

Investor Presentation

30 June 2020

Abu Dhabi: August 2020



Disclaimer

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COVID 19 Response - Supporting Our People, Clients & Communities

COVID 19 Response - Supporting Our People, Clients & Communities

Staff

- Phased return to office (50% of workforce back in office)
- Strict sterilization protocols across all facilities
- Testing support for reported cases
- Front-line staff provided with masks and gloves
- IT infrastructure scaled up to accommodate WFH with enhanced cybersecurity and fraud prevention
- Chat bot services for staff

Consumer

- Enhanced cleanings, personal protective equipment, physical distancing, and virtual client meetings
- Deferral of financing and additional waiving of fees
- Leveraged digital infrastructure to serve clients (mobile and online banking; digital booking appointments, etc.)
- Robust cyber security framework

Corporate

- Prudent extension of credit to corporates
- Leveraged digital capabilities to assist customers with supply chain and cash management
- Collaborated with the Abu Dhabi Department of Finance to support SME Credit Guarantee Scheme

Community

Donated to worthy causes across the UAE, including:

- The Ma'an's 'Together We Are Good' programme
- Provide 10 million meals
- Support students continue distance learning
- Emirates Red Crescent to support local communities

Financial Performance

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	Negative
AAA	P1	Stable

FitchRatings
Moody's
INVESTORS SERVICE

RAM
RATINGS

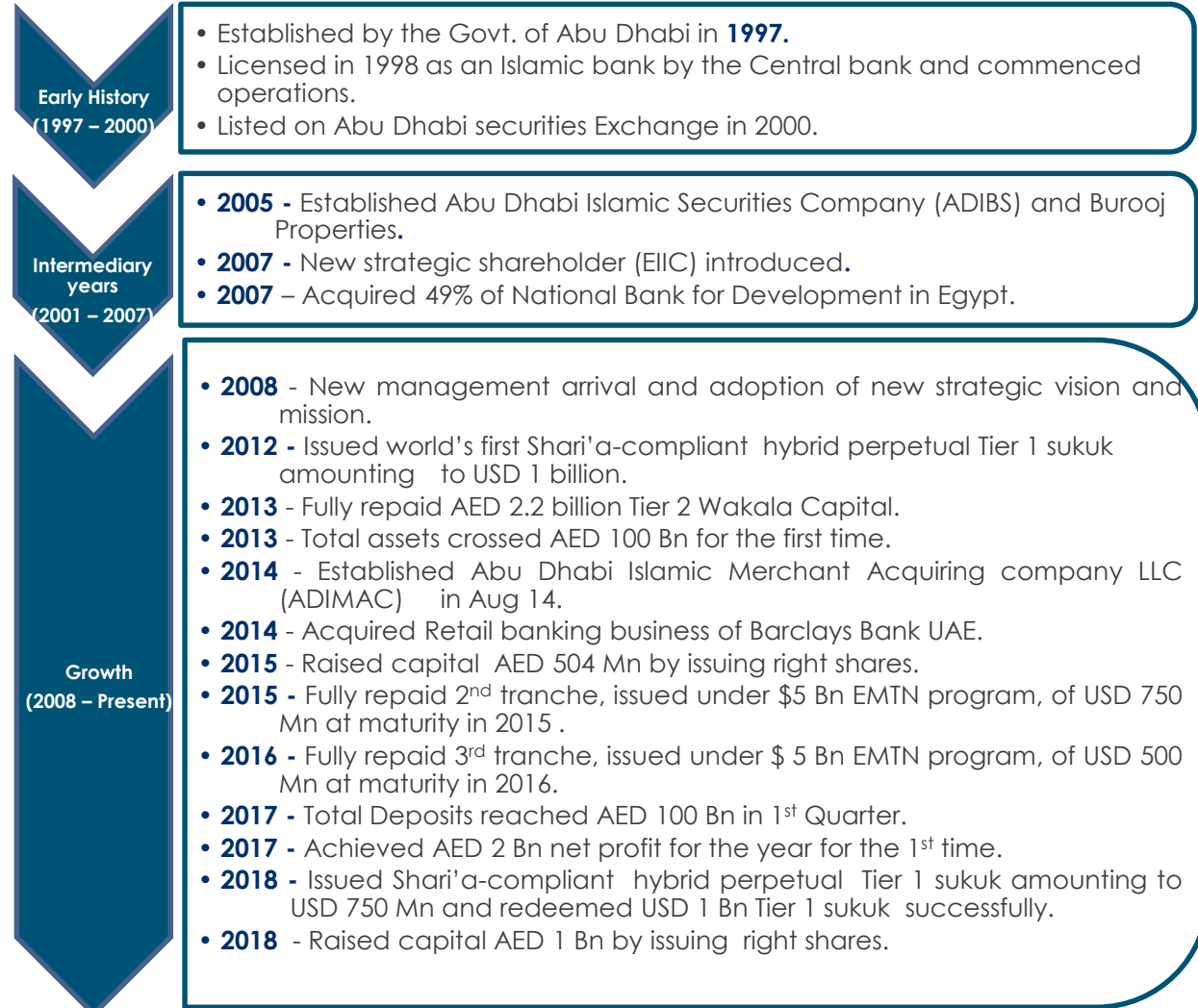
Stock Info
(Price and Ratio
as of 30 June
2020)

Market Cap (Price @ AED 3.69)	AED 13.4 bn (US\$ 3.6 bn)
Diluted EPS / share (AED) – Annualised	0.336
PE Ratio	11 times
Price / Book Ratio	0.97
Shares Issued (@ AED 1)	3.6 Bn

Presence

- Domestic – 72 Branches and 542 ATMs
- Overseas – Presence in UK, Saudi Arabia, Qatar, Iraq, Sudan & Egypt.

Milestones



H1 2020 – Financial Results Highlights

Balance Sheet

(AED Mn)	H1 '19	H2 '19	H1 '20	Change %	
				H1 '20 vs H1 '19	H1 '20 vs H2 '19
Total assets	124,655	125,987	124,418	0%	-1%
Net Customer financing	78,892	81,108	81,978	4%	1%
Investments	13,482	12,940	13,299	-1%	3%
Customers' deposits	99,803	101,404	98,631	-1%	-3%
Total CASA & STI	83,103	78,874	83,988	1%	6%
Total Equity	17,840	19,103	18,514	4%	-3%

Income Statement

(AED Mn)	H1 '19	H2 '19	H1 '20	Change %	
				H1 '20 vs H1 '19	H1 '20 vs H2 '19
Revenues	2,887	3,028	2,557	-11%	-16%
Expenses	1,311	1,342	1,258	-4%	-6%
Operating margin	1,576	1,686	1,298	-18%	-23%
Credit loss provisions	345	176	657	91%	273%
Impairment	-	137	51	100%	-63%
Net Income	1,230	1,371	588	-52%	-57%

Financial Highlights

	H1 '19	H2 '19	H1 '20
Net Financing to Deposit	79.0%	80.0%	83.1%
Total capital adequacy	18.3%	17.9%	18.2%
CET 1	12.5%	12.1%	12.5%
ROE	18.2%	18.6%	6.6%
ROA	2.0%	2.1%	0.9%
Net profit margin	4.28%	4.25%	3.63%
Cost to Income ratio	45.4%	44.9%	49.2%

Highlights H1 '20 vs H1 '19

- **Revenue down 11%** (331 Mn) predominantly driven by a stressed external environment due to the global pandemic as well as margin compression.
- **Expense reduction of 52Mn** (4% year-on-year) as cost efficiency actions continue to create investment capacity
- **Credit loss provisions up 91%**
- **Resilient Balance Sheet** - strong quality deposit base with CET1 ratio above internal floor levels

H1 2020 – Profit and Loss

AED Million	2019	2019 vs 2018		H1 2019	H1 2020	H1 2020 vs H1 2019	
		Amount	%			Amount	%
Revenue	5,915	146	2.5%	2,887	2,557	(331)	-11.4%
Net Revenue from Funds	3,818	(88)	-2.3%	1,917	1,670	(247)	-12.9%
Commission	1,083	25	2.3%	468	417	(51)	-10.8%
Investment income	687	162	30.7%	347	369	22	6.3%
Foreign Exchange	318	61	23.6%	149	94	(55)	-37.1%
Other income	9	(12)	-57.6%	6	6	1	10.8%
Expenses	2,653	9	0.4%	1,311	1,258	(52)	-4.0%
Employee cost	1,530	7	0.5%	749	769	20	2.7%
Premises	151	(115)	-43.2%	84	53	(31)	-36.5%
Depreciation	314	89	39.9%	153	139	(14)	-9.3%
Other Operating Expenses	604	27	4.8%	297	270	(28)	-9.3%
Amortisation of Intangibles	55	(0)	0.0%	27	27	0	0.3%
Operating Profit / Margin	3,262	136	4.4%	1,576	1,298	(278)	-17.7%
Credit Loss Provisions	521	(26)	-4.8%	345	657	312	90.5%
Impairment	137	64	87.8%	-	51	51	100.0%
Net income	2,601	100	4.0%	1,230	588	(643)	-52.2%

Highlights (H1 20 vs H1 19)

Revenues

- Revenues lower by 11.4% mainly due to margin compression, lower Fees and FX.

