

Investor Presentation Quarterly Results 30 September 2020



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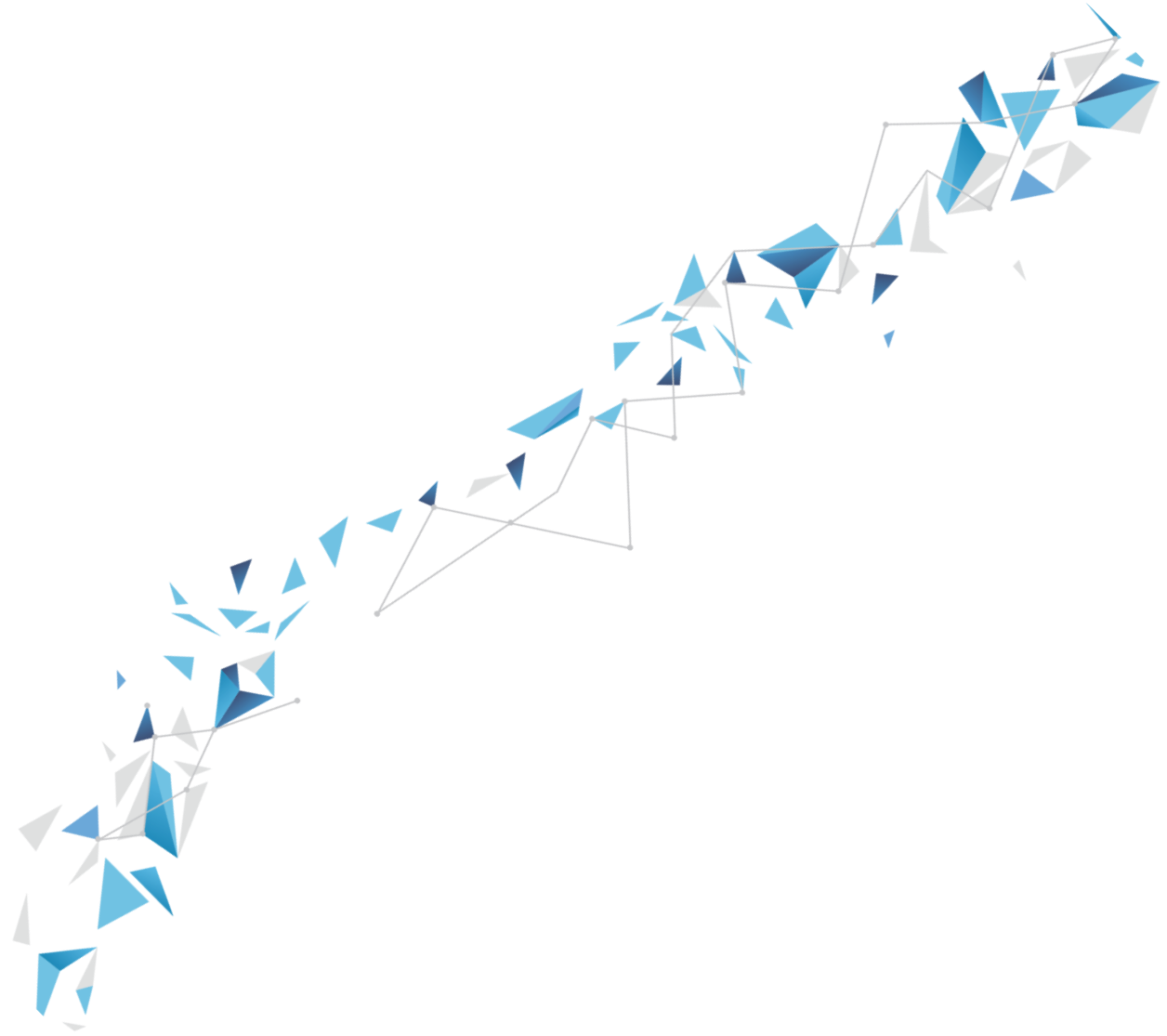
About ADIB

Financial Performance

Divisional Performance

Strategic Focus

Appendix



At a Glance



Incorporated in **1997** to serve as first Islamic Bank in the Emirate of Abu Dhabi



ADIB is the fourth largest Islamic bank globally with total assets of \$34 billion



Provides a range of banking and services to more than 1 million customers

Long term rating

Short term rating

Outlook

FitchRat

A+

F1

Stable

MOODY'S INVESTORS SERVICE

A2

P1

Negative

Stock Info Price and Ratio as of 30 Sep 2020

Market Cap (Price @ AED 4.29)

AED 15.6 bn
(US\$ 4.2 bn)

Diluted EPS / share (AED) – Annualised

0.336

PE Ratio

13 times

Price / Book Ratio

1.10

Shares Issued (@ AED 1)

3.6 Bn

Subsidiaries, Associates and Joint Ventures

- ADIB Egypt
- ADIB Securities
- ADIB Merchant Services
- ADIB United Kingdom
- Bosna Bank International
- Burooj Properties
- MPM Properties
- Saudi Finance
- Takaful – Abu Dhabi National Takaful

Awards in 2020

- Best Islamic Bank in the UAE and Middle East by EMEA FINANCE
- Best Islamic Bank in the UAE by Banker Magazine
- Best Overall Bank in Customer Experience by Ethos Consultancy
- Best Islamic Bank in the UAE by Global Finance Magazine
- Best Islamic Digital Bank by Global Finance Magazine

Presence

- ▼ Domestic – 69 Branches and 519 ATMs
- Overseas – Presence in 6 international locations with a Branch Network of 70 Branches in Egypt



Returning To Growth

Net Income Up 68% Q3'20 vs Q2'20

ADIB



مصرف أبوظبي
الإسلامية



**Encouraging
Recovery**

+68%

Net income vs
Q2 2020

+9%

Revenue vs
Q2 2020

-9%

Cost vs
Q3 2019



**Strong
Foundation**

18.3%

Capital adequacy
ratio (CAR)

