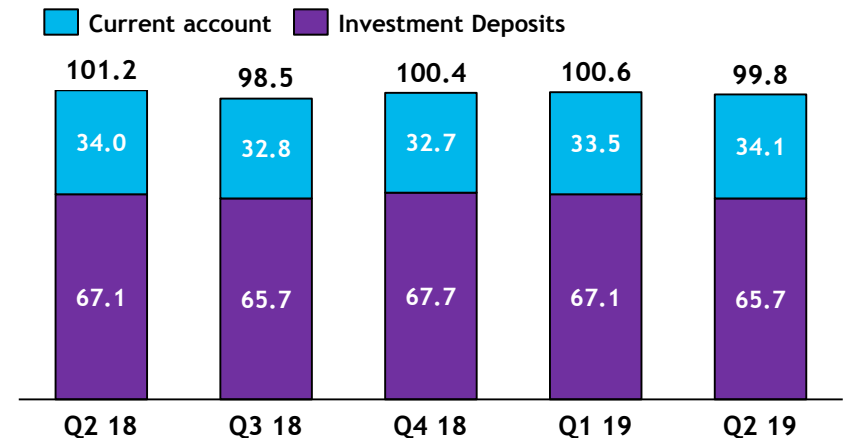
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)



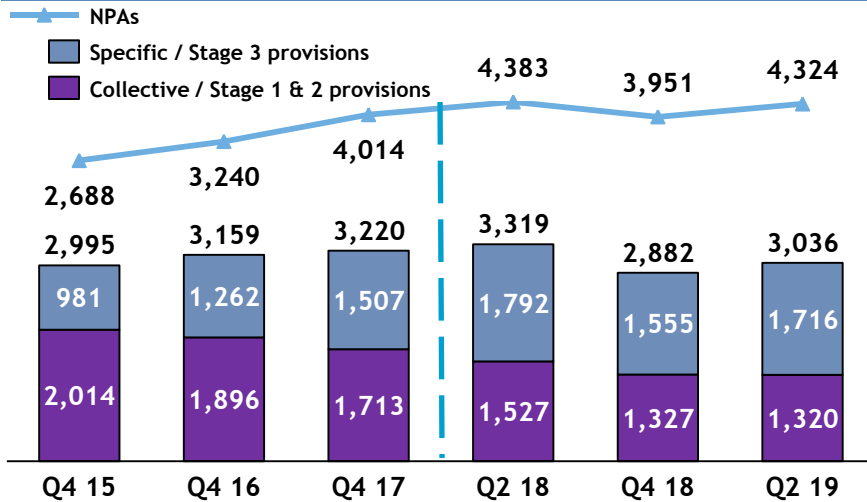
Customers' Deposits by Type (AED Bn)



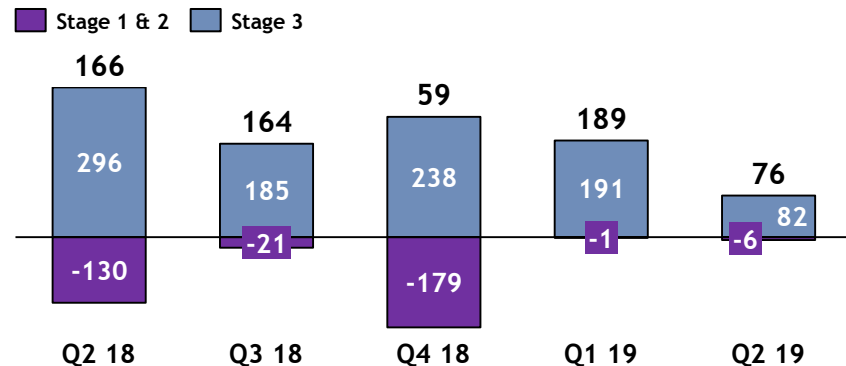
Asset quality - Customer financing only

Provisioning now calculated in accordance with IFRS 9. Cost of risk trending down.

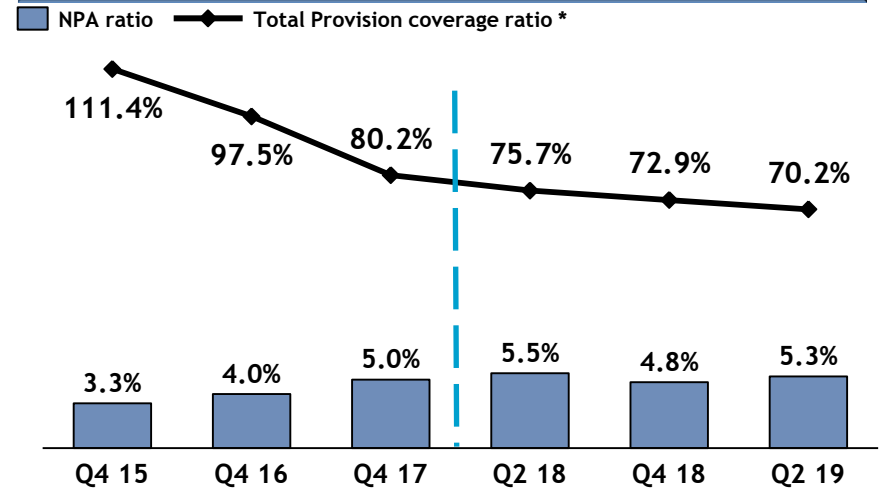
Provisions and NPAs - Customer financing (AED Mn)



Impairment charge - Customer financing (AED Mn)