Expenses

- Lower by 4.0% vs. H1 2019 (5.6% lower vs. Q2 19), reflecting cost discipline initiatives

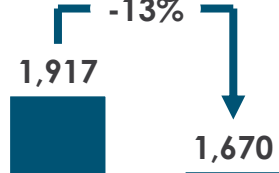
Net Profit Income

All figures in AED Mn

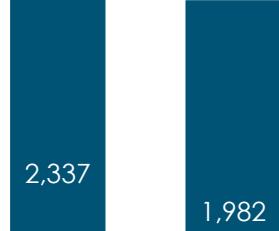
NRFF / Operating income

66% 65%

Net Revenue from funds (NRFF)



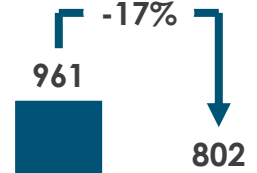
Revenue from funds



Profit paid

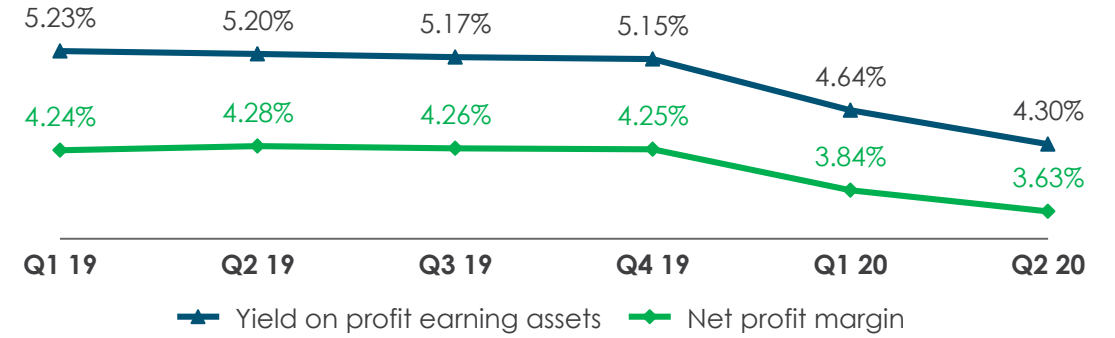


66% 63%

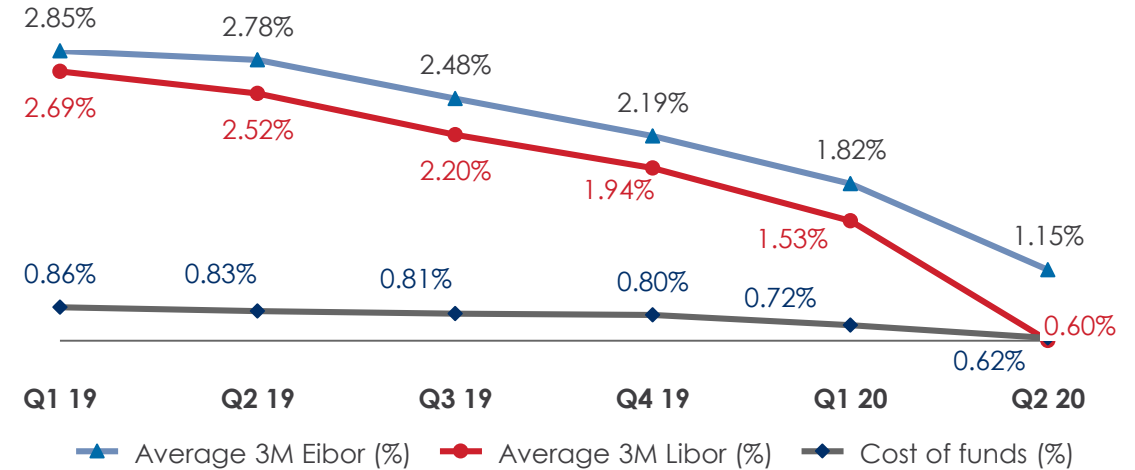


- Efficient funding mix supported by high quality CASA balances

Yield and Net profit Margin (%)



Relationship between Libor, Eibor and CoF (%)