82.6%

Financing to
Deposit Ratio

3.55%

Net Profit
Margin



Deep Digital



75%

Digitally Active
Customers



#1

rated **mobile**
app in UAE

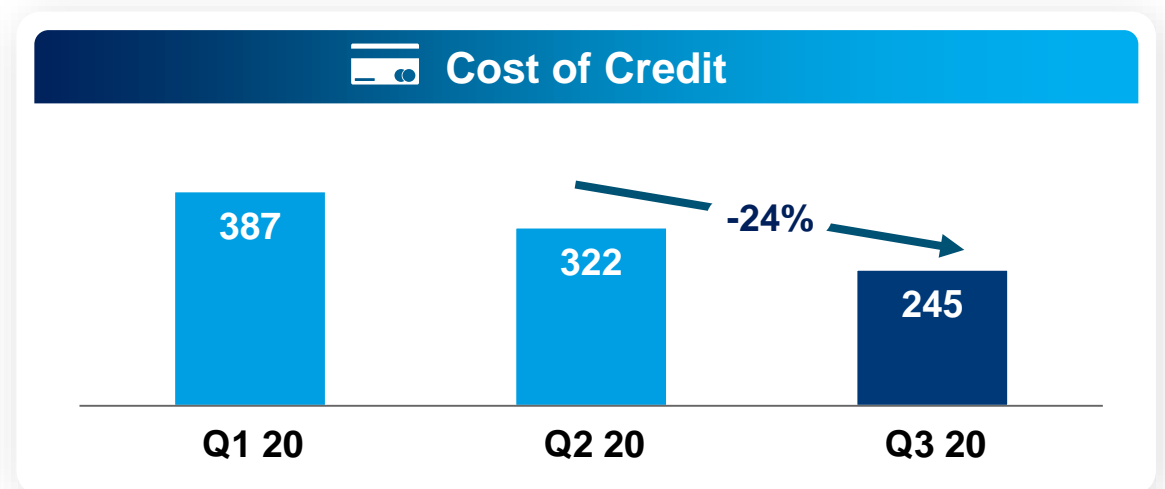
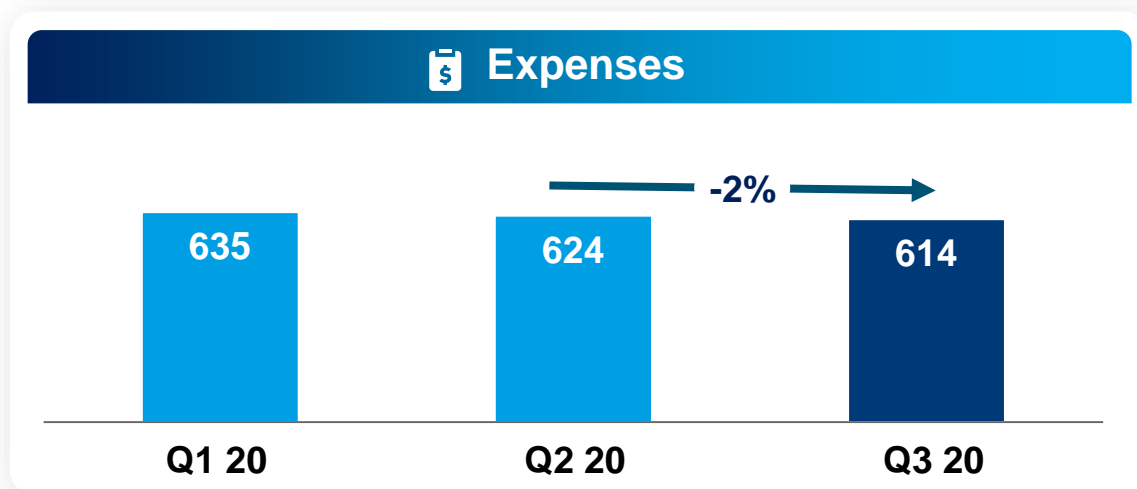
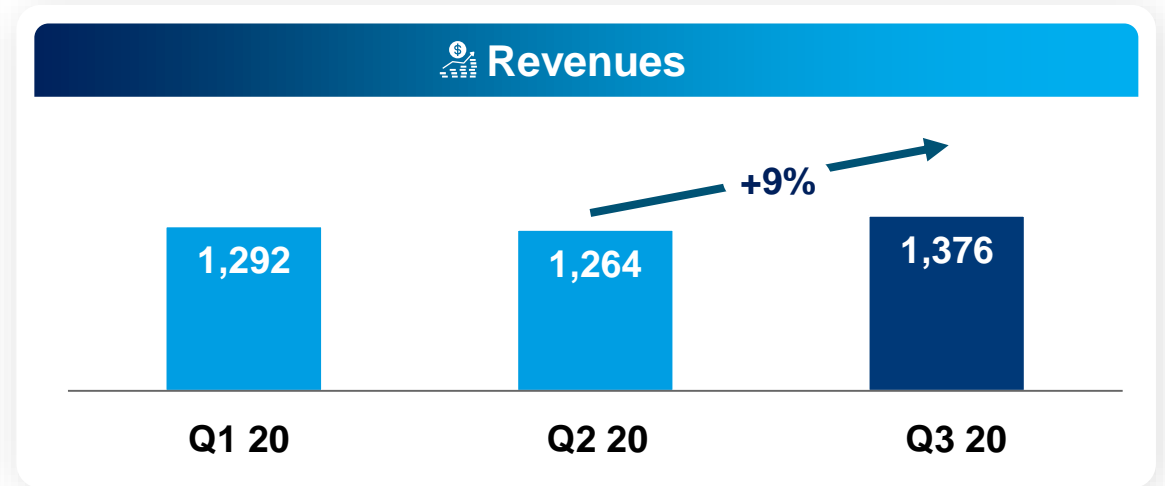
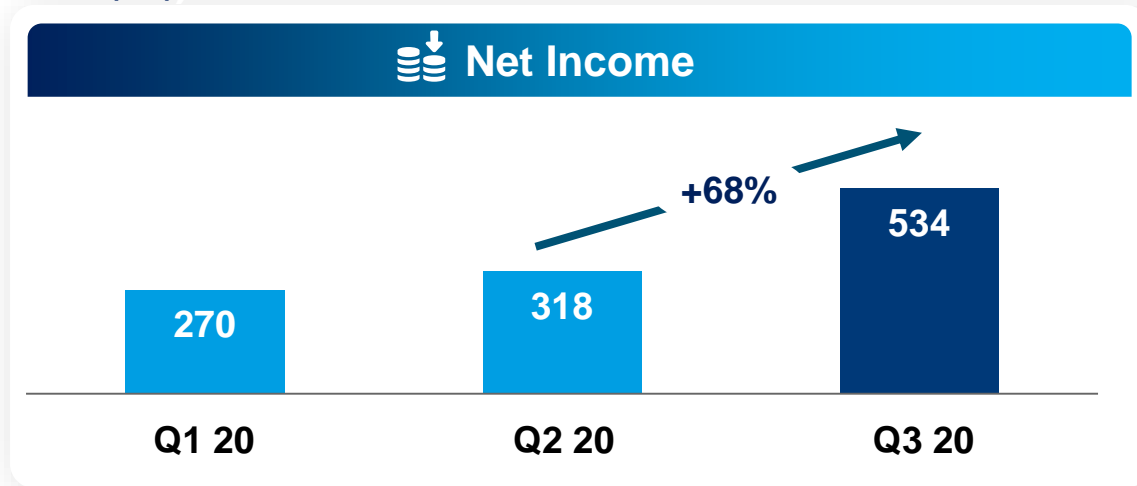


+50%

Digital acquisitions

Business Momentum Picking Up Digital Initiatives Create Cost Efficiencies

AED (Mn)



Financial Performance

Resilient Performance Despite Challenging Conditions

Balance Sheet

AED (Mn)	Sept 19	Dec 19	Sept 20	Change %	
				Sept 20 vs Sept 19	Sept 20 vs Dec 19
Total assets	124,285	125,987	127,116	2%	1%
Net Customer financing	79,236	81,108	83,205	5%	3%
Investments	12,538	12,940	13,480	8%	4%
Customers' deposits	100,364	101,404	100,722	0%	-1%
Total CASA & STI	83,814	79,522	86,940	4%	9%
Total Equity	18,383	19,103	18,971	3%	-1%

Key Ratios

	Sept 19	Dec 19	Sept 20
Net Financing to Deposit	78.9%	80.0%	82.6%
Total capital adequacy	18.8%	17.9%	18.3%
CET 1	13.0%	12.1%	12.7%
ROE	18.0%	18.6%	8.9%
ROA	2.0%	2.1%	1.2%
Net profit margin	4.26%	4.25%	3.55%
Cost to Income ratio	45.2%	44.9%	47.6%