NPA ratio and Provision Coverage ratio



Key points

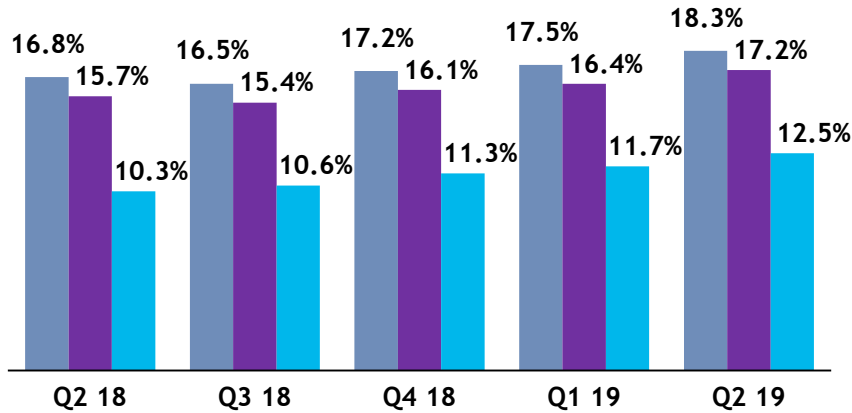
- Total NPAs increased by AED 373 Mn during H1 19 to reach AED 4,324 Mn (31 Dec 18: AED 3,951 Mn).
- NPAs ratio at 5.3% as at 30 June 2019 (4.8% at 31 Dec 2018) with coverage of 70.2% (31 Dec 2018: 72.9%). Including Collateral after haircut for stage 3, coverage is 111.4%
- Stage 1 & 2 provisions now stand AED 1,320 Mn at end of Jun 2019 represents 1.52% of total Credit RWAs (31 Dec 2018: 1.52%).
- Stage 3 provisions of AED 1,716 Mn at 39.7% of NPAs at end of Jun 2019 (31 Dec 2018: 39.3%). Including stage 3 post haircut collateral value (50%), this ratio improves to 80.9%.
- Total provisions of AED 3,036 Mn represents 3.71% (31 Dec 2018: 3.53%) of Gross Financing portfolio.

Capital Adequacy Ratio (CAR)

Well above the Regulatory thresholds

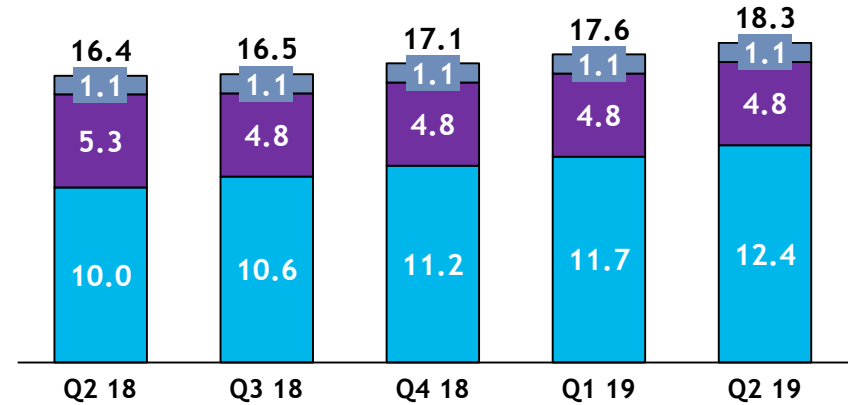
Capital Adequacy Ratio (%)

CAR Basel III Tier 1 CET 1

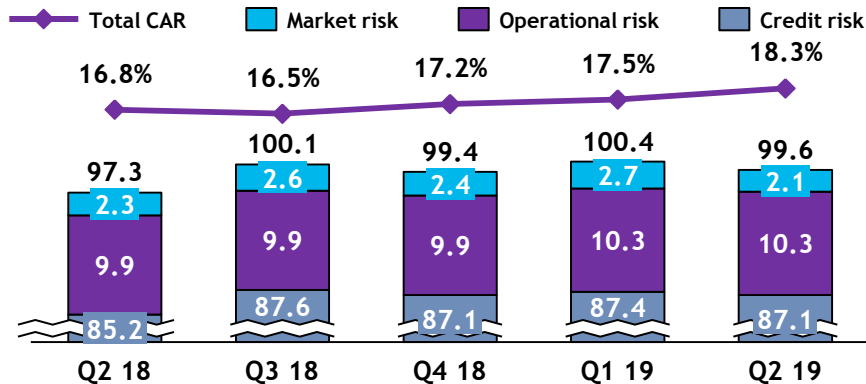


Capital base - CET 1, Tier 1 and Tier 2 - AED Bn

Tier 2 Tier 1 CET 1



Total Capital Adequacy Ratio and RWA



Highlights

- Basel III Total Capital Adequacy ratio at end of Jun 2019 at 18.33% well above the regulatory requirement of 13.0%. (31 Dec 18: 17.18%).
- Basel III Tier I ratio at 17.24% at the end of Jun 19 well above the regulatory requirement of 11.0%. (31 Dec 18: 16.09%).
- Basel III CET1 ratio at 12.46% at the end of Jun 2019 above the regulatory requirement of 9.5%. (31 Dec 18: 11.31%).

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ADIB Strategy

Build market leadership within the UAE

- Build on our strength as a leading retail bank. Retail segment has grown from strength to strength and customers now exceed 1 million. To continue this growth, ADIB has embarked on a digital transformation strategy with primary focus on enhancing customer experience.
- In the wholesale bank, ADIB has continued to consolidate and improve its position in commercial real estate, corporate finance and advisory and in transaction banking. ADIB has developed and implemented new CRM and Cash management platforms and will be launching a new Trade Finance platform. These initiatives enable ADIB to offer a full menu of products on digital platforms thereby offering superior services to its corporate customers.

Create an integrated financial services group

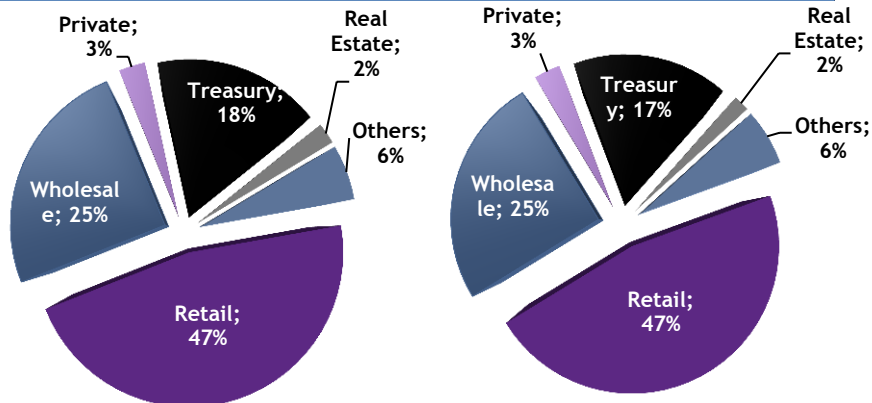
- ADIB continues to create a diversified Islamic financial services model.
- In addition to banking products and services, ADIB provides property management, advisory and valuation services (through MPM), takaful insurance (through Abu Dhabi National Takaful Company) and securities brokerage (through ADIB Securities) and merchant acquiring business through ADIMAC.