Non-Profit Income

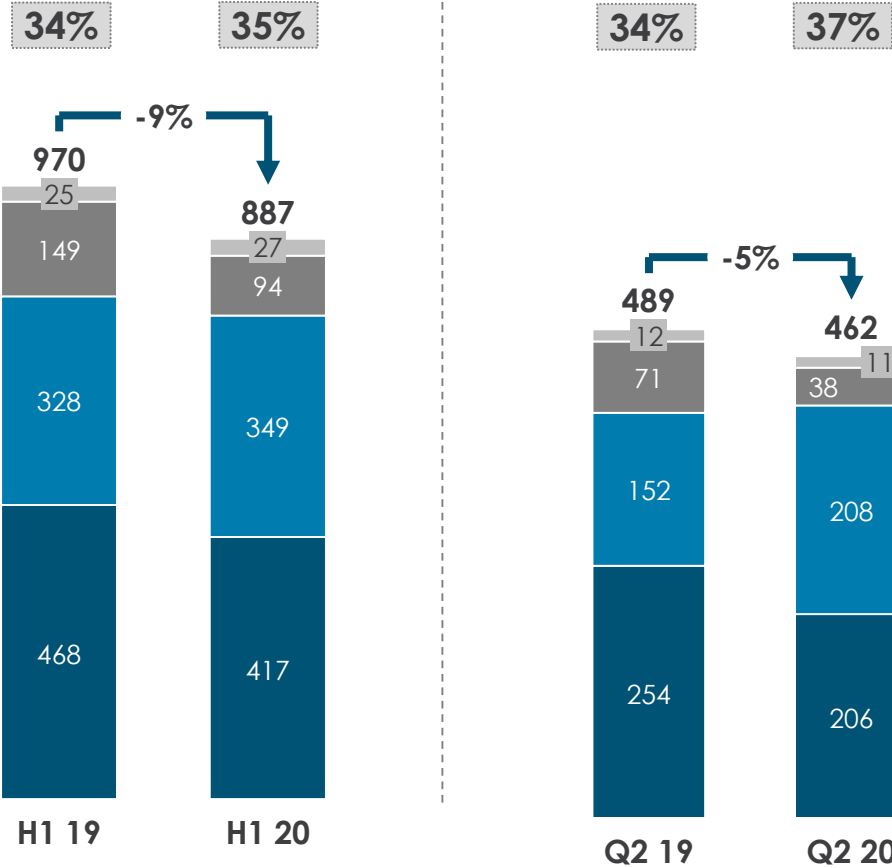
All figures in AED Mn

Non – Profit income / Operating income

Total Non-Profit income
Property & other income
FX income

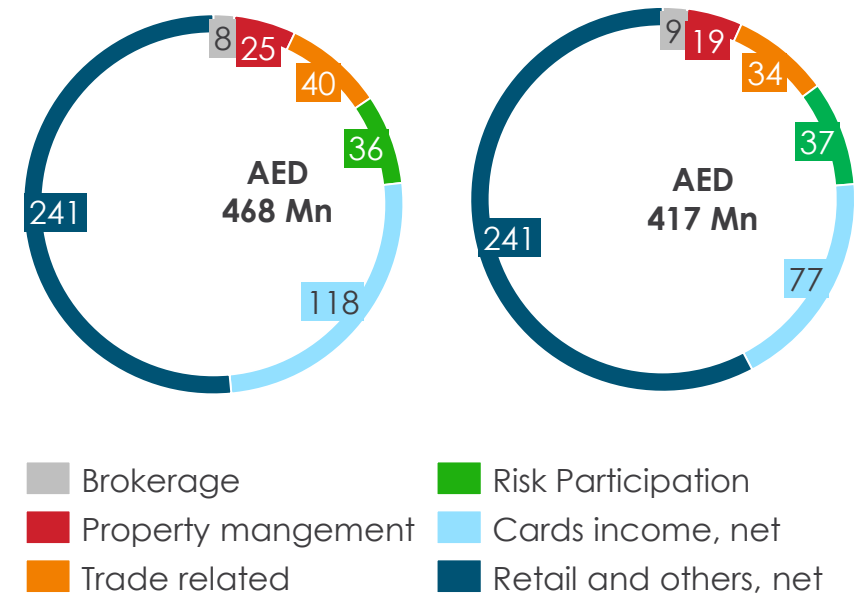
Investment income

Fees & Commission



Fees and Commission , net

H1 '19 ——— -11% ———> H1 '20

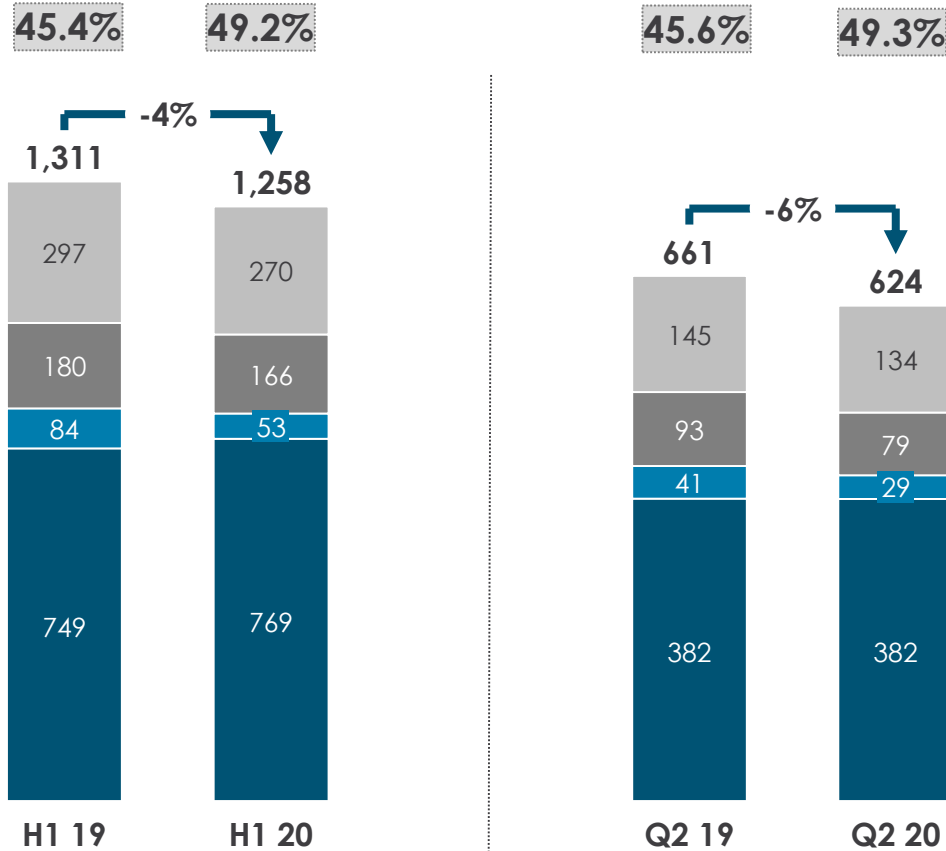


- Non-profit income lower by 8.6% at AED 887 Mn, now comprises 35% of total revenue compared to 34% in H1 19.
- Decrease of 8.6% mainly driven by lower fees and commissions, foreign exchange income and income from associates.
- Fees and commissions lower by 10.8% primarily due to lower card income
- FX income lower by 37.1% to reach AED 94 Mn.

Expenses

All figures in AED Mn

Cost to Income ratio %



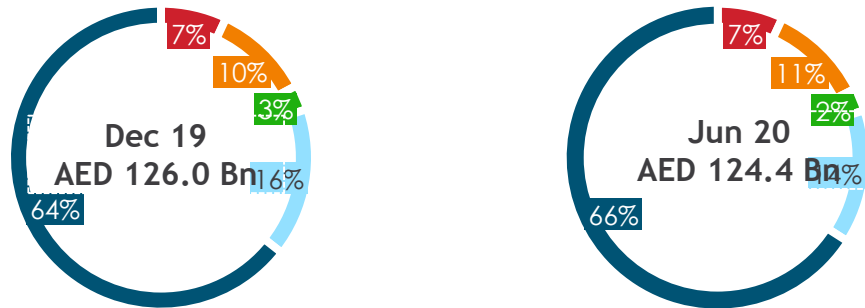
Highlights (H1 20 vs H1 19)

- Operating expenses** at AED 1,258 million, lower by **4.0%** vs. H1 2019 (5.6% lower vs. Q2 19), reflecting cost discipline initiatives.
- This decline was achieved despite investments in key strategic and digital initiatives designed to support business growth, enhance customer experience and create future efficiencies.

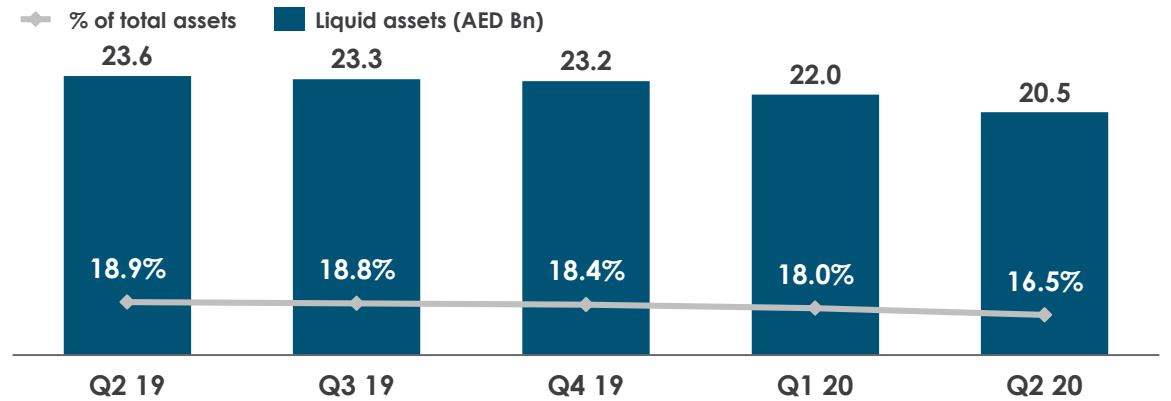
Balance Sheet – Total Assets and Customer Financing

Composition of Total Assets (AED Bn)

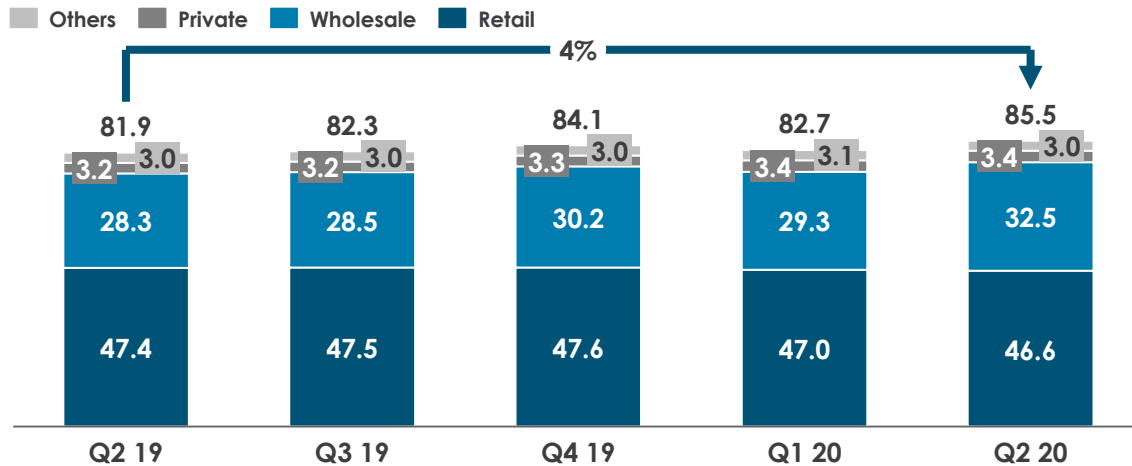
- Customer financing
- Cash & bal with central banks
- Due from banks
- Investments
- Fixed assets & Other Assets



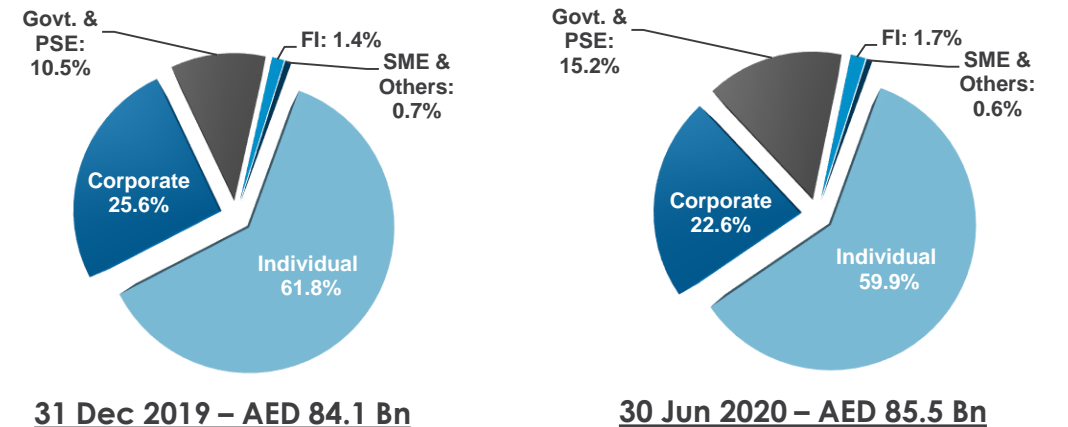
Liquidity ratio* (%)



Gross Customer Financing by Segment (AED Bn)