Income Statement

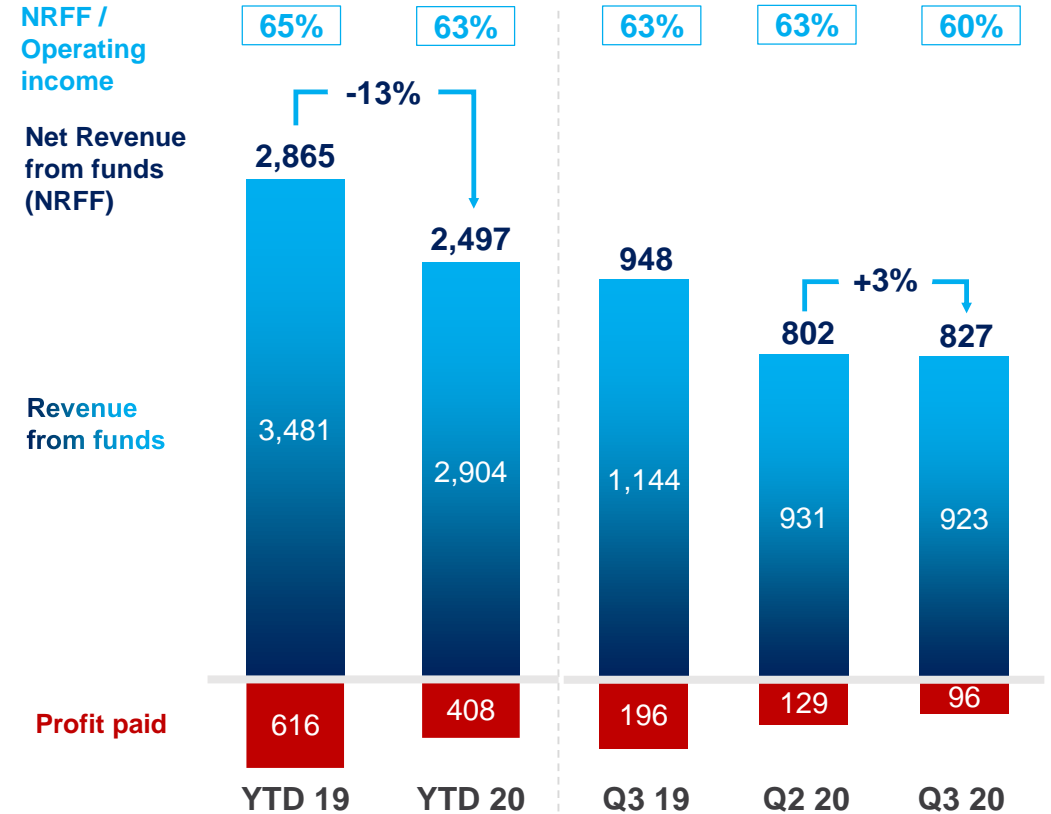
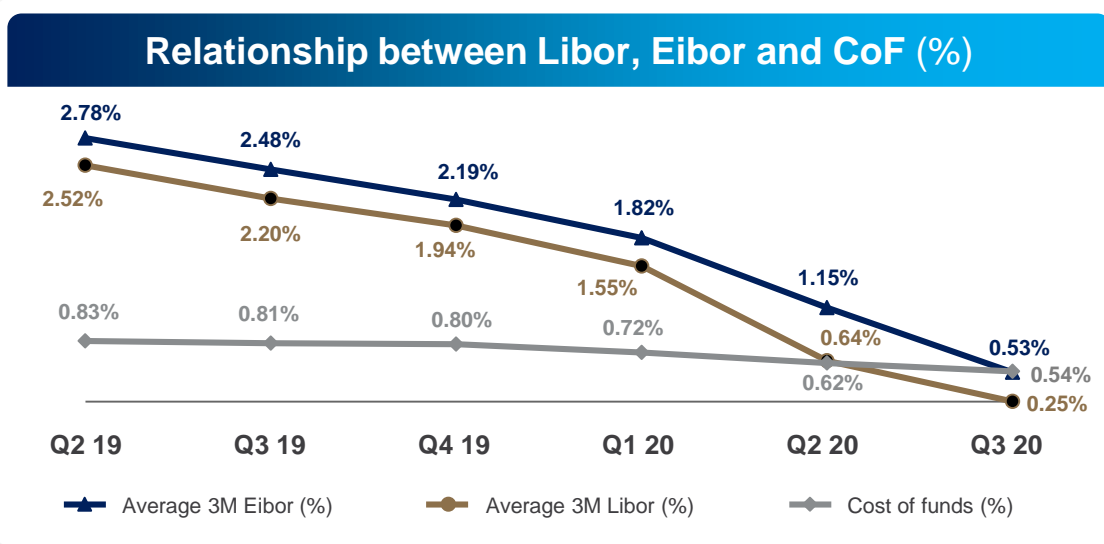
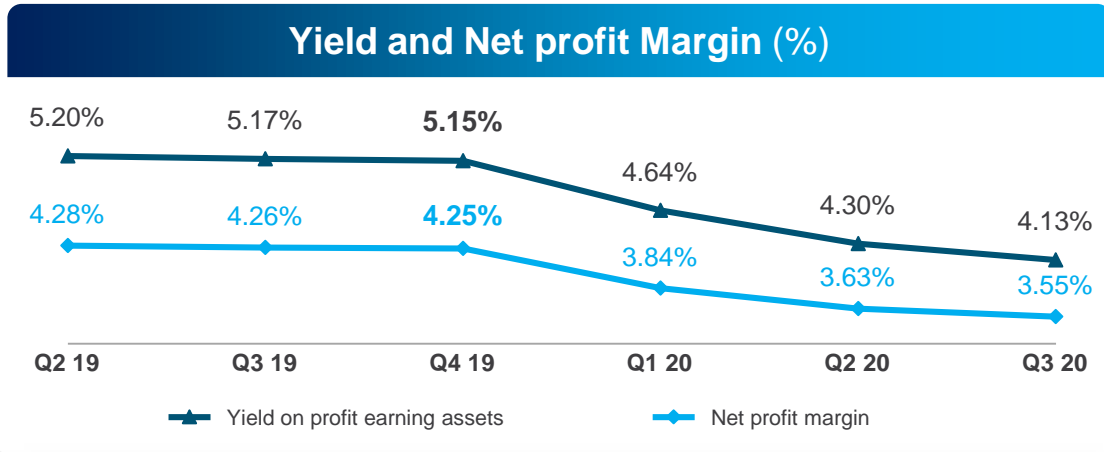
AED (Mn)	YTD Sept 19	YTD Sept 20	Change %
			YTD Sept 20 vs Sept 19
Revenues	4,391	3,933	-10%
Expenses	1,985	1,872	-6%
Operating margin	2,405	2,061	-14%
Credit loss provisions	416	903	117%
Impairment	137	51	-62%
Net Income	1,850	1,121	-39%

Highlights YTD Sept 20 v YTD Sept 19

- **Revenue down 10%** (458 Mn) predominantly driven by a stressed external environment due to the global pandemic as well as margin compression.
- **Expense reduction of 113Mn** (6% year-on-year) as cost efficiency actions continue to create investment capacity.
- **Credit loss provisions up 117%** driven by a few specific impairment provisions in WBG coupled with management overlays.
- **Resilient Balance Sheet** efficient funding mix and well capitalized Balance Sheet