Strengthen our International presence and business

- ADIB international expansion began with a joint venture in Egypt (ADIB Egypt) followed by the establishment of branches in Iraq, Qatar and Sudan, a subsidiary in the UK and a joint venture finance company in Saudi Arabia.
- ADIB's is now poised to expand its international business by allowing multinational corporate customers access to financial services in its overseas locations via its Global Transaction Services platform.
- Another recent addition is the expansion of international Financial Institutions business focused on trade finance activities.

Business unit contribution

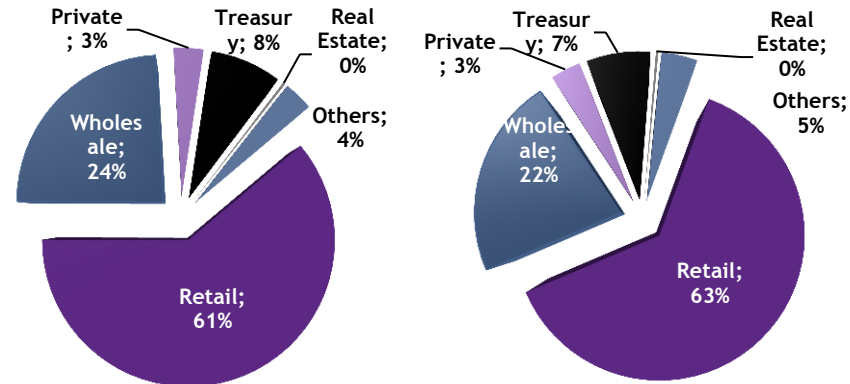
Composition of Total Assets - AED Bn



30 Jun 2018 - AED 122.9 Bn

30 Jun 2019 - AED 124.7 Bn

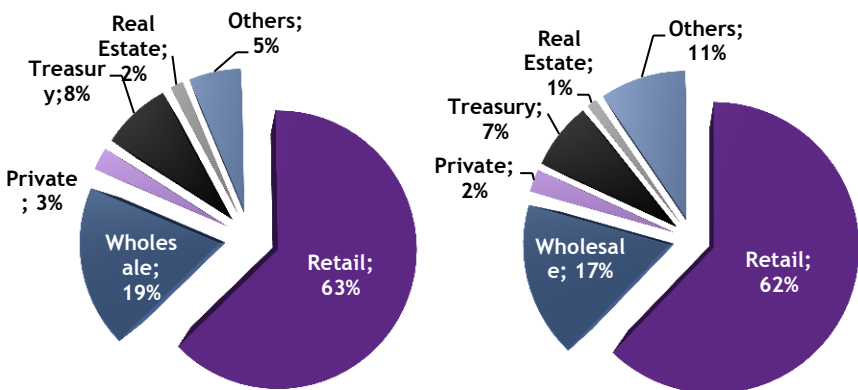
Composition of Total Liabilities - AED Bn



30 Jun 2018 - AED 106.4 Bn

30 Jun 2019 - AED 106.8 Bn

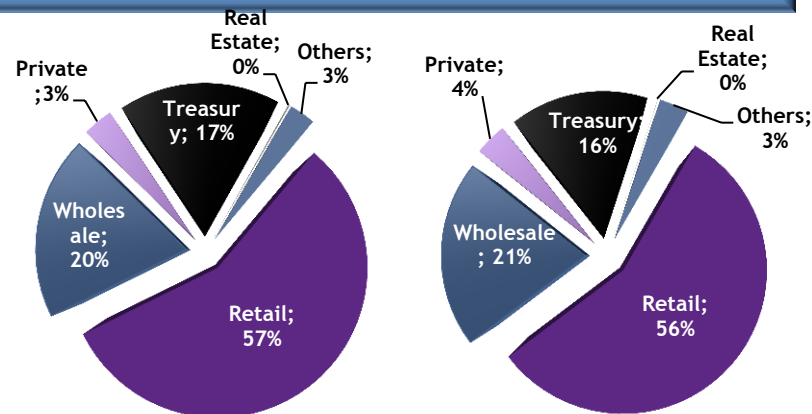
Composition of Revenues - AED Mn



H1 2018 - AED 2,728.8 Mn

H1 2019 - AED 2,887.1 Mn

Composition of Net profit - AED Mn



H1 2018 - AED 1,163.0 Mn

H1 2019 - AED 1,230.5 Mn

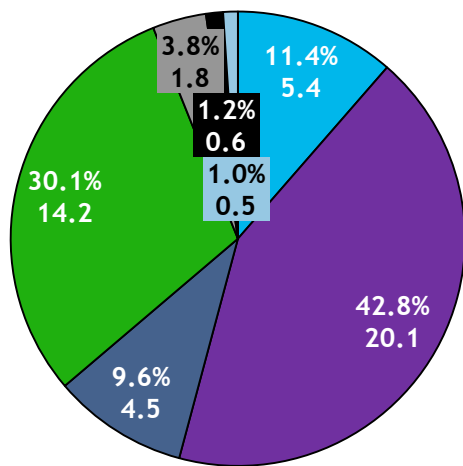
Global Retail Banking overview

Global Retail Banking contributes 62% of Net Revenues:

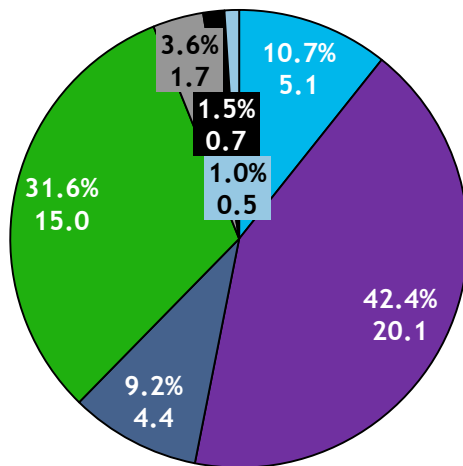
- Personal Banking Division provides services for individuals clients, while the Business Banking Division services the needs of SMEs.
- These services include a variety of Shari'a compliant financing.