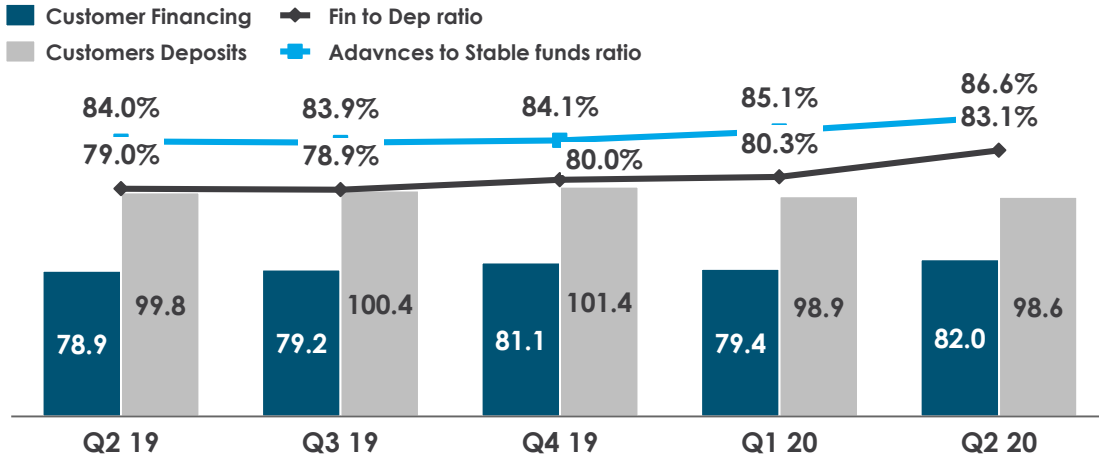
Gross Customer Financing by Customer Segment (AED Bn)



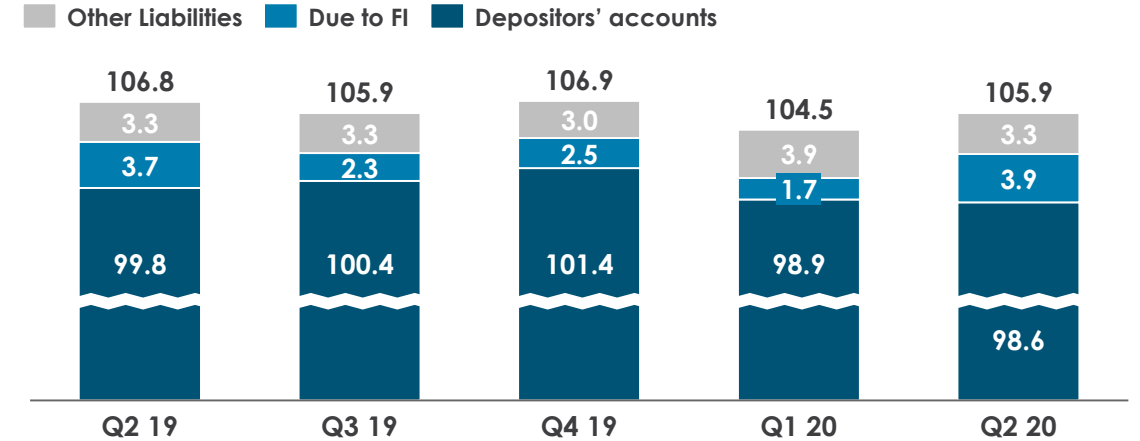
* Liquidity assets include cash and balances with central banks and interbank placements (liquidity ratio is calculated as follows: liquid assets divided by total assets).

Funding and Liquidity

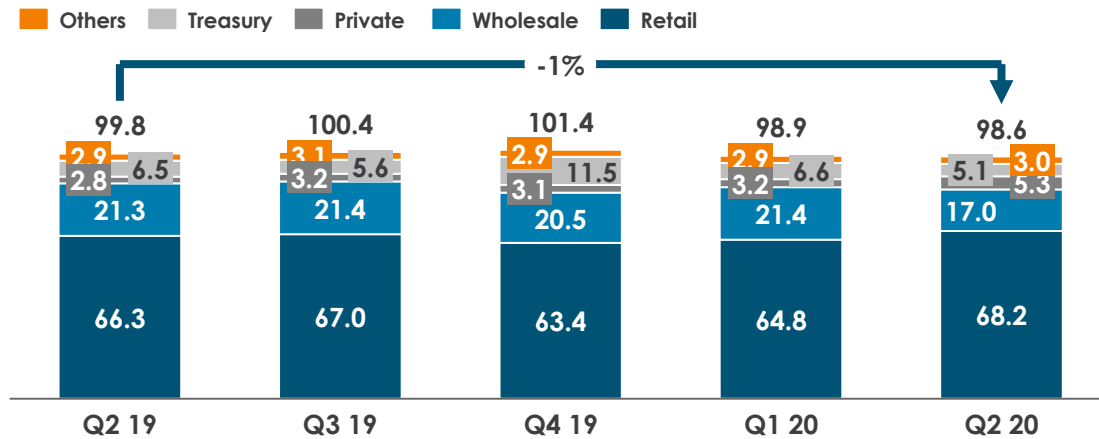
Net Customer Financing & Customers' Deposits (AED Bn)



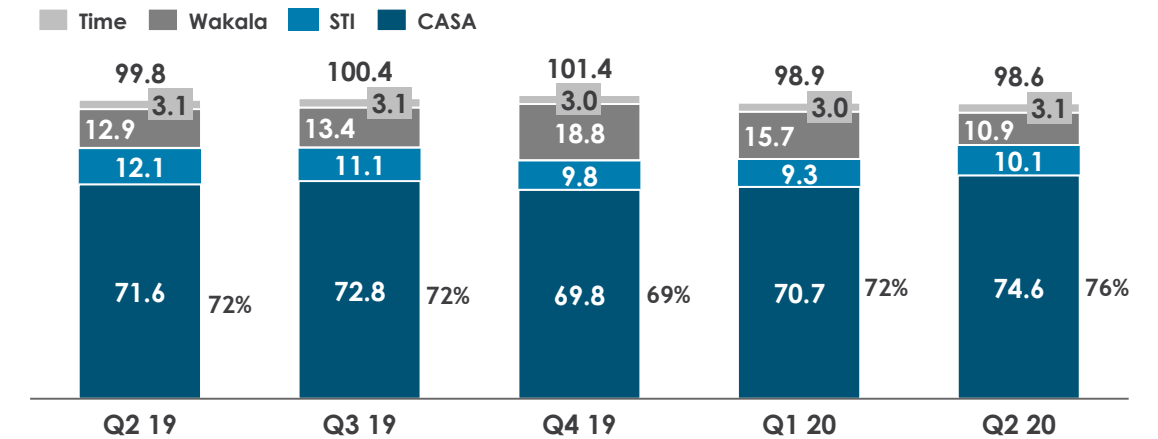
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)

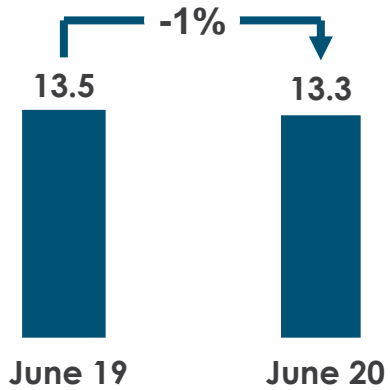


Customers' Deposits by Type (AED Bn)

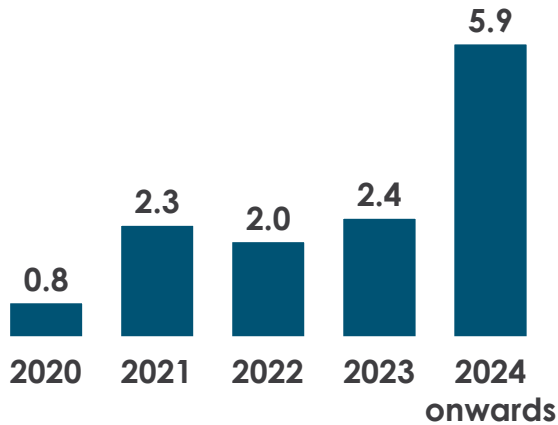


Balance Sheet – Investment Portfolio

Investments – (AED Bn)



Maturity profile⁽¹⁾ - (AED Bn)