Net Profit Margin Remained Amongst Highest In The Market

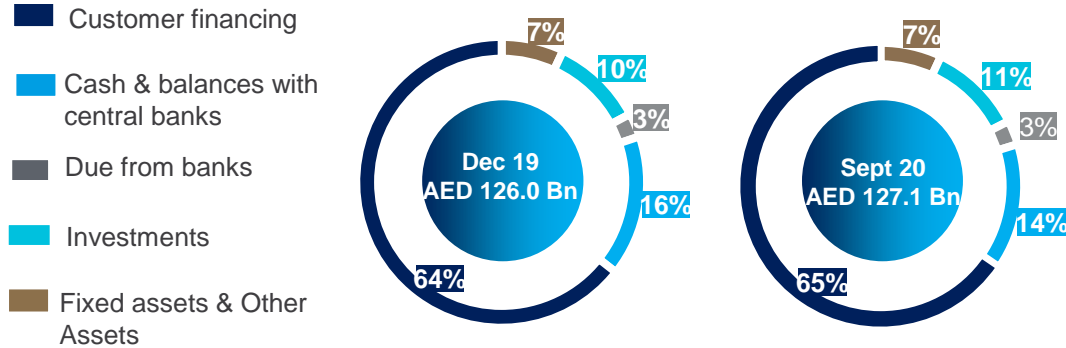
All figures in AED Mn



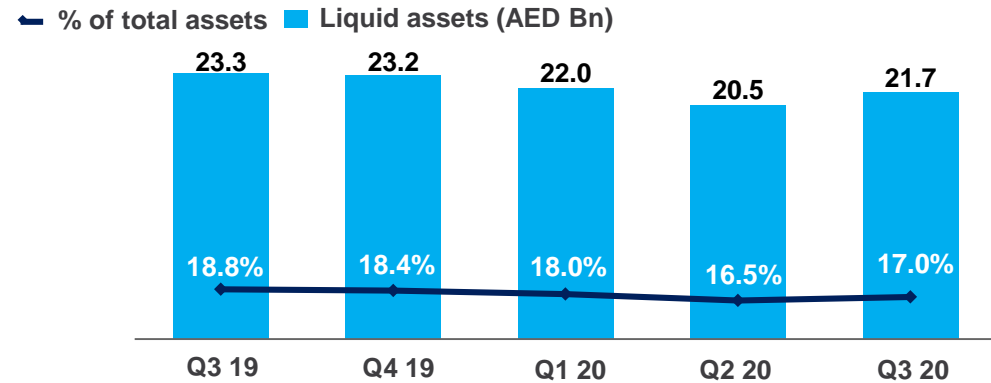
- One of the lowest cost of funds among the peers supported by optimal funding mix.
- Despite the low rate environment, ADIB was able to maintain net profit margin of 3.55% in first 9 months of 2020.

16% YoY Growth In Wholesale Customer Financing On The Back of Strong Deal Origination

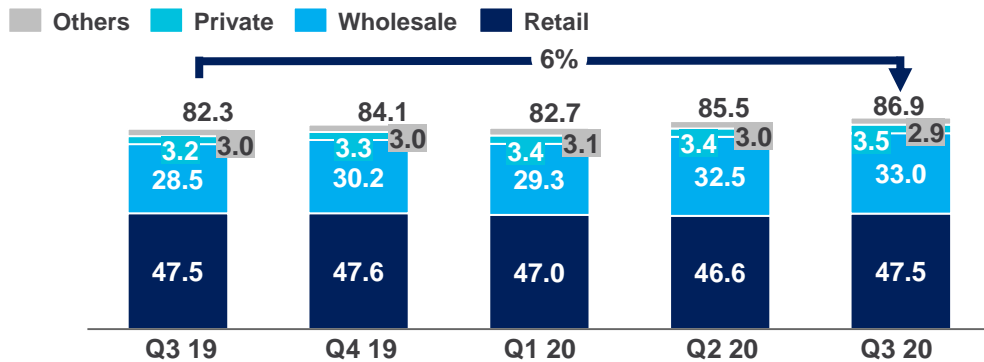
Composition of Total Assets (AED Bn)



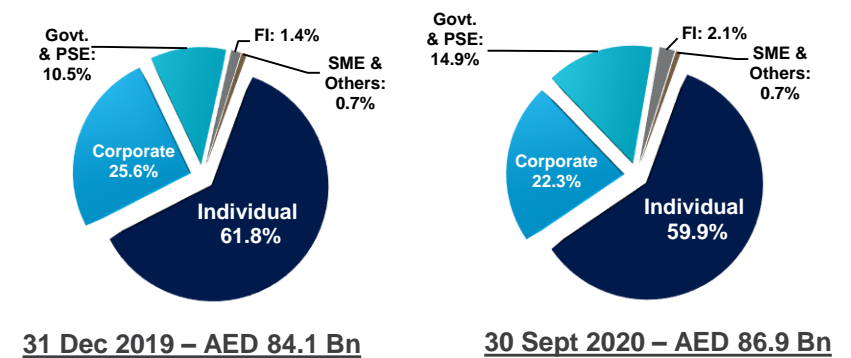
Liquidity ratio* (%)



Gross Customer Financing by Segment (AED Bn)



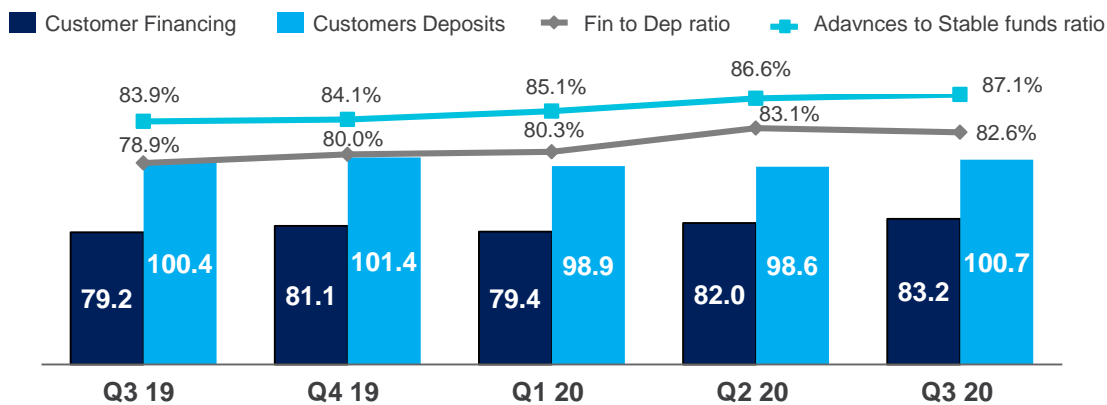
Gross Customer Financing by Customer Segment (AED Bn)



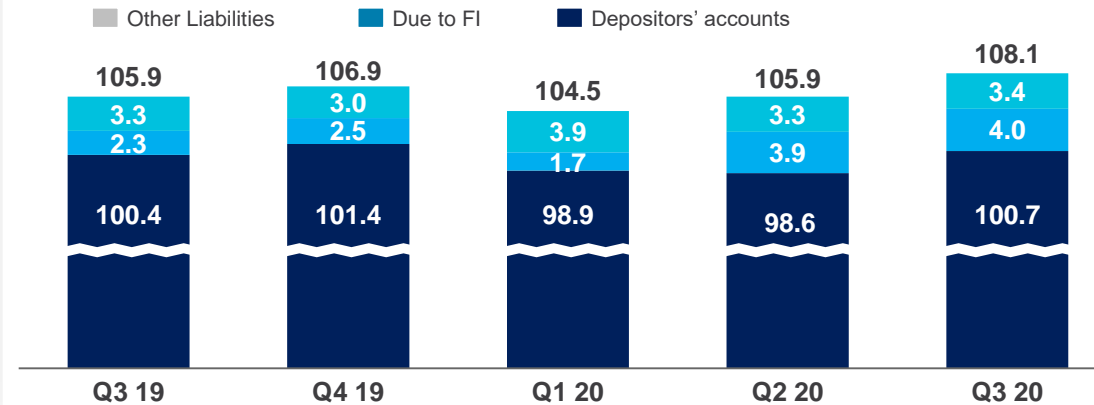
* Liquid assets include cash and balances with central banks and interbank placements (liquidity ratio is calculated as follows: liquid assets divided by total assets).