Gross Retail Financing Portfolio

■ Car Finance ■ Mortgage ■ Covered Cards ■ SME
■ Personal Finance ■ Home Finance ■ Others

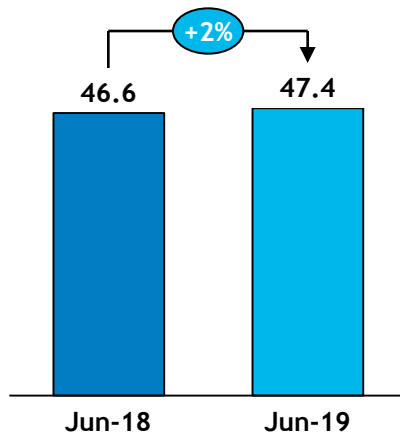


31 Dec 2018 - AED 47.1 Bn

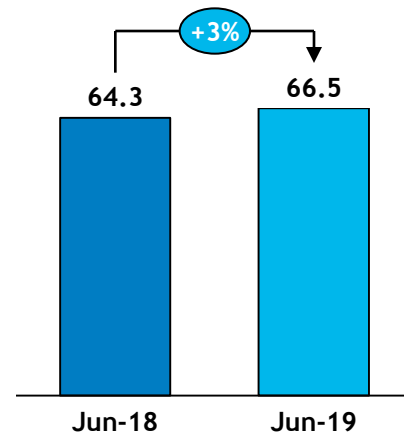


30 Jun 2019 - AED 47.4 Bn

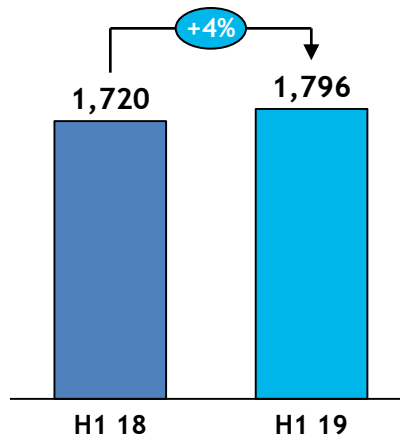
Financing Assets (AED Bn)



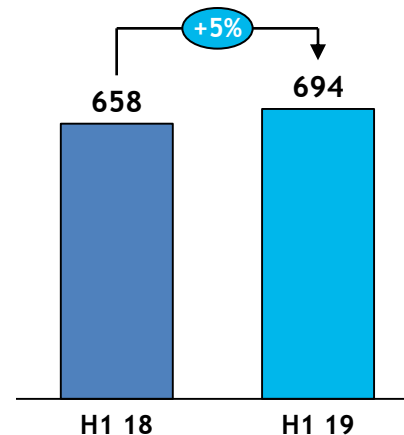
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



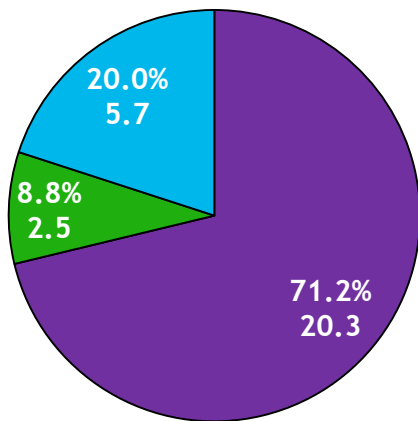
Global Wholesale Banking overview

Global Wholesale Banking contributes 17% of Net Revenues:

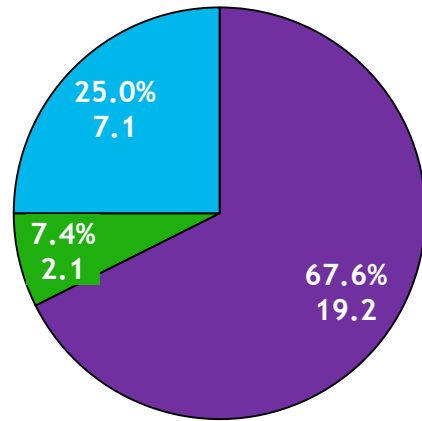
- Global Wholesale Banking encompasses the large corporates, emerging corporates and financial institutions divisions of the Bank. The array of services includes Transaction Banking and Corporate Finance and Investment Banking.

Gross Wholesale Financing Portfolio

- Corporates
- Government and Public sector
- FI & IBG

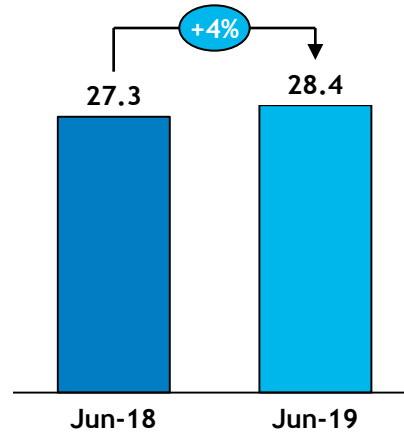


31 Dec 2018 - AED 28.5 Bn

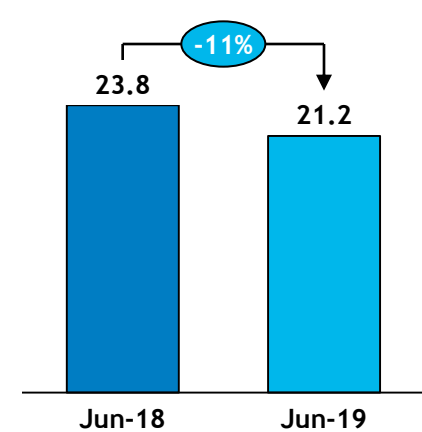


30 Jun 2019 - AED 28.4 Bn

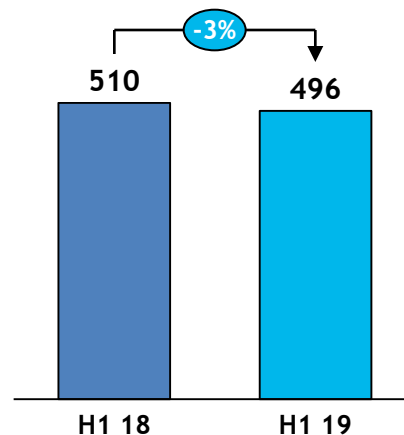
Financing Assets (AED Bn)