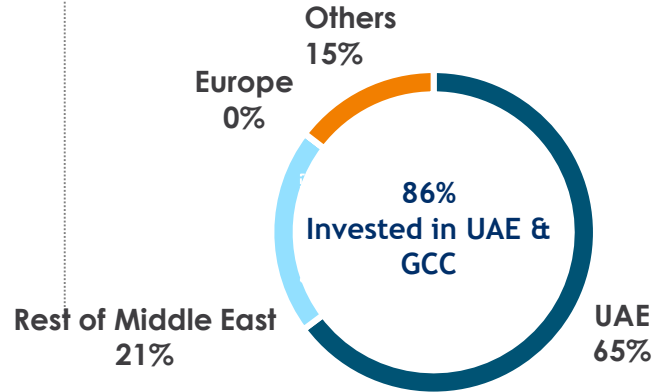


(1) Excluding investments in equity and funds

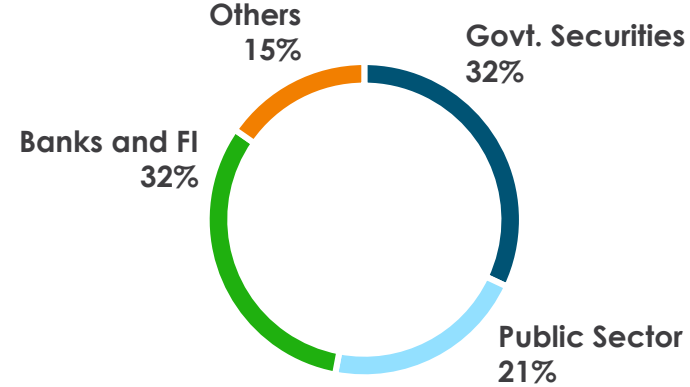
Total Sukuk portfolio

Government and Non-government sukuk portfolio – AED 13.3 Bn

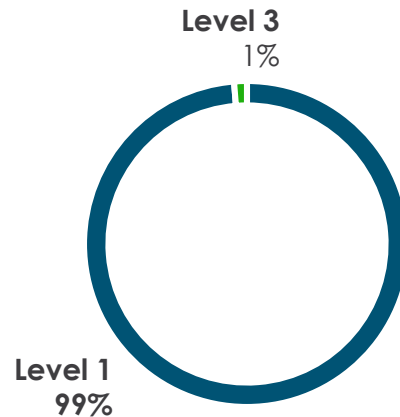
By region



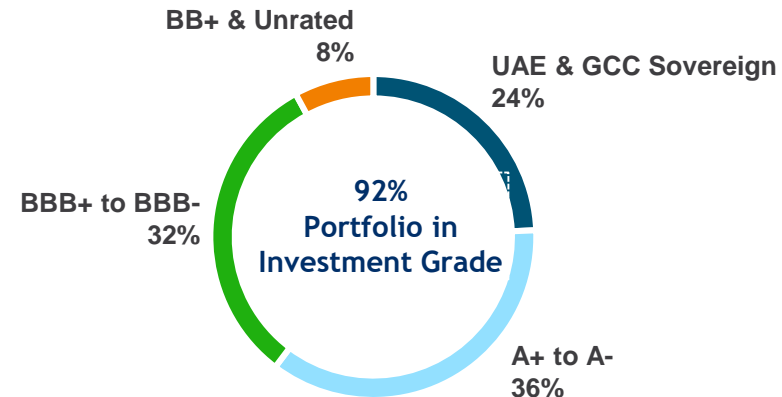
By issuer



By Fair value hierarchy



Credit ratings



Non – Government Sukuk portfolio

Investment grade:

- Rated A- or better: 54%
- Rated BBB+ to BBB-: 34%

Below investment grade:

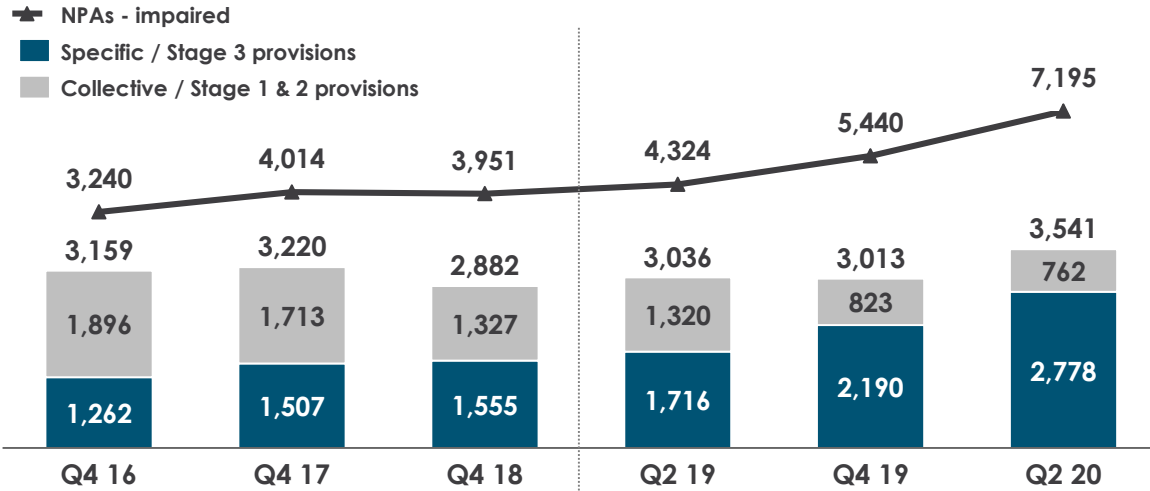
- BB+ and below unrated: 12%

Credit ratings:

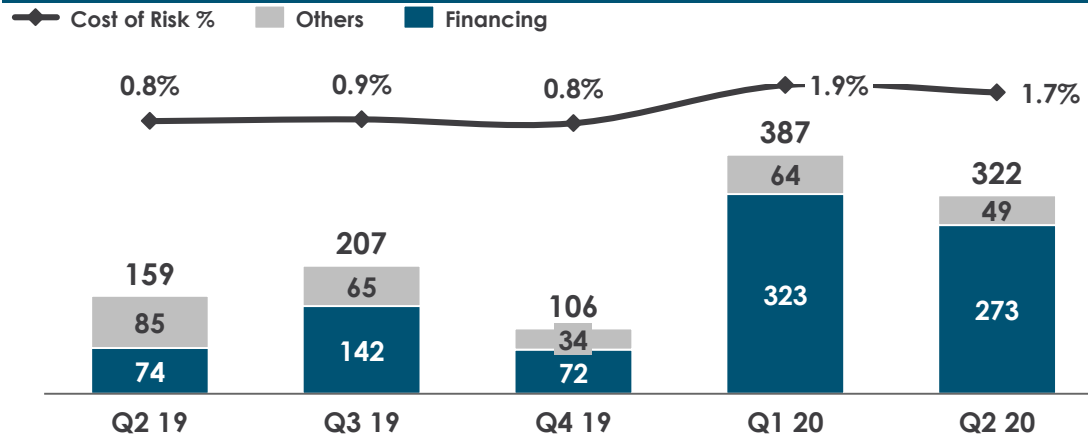
Moody's or Equivalent of Fitch / S&P ratings.

Credit Quality – Customer Financing

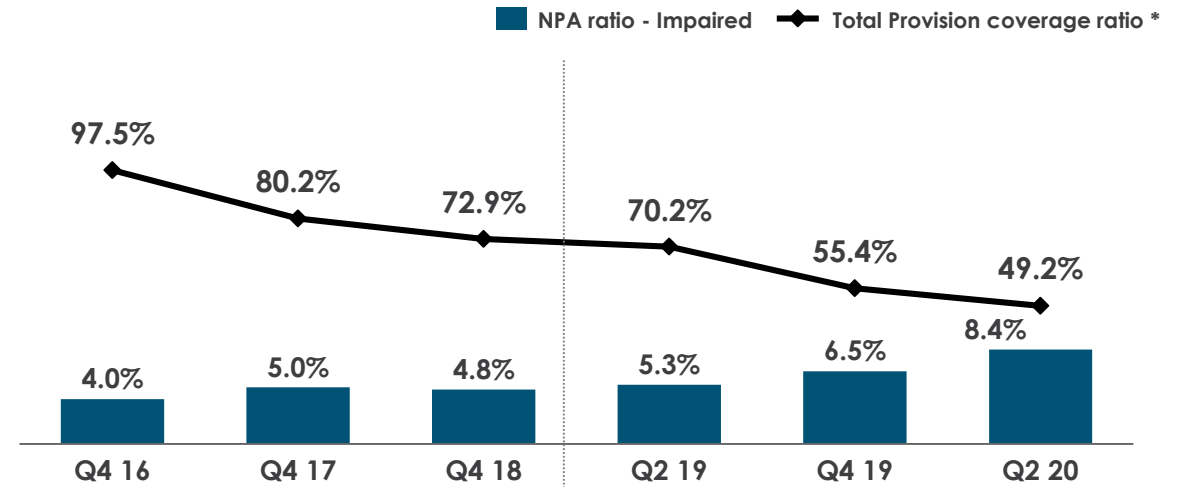
Provisions and NPAs – Customer financing (AED Mn)



Provisions charge (AED Mn)



NPA ratio and Provision Coverage ratio



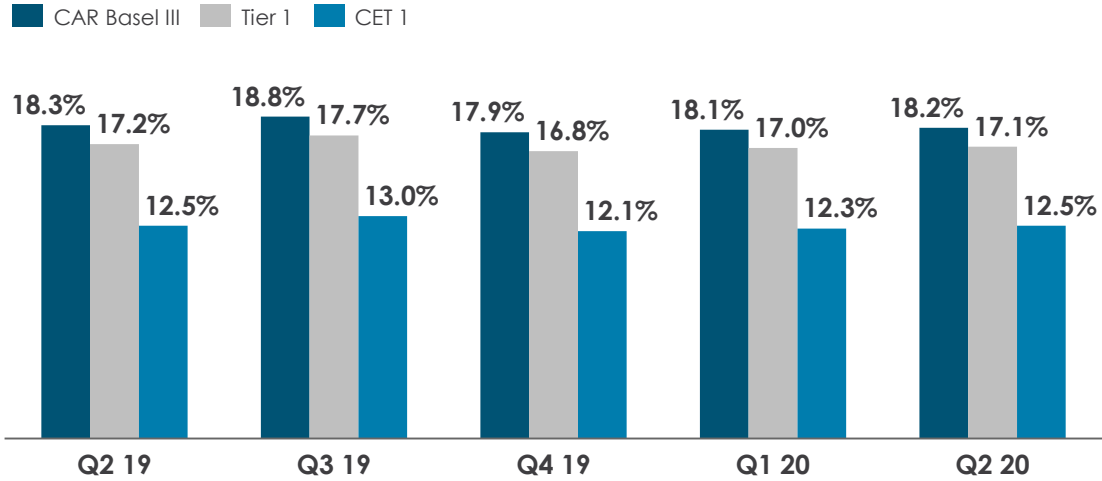
Highlights

- Total impaired NPAs increased by AED 1,755 Mn during H1 2020 to reach AED 7,195 Mn. (31 Dec 19: AED 5,440 Mn).
- Impaired NPAs ratio at 8.4% as at 30 Jun 2020 (6.5% at 31 Dec 2019) with coverage of 49.2% (31 Dec 2019: 55.4%). Including Collateral after hair cut for stage 3, coverage is 90.1%.
- Total financing provisions of AED 3,541 Mn represents 4.14% (31 Dec 2019: 3.58%) of Gross Financing portfolio.