Funding Mix Continued to Improve with CASA Comprising 75% of Total Deposits – Ample Liquidity To Deploy For Growth

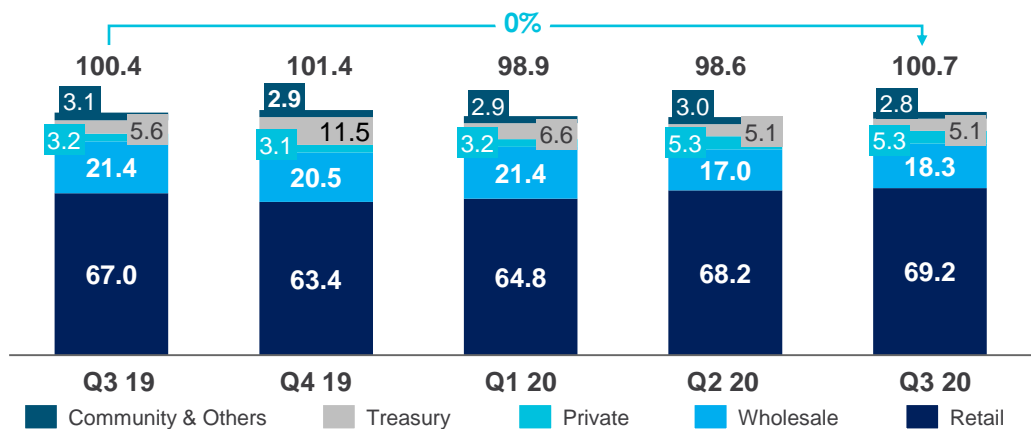
Net Customer Financing & Customers' Deposits (AED Bn)



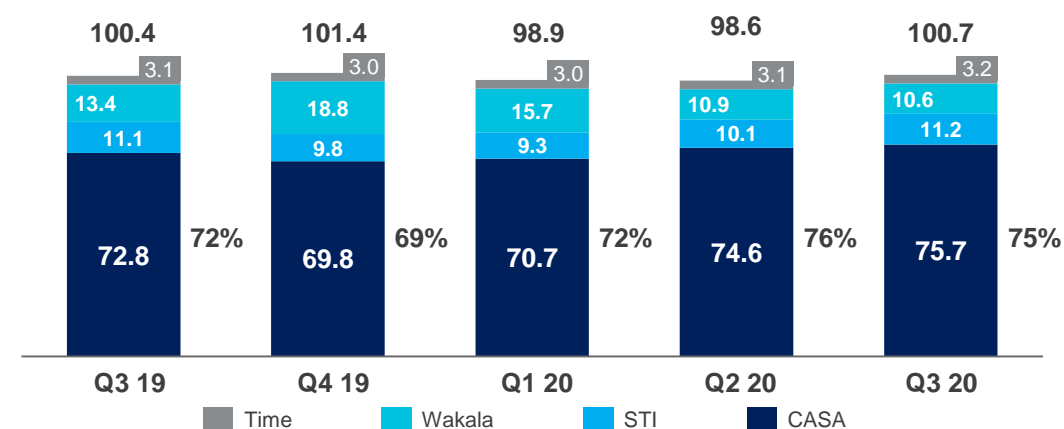
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)

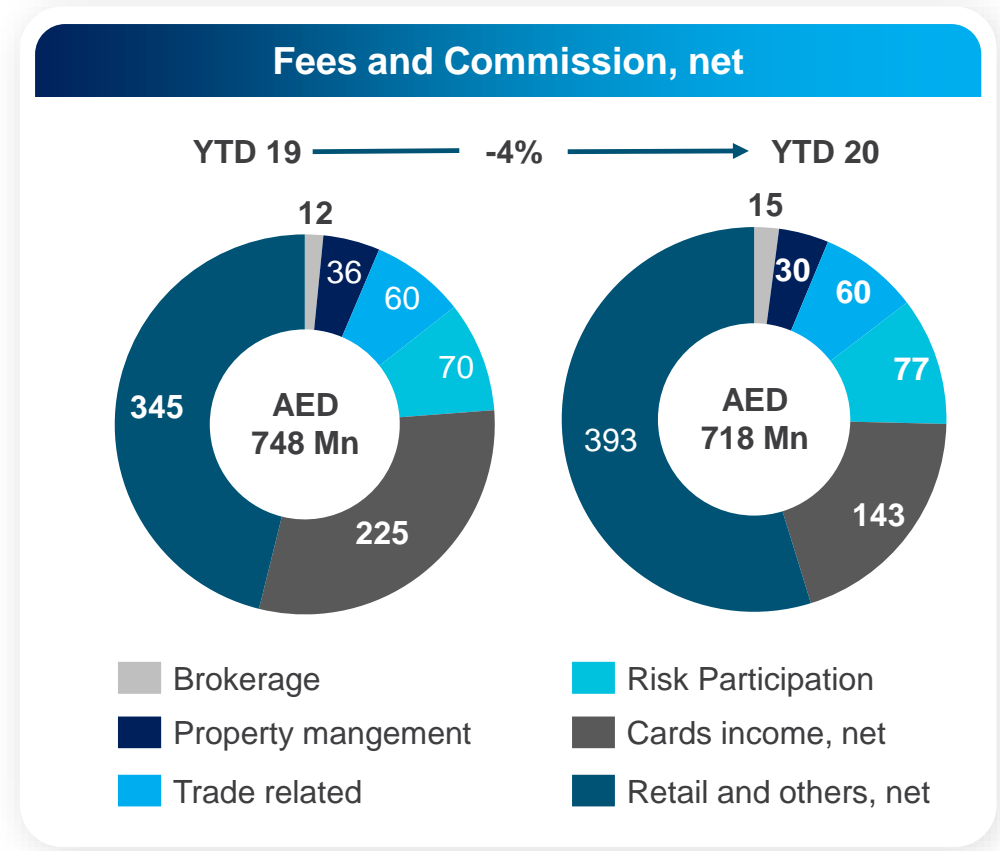
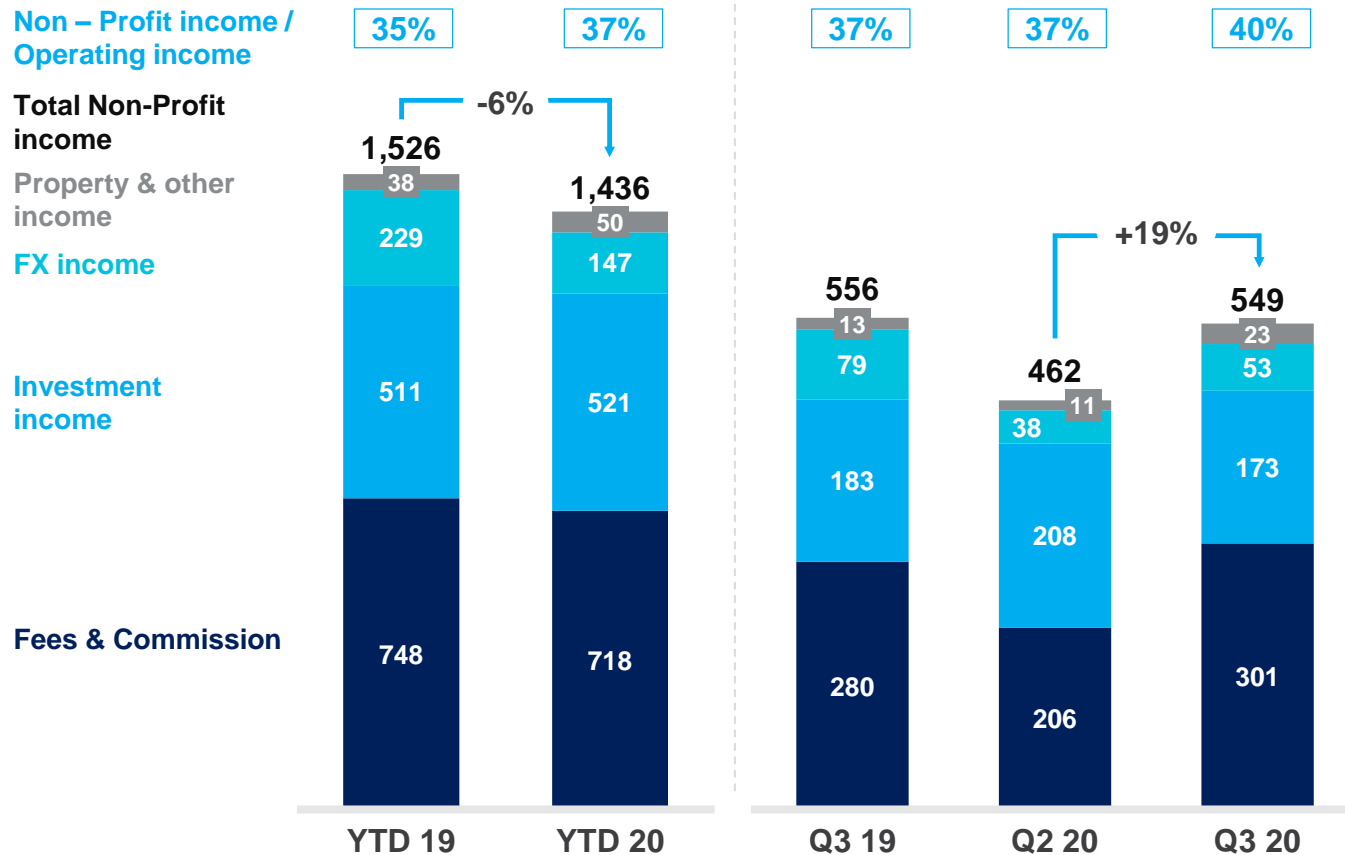