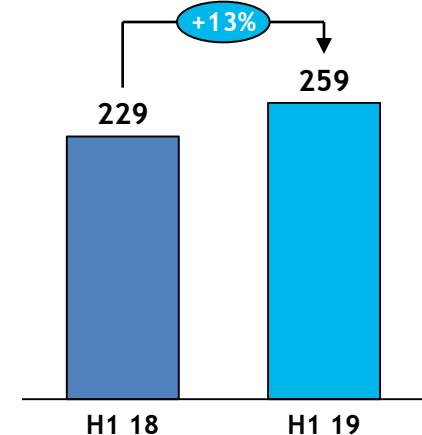
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



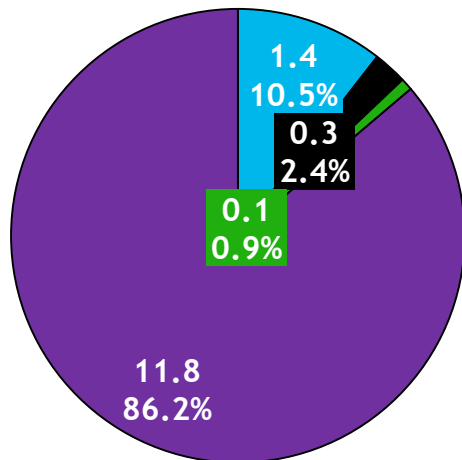
Treasury overview

Treasury contributes 7% of Net Revenues

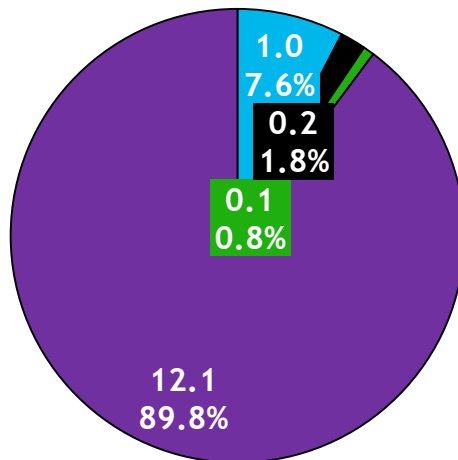
- Treasury principally handles money market brokerage, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Investments

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

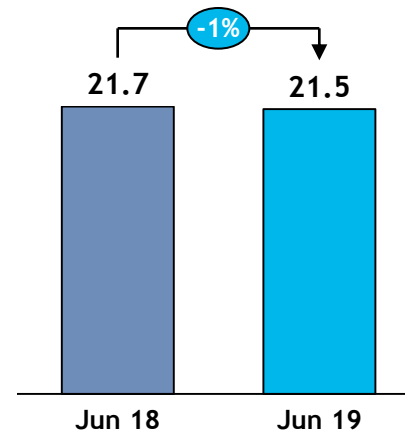


31 Dec 2018 - AED 13.7 Bn

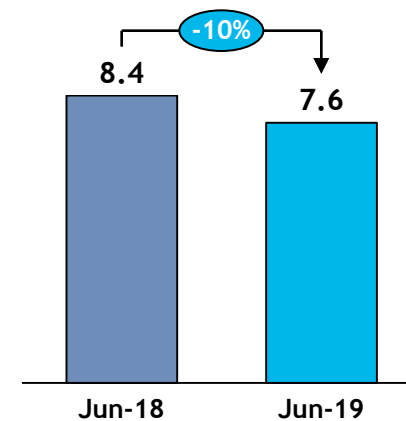


30 Jun 2019 - AED 13.5 Bn

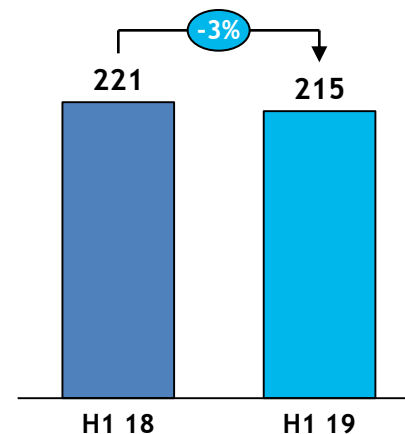
Assets (AED Bn)



Liabilities (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

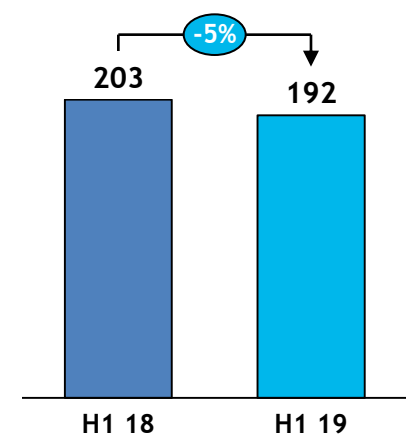


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Consolidated Statement of Income