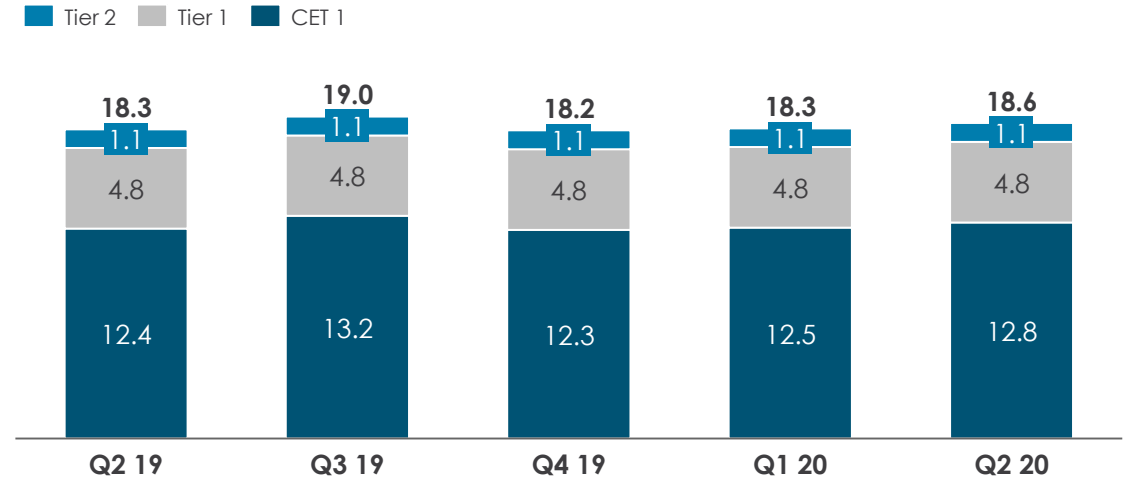
* "Provision coverage ratio" is defined as "total provisions / impaired NPAs".

Capital adequacy

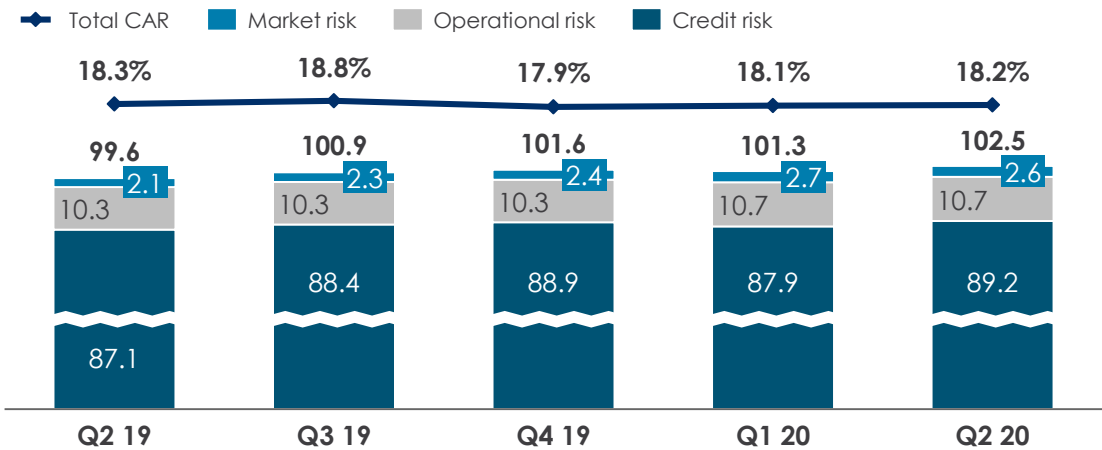
Capital Adequacy Ratio (%)



Capital base – CET 1, Tier 1 and Tier 2 – (AED Bn)



Total Capital Adequacy Ratio and RWA



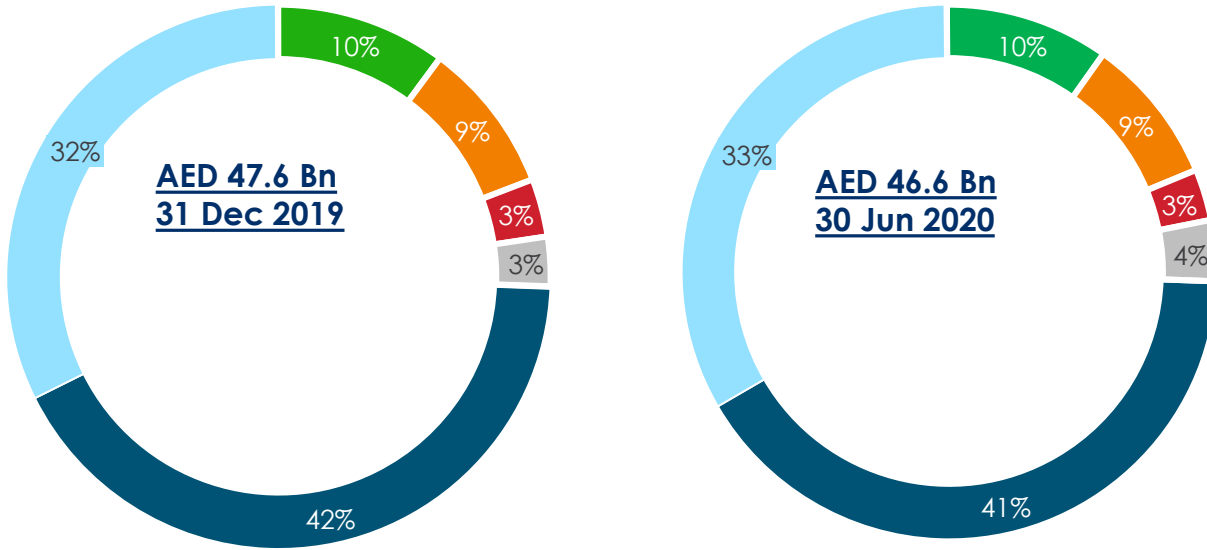
Highlights

- Basel III Total Capital Adequacy ratio at end of June 2020 at 18.18% well above the regulatory requirement of 11.5%. (31 Dec 19: 17.92%).
- Basel III Tier I ratio at 17.09% at the end of June 2020 well above the regulatory requirement of 9.5%. (31 Dec 19: 16.82%).
- Basel III CET1 ratio at 12.46% at the end of June 2020 above the regulatory requirement of 8.0%. (31 Dec 19: 12.14%).

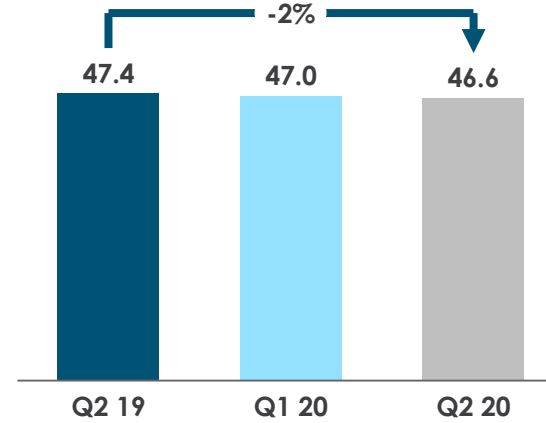
Divisional Performance – Global Retail Bank

Gross Retail Financing Portfolio (AED Bn)

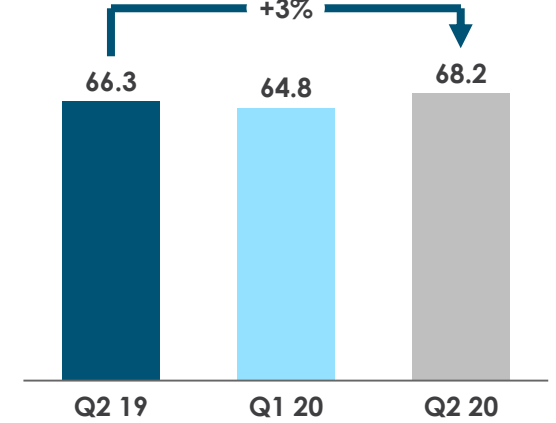
■ Personal Finance ■ Car Finance ■ Covered Cards
■ Home Finance ■ Mortgage ■ SME & Others