Customers' Deposits by Type (AED Bn)



19% Quarter on Quarter Growth In Non Profit Income as Business Momentum Returns

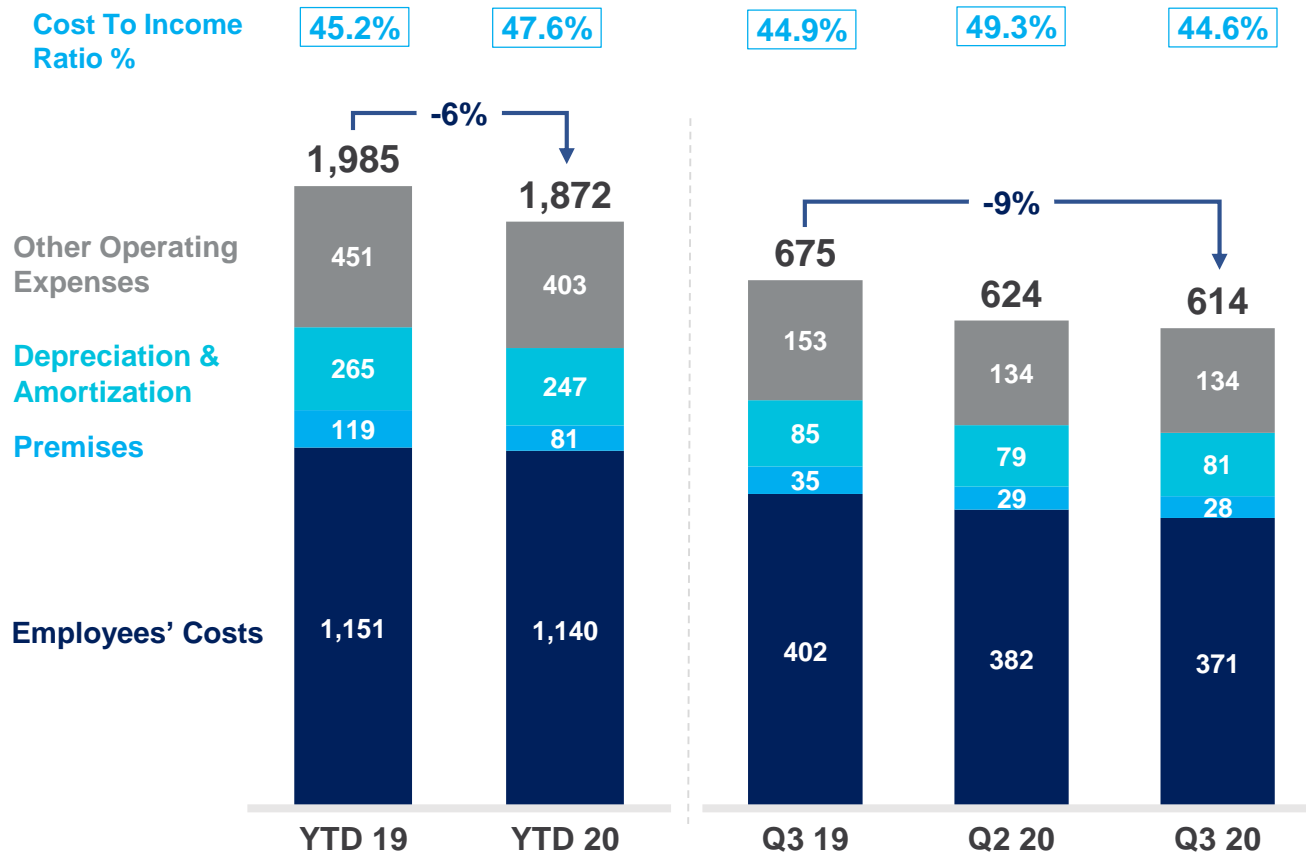
All figures in AED Mn



- Non-profit income lower by 5.9% at AED 1,436 Mn, now comprises 37% of total revenue compared to 35% in first 9 months of 2019.
- Decrease of 5.9% mainly driven by lower fees and commissions, foreign exchange income and income from associates.
- Fees and commissions lower by 4.0% primarily due to lower card income due to current scenario.
- FX income lower by 35.9% to reach AED 147 Mn.

Digital Efficiencies Yielding results – 6% YoY And 9% vs. Q3'19 Cost reduction

All figures in AED Mn



Highlights (YTD Sept 20 vs YTD Sept 19)