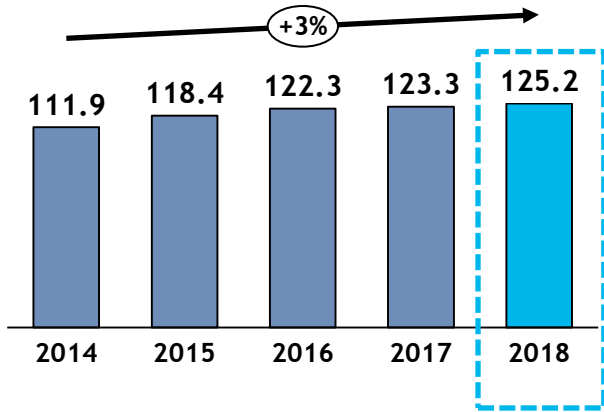
AED Mn	Q2 18	Q1 19	Q2 19	% chg Q2 19 vs Q2 18	% chg Q2 19 vs Q1 19	H1 18	H1 19	% chg H1 19 vs H1 18
Revenues	1,364.9	1,436.6	1,450.5	6.3%	1.0%	2,728.8	2,887.1	5.8%
Net Revenue from Funds	929.1	955.7	961.3	3.5%	0.6%	1,877.5	1,917.0	2.1%
Fees & commission	246.4	213.7	253.9	3.0%	18.8%	477.7	467.7	-2.1%
Investment income	123.8	185.3	161.9	30.8%	-12.6%	241.5	347.3	43.8%
Foreign Exchange	58.9	78.4	71.1	20.8%	-9.3%	119.4	149.5	25.2%
Other income	6.6	3.5	2.2	-66.1%	-35.3%	12.7	5.7	-55.0%
Expenses	624.7	649.8	660.8	5.8%	1.7%	1,248.1	1,310.7	5.0%
Employee cost	365.8	366.9	382.1	4.5%	4.2%	724.3	749.0	3.4%
Premises	67.2	43.1	40.9	-39.1%	-5.1%	139.5	84.0	-39.7%
Depreciation	65.2	87.6	92.5	41.9%	5.6%	129.7	180.1	38.9%
Other Operating expenses	126.5	152.3	145.2	14.8%	-4.6%	254.7	297.5	16.8%
Operating Profit - Margin	740.2	786.7	789.7	6.7%	0.4%	1,480.7	1,576.5	6.5%
Provision for impairment	165.3	186.4	158.6	-4.1%	-14.9%	315.2	345.0	9.4%
Net profit before zakat & tax	574.8	600.3	631.1	9.8%	5.1%	1,165.4	1,231.5	5.7%
Zakat & Tax	2.1	-	1.0	-53.2%	100.0%	2.4	1.0	58.2%
Net Profit after zakat & tax	572.7	600.3	630.1	10.0%	5.0%	1,163.0	1,230.5	5.8%

Consolidated Balance Sheet

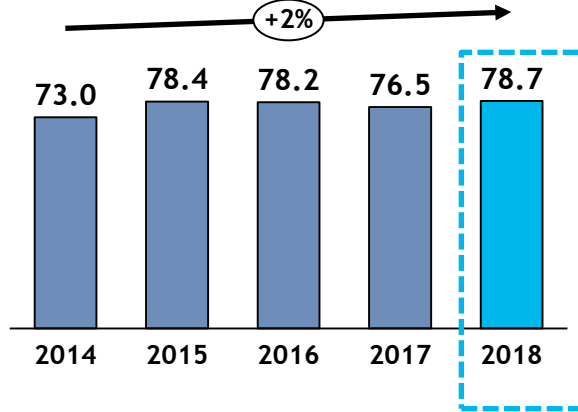
AED Mn	30 Jun 2018	31 Dec 2018	30 Jun 2019	% chg 30 Jun 2019 vs 30 Jun 2018	% chg 30 Jun 2019 vs 31 Dec 2018
Cash and balances with Central Banks	20,412	18,731	17,541	-14.1%	-6.4%
Due from financial institutions	4,196	5,812	6,076	44.8%	4.5%
Net Customer financing	76,303	78,677	78,892	3.4%	0.3%
Investments	12,854	13,667	13,482	4.9%	-1.4%
Investment in associates	1,003	1,014	1,063	6.0%	4.8%
Investment and development properties	1,928	2,233	2,224	15.4%	-0.4%
Other assets / fixed assets / intangibles	6,242	5,059	5,376	-13.9%	6.3%
TOTAL ASSETS	122,938	125,194	124,655	1.4%	-0.4%
Due to financial institutions	2,189	4,138	3,745	71.1%	-9.5%
Customers' deposits	101,184	100,404	99,803	-1.4%	-0.6%
Other liabilities	3,024	2,915	3,267	8.1%	12.1%
TOTAL LIABILITIES	106,397	107,457	106,815	0.4%	-0.6%
Share capital	3,168	3,632	3,632	14.6%	-
Tier 1 sukuk	5,673	4,754	4,754	-16.2%	-
Proposed dividend	-	994	-	-	-100%
Reserves	7,701	8,356	9,453	22.8%	13.1%
TOTAL EQUITY	16,541	17,737	17,840	7.8%	0.6%
TOTAL LIABILITIES AND EQUITY	122,938	125,194	124,655	1.4%	-0.4%

Financial Snapshot (1/2)

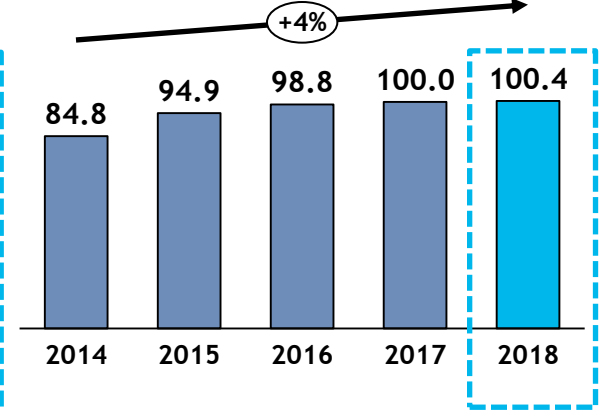
Total Assets (AED Bn)



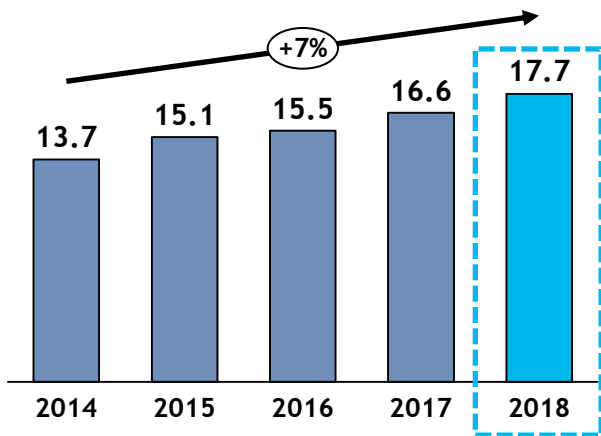
Net Customer Financing (AED Bn)