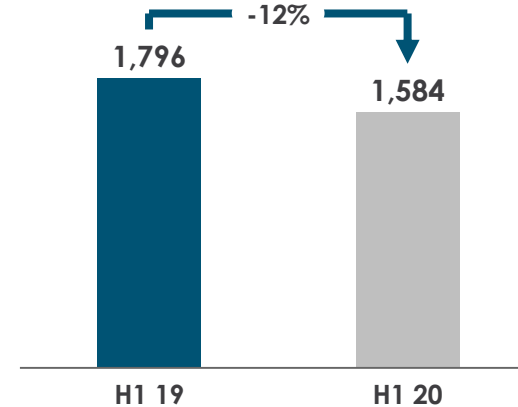
Financing Assets (AED Bn)



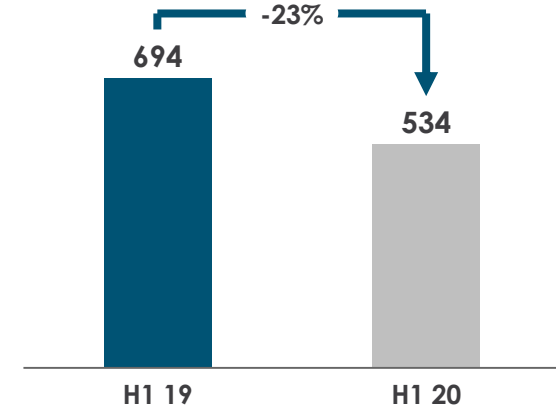
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

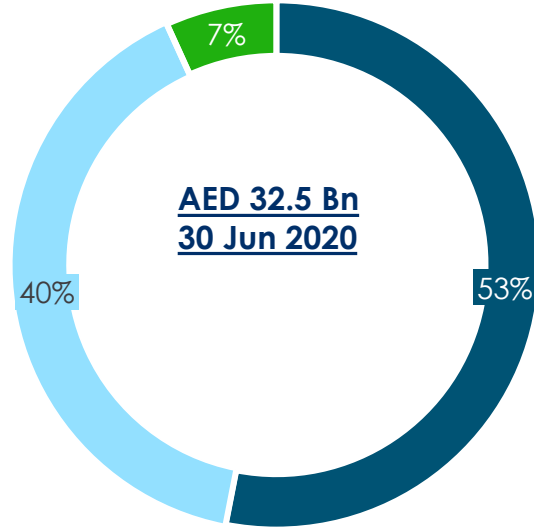
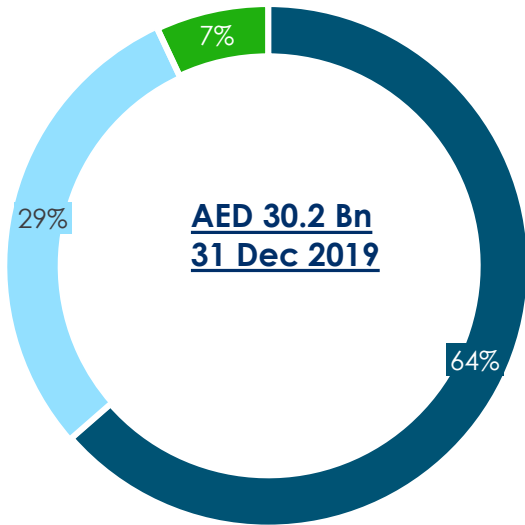


- Global Retail Banking contributes 62% of Net Revenues:
- Personal Banking Division provides services for individuals clients, while the Business Banking Division services the needs of SMEs.
- These services include a variety of Shari'a compliant financing.

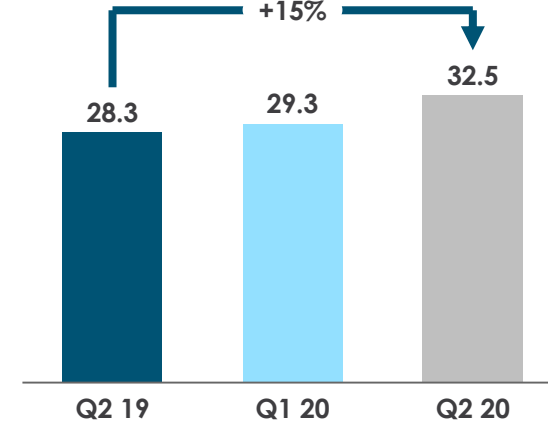
Divisional Performance – Global Wholesale Bank

Gross Wholesale Financing Portfolio (AED Bn)

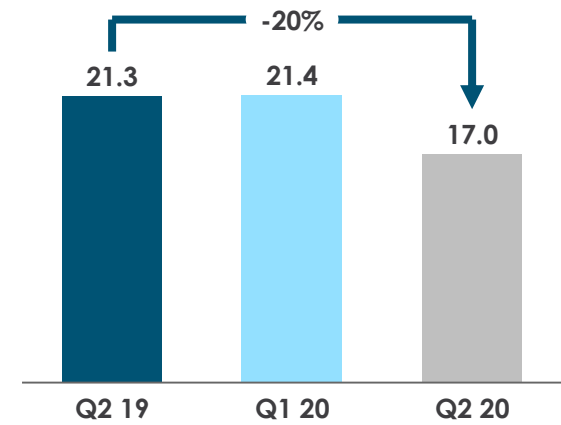
■ Corporates ■ Govt & PSE ■ FI & IBG



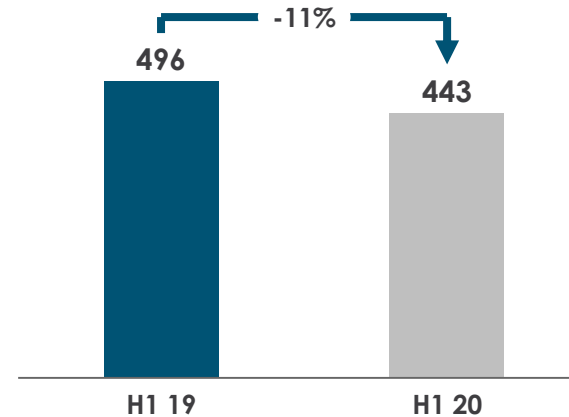
Financing Assets (AED Bn)



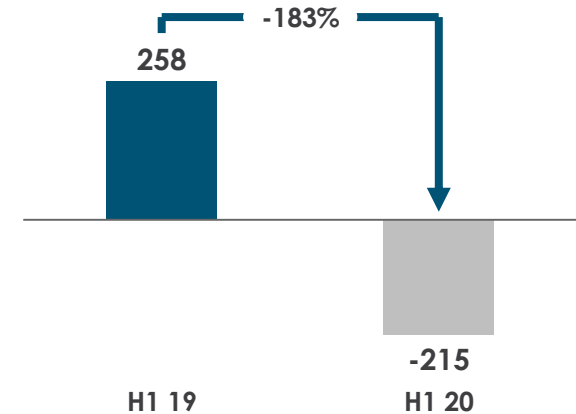
Deposits (AED Bn)



Revenues (AED Mn)



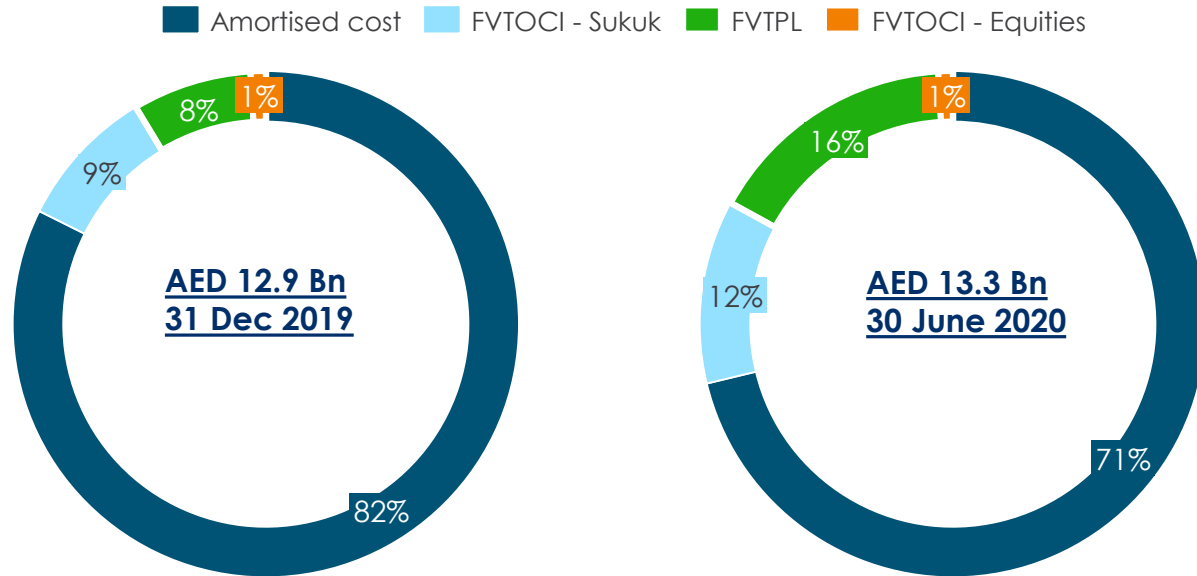
Net Profit (AED Mn)



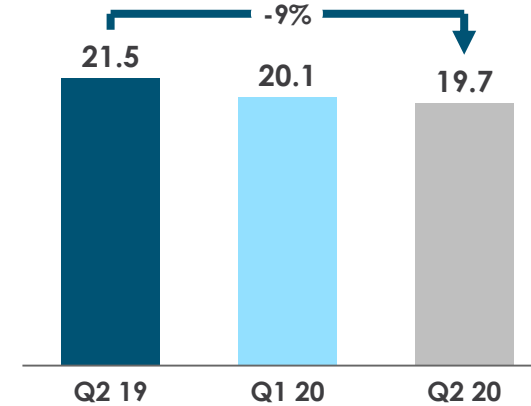
- Global Wholesale Banking contributes 17% of Net Revenues.
- Global Wholesale Banking encompasses the large corporates, emerging corporates and financial institutions divisions of the Bank. The array of services includes Transaction Banking and Corporate Finance and Investment Banking.