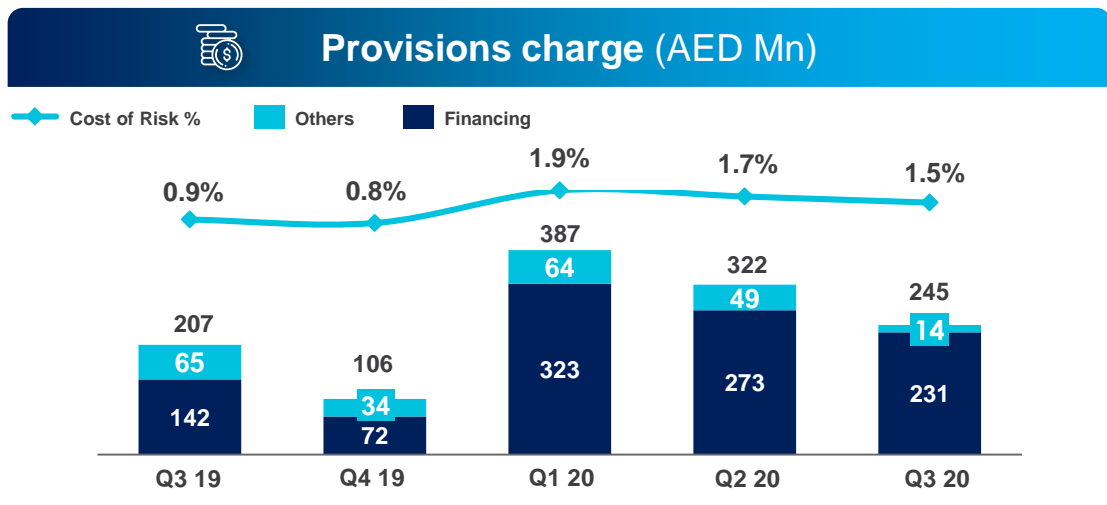
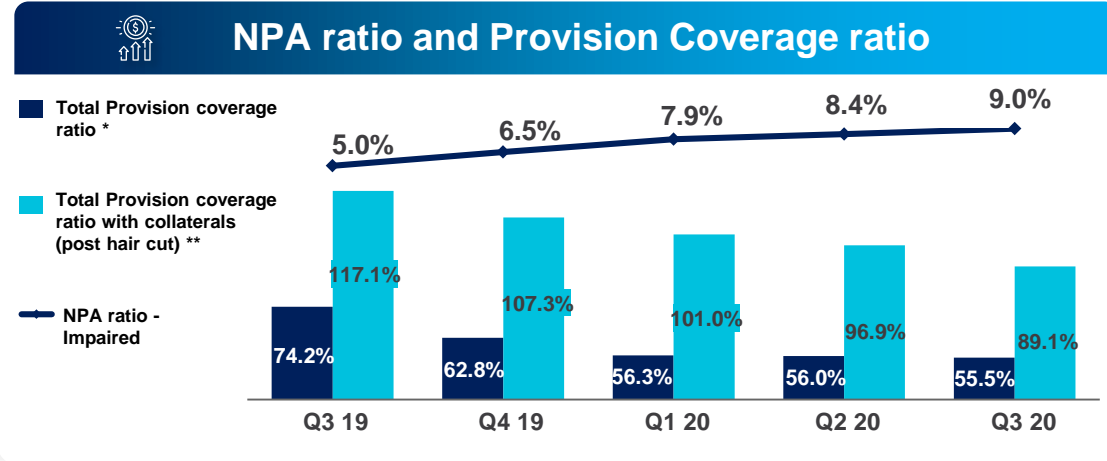
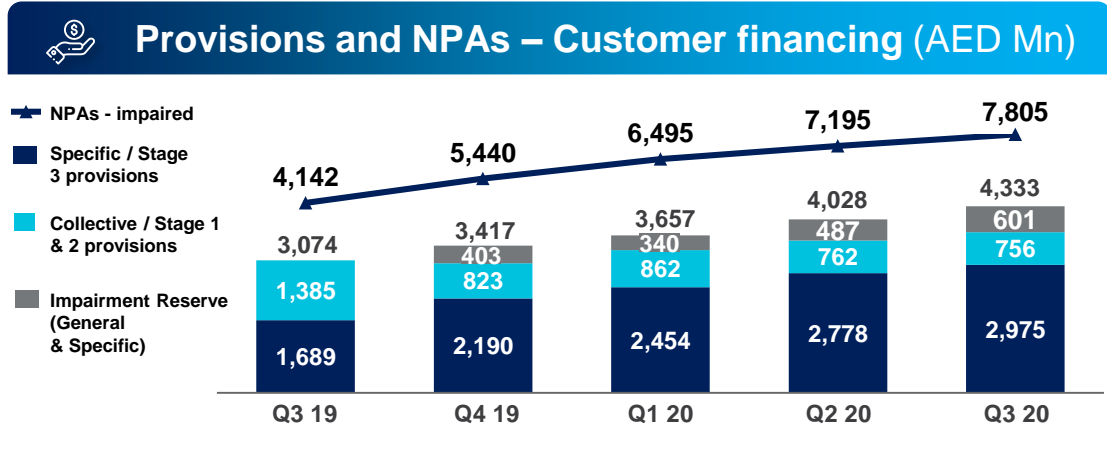
Operating expenses at AED 1,872 million, lower by 6% vs. YTD Sept 2019 (9% lower vs. Q3 19), reflecting cost discipline initiatives.



Efficiencies achieved through

- Reduction of cost of sales and cost of acquisition.
- Optimization of branch network.
- Introduction of AI and robotics to streamline Straight through Processing.
- 30% of personal finance sales and more than 90% of services delivered digitally. 75% of our customers are active on digital

Cost Of Credit Showing Early Signs of Stabilization



Key points

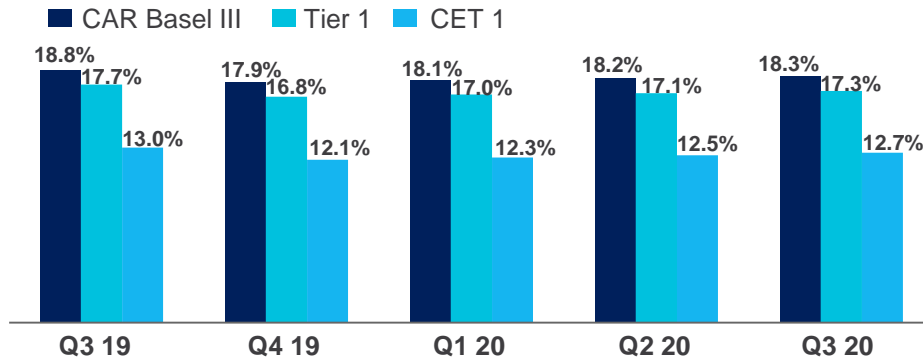
- Total impaired NPAs increased by AED 2,365 Mn during 9 month of 2020 to reach AED 7,805 Mn. (31 Dec 19: AED 5,440 Mn).
- Impaired NPAs ratio at 9.0% as at 30 Sept 2020 (6.5% at 31 Dec 2019) with coverage of 55.5% (31 Dec 2019: 62.8%). Including Collateral after hair cut for stage 3, coverage is 89.1%.
- Total financing provisions (excluding Impairment Reserves) of AED 3,731 Mn represents 4.29% (31 Dec 2019: 3.58%) of Gross Financing portfolio.

○ “Provision coverage ratio” is defined as “total provisions + impairment reserve / impaired NPAs”.

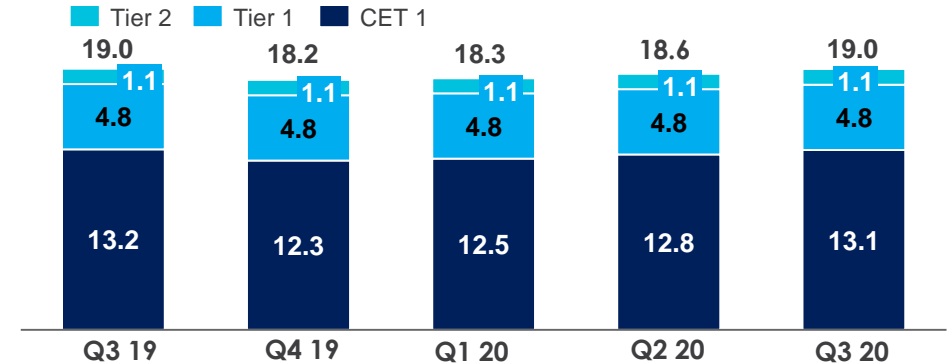
○ “Provision coverage ratio with collaterals (post hair-cut)” is defined as “total provisions + impairment reserve + collaterals / impaired NPAs”.