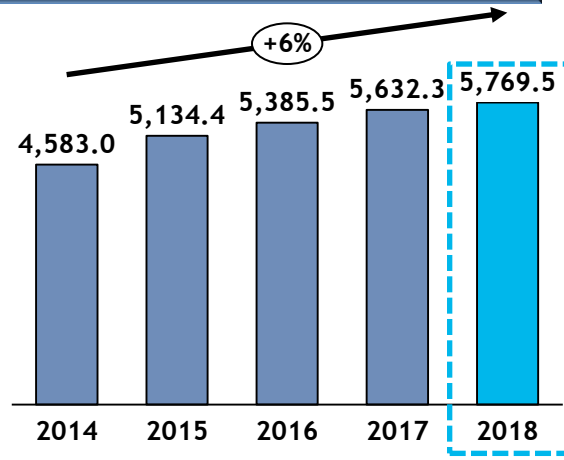
Customer Deposits (AED Bn)



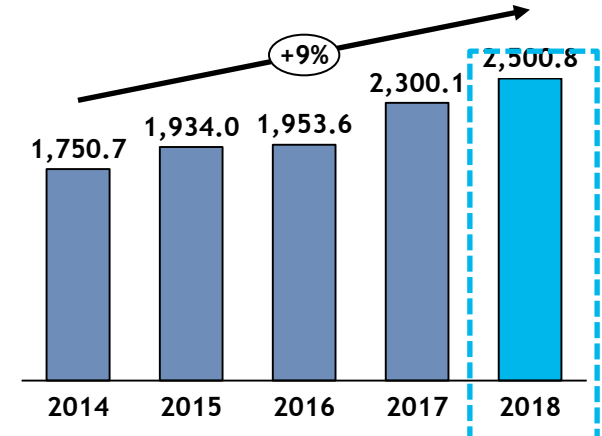
Equity (AED Bn)



Revenues (AED Mn)

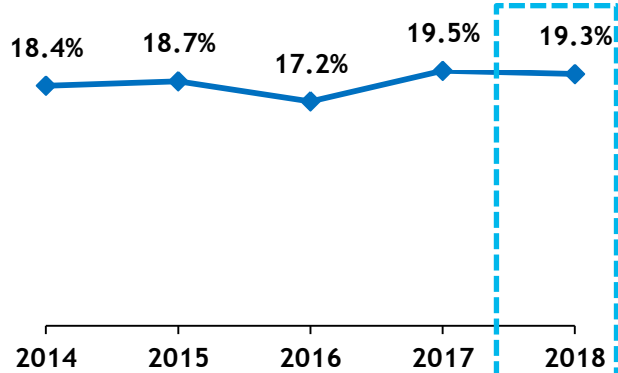


Net Profit (AED Mn)

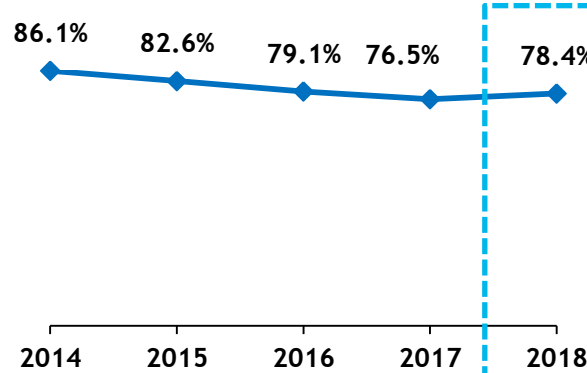


Financial Snapshot (2/2)

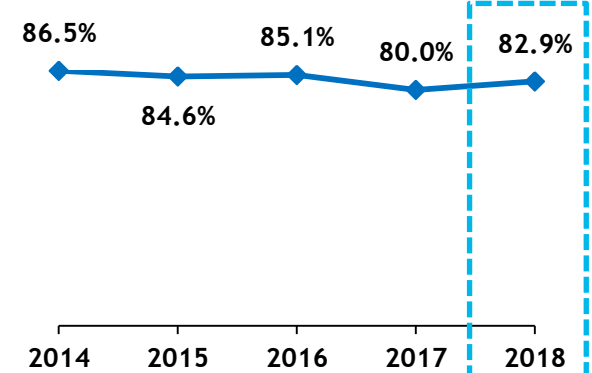
Return on Avg Shareholders' Equity (%)



Financing to Deposits Ratio (%)

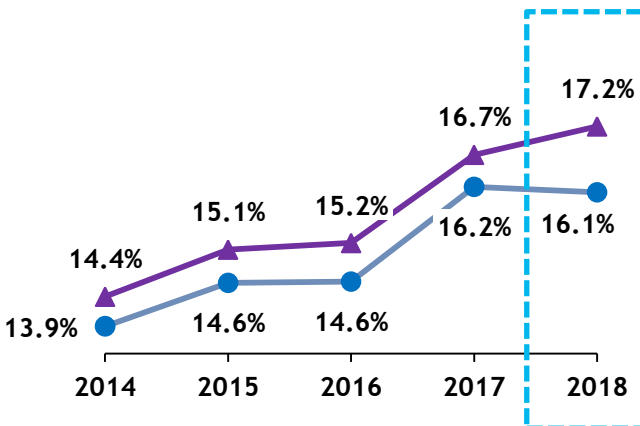


Advances to Stable Funds Ratio (%)



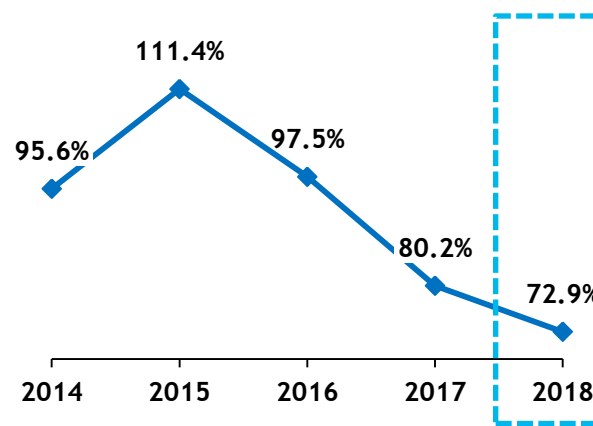
CAR (%) [Note 1]