Divisional Performance – Treasury

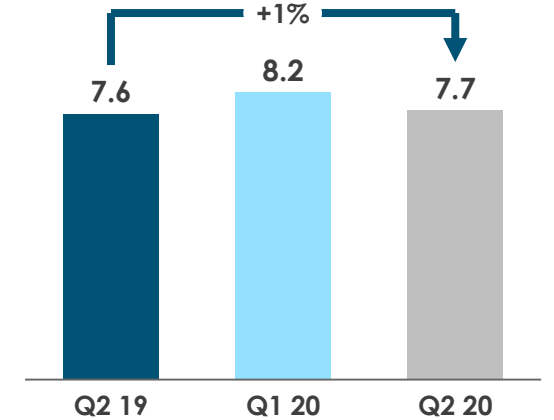
Investments (AED Bn)



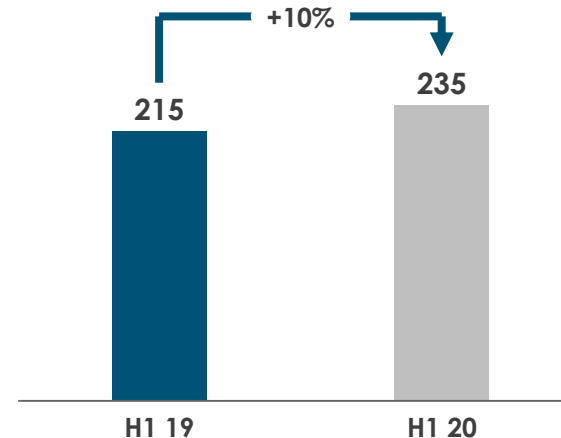
Assets (AED Bn)



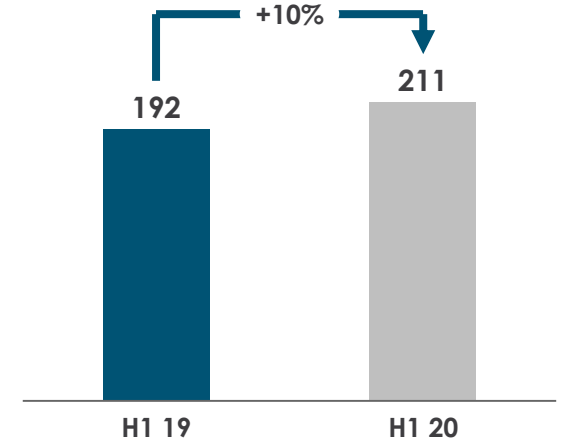
Liabilities (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



- **Treasury contributes 9% 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.

Strategic Focus

Our 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.

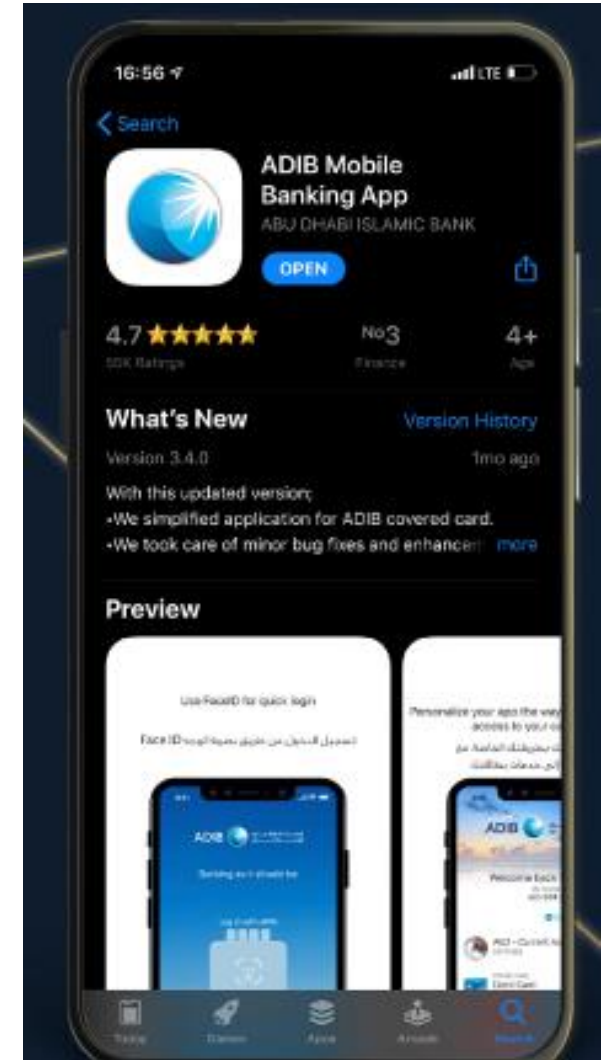
4

RISK AND CONTROL

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

Significant Progress in Digital Transformation

- ❑ New mobile app functionality includes applying for personal finance, digital onboarding and KYC update.
- ❑ 60% of all customers are now active on ADIB's digital channels.
- ❑ Over 2 million transactions are conducted every month on ADIB's mobile app.
- ❑ 99% of retail financial transactions, including payments and fund transfers, as well as 65% of non-financial services, including personal information updates, are now conducted digitally.
- ❑ 30% of new to bank customers opened their accounts digitally.
- ❑ 40% of ADIB's business customers are now active on ADIB Direct, an innovative banking platform providing automated trade finance services.



Appendix

Consolidated Statement of Income

AED Mn				Change %				Change %
	Q2 19	Q1 20	Q2 20	Q2 20 vs Q2 19	Q2 20 vs Q1 20	H1 19	H1 20	H1 20 vs H1 19
Revenues	1,451	1,292	1,264	-12.8%	-2.2%	2,887	2,557	-11.4%
Net revenues from funds	961	868	802	-16.6%	-7.6%	1,917	1,670	-12.9%
Fees & commission	254	211	206	-18.9%	-2.6%	468	417	-10.8%
Investment income	162	152	217	34.0%	42.5%	347	369	6.3%
Foreign Exchange	71	56	38	-47.1%	-33.4%	149	94	-37.1%
Other income	2	4	2	-7.6%	-51.3%	6	6	10.8%
Expenses	661	635	624	-5.6%	-1.8%	1,311	1,258	-4.0%
Employee cost	382	387	382	0.0%	-1.4%	749	769	2.7%
General & admin expenses	186	160	163	-12.5%	1.7%	382	323	-15.3%
Depreciation & amortization	93	87	79	-15.0%	-10.1%	180	166	-7.8%
Operating profit - margin	790	657	641	-18.9%	-2.5%	1,576	1,298	-17.7%
Provision for impairment	159	387	322	102.7%	-16.9%	345	709	105.4%
Net profit before zakat & tax	631	270	319	-49.4%	18.1%	1,231	590	-52.1%
Zakat & tax	1	1	1	30.0%	100.0%	1	2	95.0%
Net profit after zakat & tax	630	270	318	-49.5%	17.9%	1,230	588	-52.2%

Source: Derived from published financial statements

Consolidated Balance Sheet

AED Mn	30 Jun 2019	31 Dec 2019	30 Jun 2020	Change %	
				Jun 20 vs Jun 19	Jun 20 vs Dec 19
Cash and balances with Central Banks	17,541	19,823	17,526	-0.1%	-11.6%
Due from financial institutions	6,076	3,363	3,023	-50.2%	-10.1%
Net Customer financing	78,892	81,108	81,978	3.9%	1.1%
Investments	13,482	12,940	13,299	-1.4%	2.8%
Investment in associates	1,063	1,281	1,285	20.9%	0.4%
Investment and development properties	2,224	2,086	2,079	-6.5%	-0.3%
Other assets / fixed assets / intangibles	5,376	5,385	5,226	-2.8%	-3.0%
Total Assets	124,655	125,987	124,418	-0.2%	-1.2%
Due to financial institutions	3,745	2,461	3,935	5.1%	59.9%
Customers' deposits	99,803	101,404	98,631	-1.2%	-2.7%
Other liabilities	3,267	3,018	3,338	2.2%	10.6%
Total Liabilities	106,815	106,884	105,904	-0.9%	-0.9%
Share capital & Reserves	13,085	14,349	13,759	5.2%	-4.1%
Tier 1 sukuk	4,754	4,754	4,754	-	-
Total Equity	17,840	19,103	18,514	3.8%	-3.1%
Total Liabilities & Equity	124,655	125,987	124,418	-0.2%	-1.2%

Source: Derived from published financial statements

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%	-	-	-	-	-	-

Shareholder's Return

■ 30 June 2020 share price was AED 3.69 per share (31 Dec 2019: AED 5.39 per share).