▲ Total CAR ● Tier 1



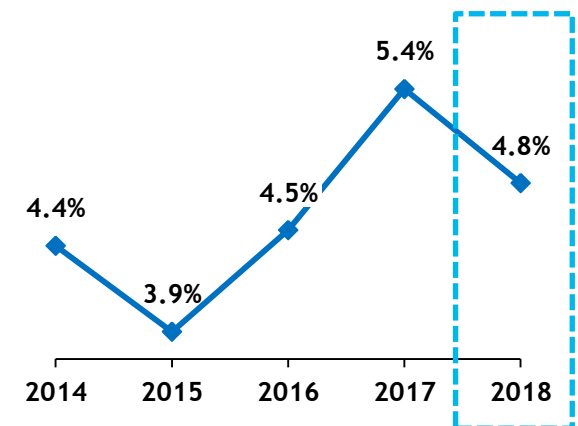
Provision Coverage (%)

◆ Total Provision coverage ratio *



Non - Performing Ratio (%)

◆ Total Non performing ratio



* Total Provision coverage ratio is defined as "total provision / NPAs".

• 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 : 2014 to 2017 as per Basel 2 and 2018 as per Basel 3

Dividend Distribution History - AED

A consistent dividend distribution record

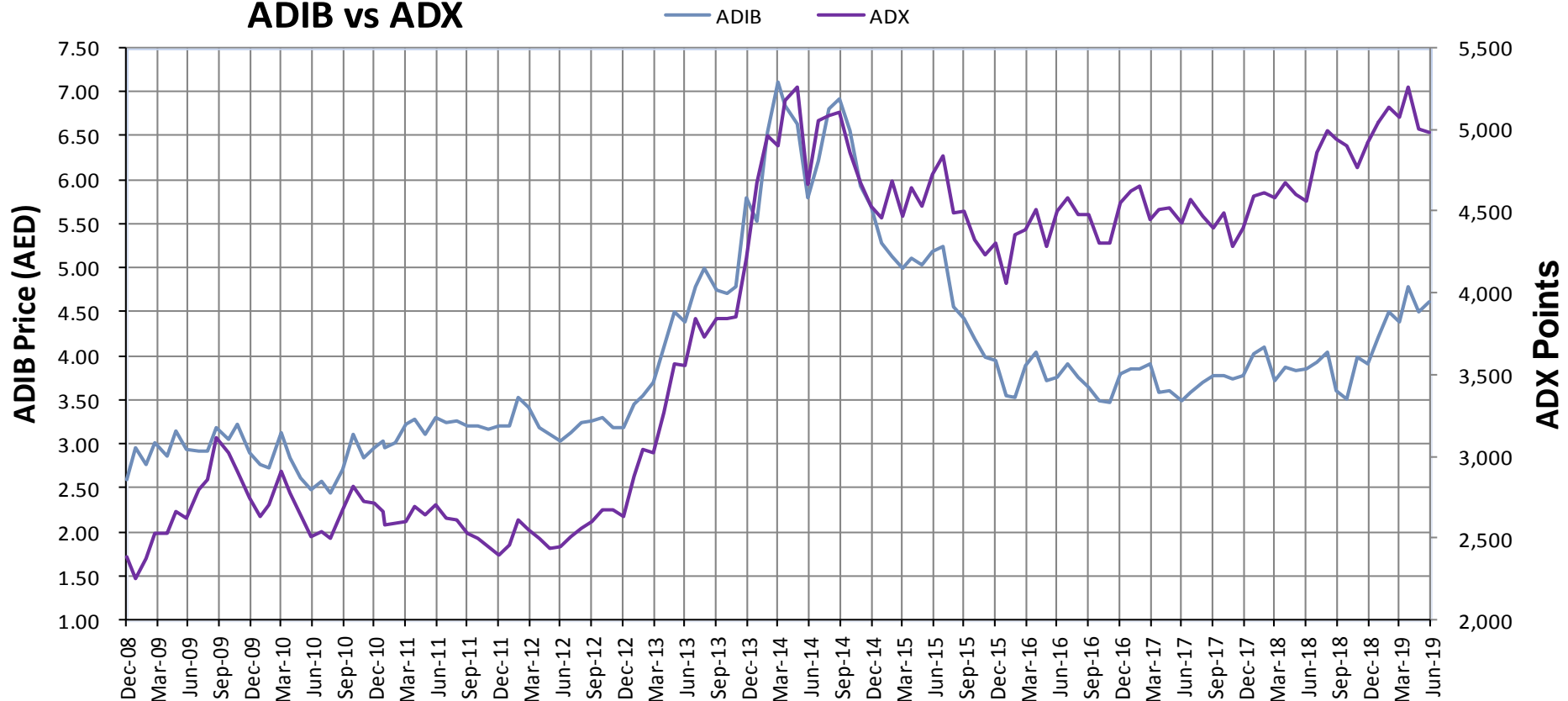
AED	2011	2012	2013	2014	2015	2016	2017	2018
Net Profit (Mn)	1,155.1	1,201.2	1,450.2	1,750.7	1,934.0	1,953.6	2,300.1	2,500.8
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%
Cash Dividend (% of Share Capital)	24.4%	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%
Cash Dividends (Mn)	577.5	600.6	725.1	700.2	769.0	776.8	914.5	994.3
Total Dividend Yield	7.7%	8.0%	9.9%	4.1%	6.2%	6.5%	7.6%	7.0%
Bonus shares (Mn)	-	-	635.3	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	-	26.9%	-	-	-	-	-

Source: Derived from published financial statements

Shareholders' Return

- 30 June 2019 share price was AED 4.61 per share (31 Dec 2018: AED 3.90 per share).
- Cash dividend of 39.8% of net profit, 27.38% of share capital (2017: 28.87% of share capital).
- Total dividend yield of ADIB share of 7.0%. (2017: 7.6%).

ADIB vs ADX



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