We Remain Well Capitalized With CET1 Ratio Above Regulatory Requirement

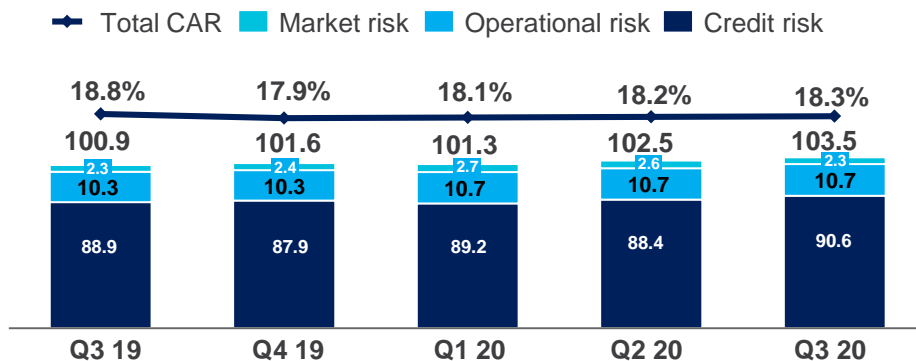
Capital Adequacy Ratio (%)






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



Total Capital Adequacy Ratio and RWA

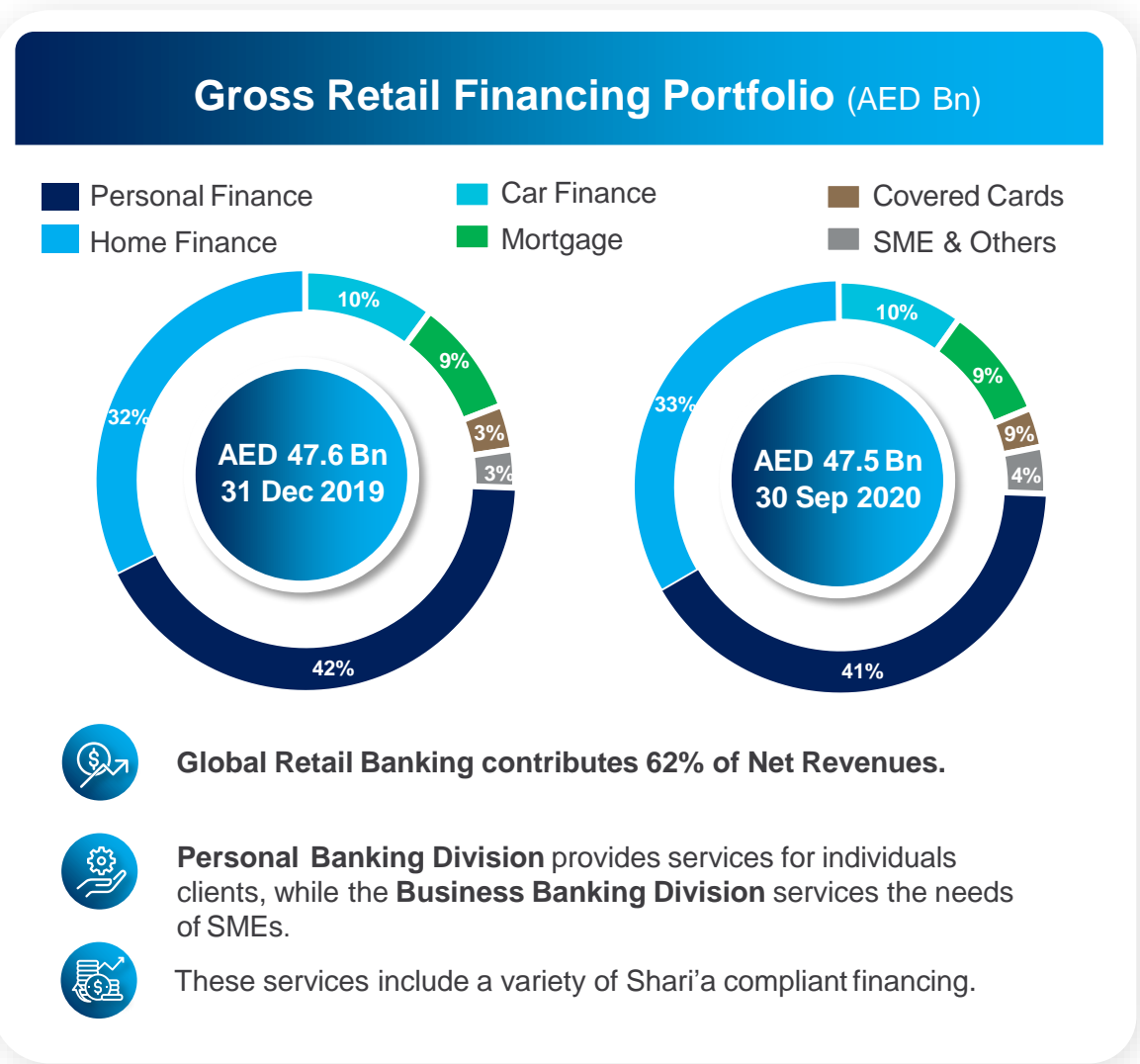
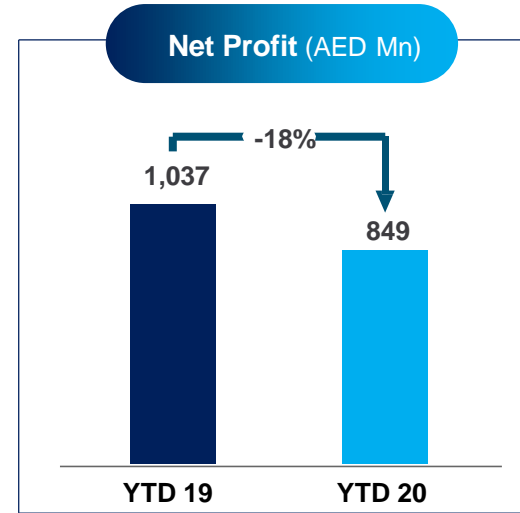
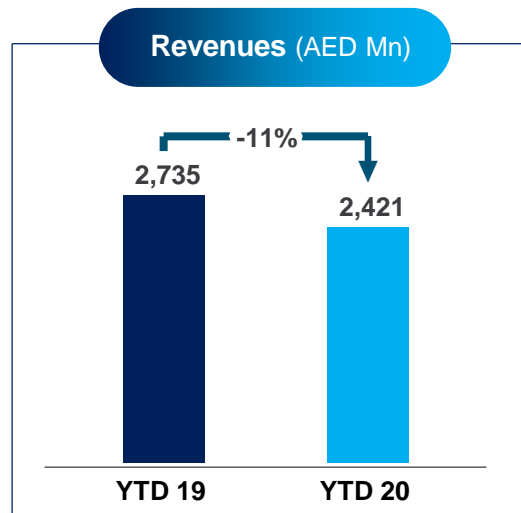
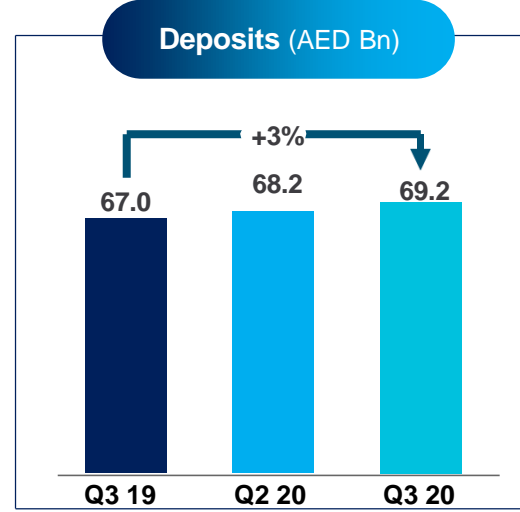
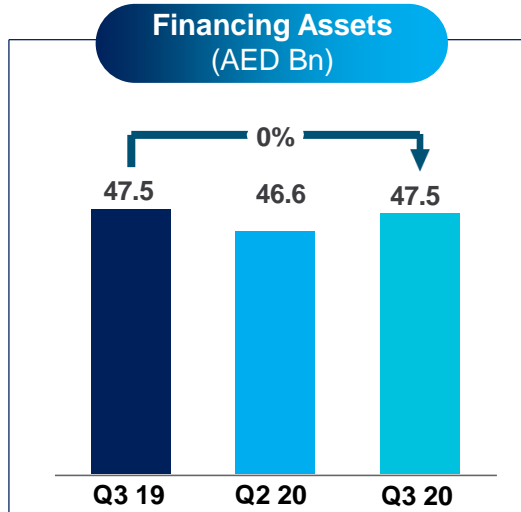


Highlights

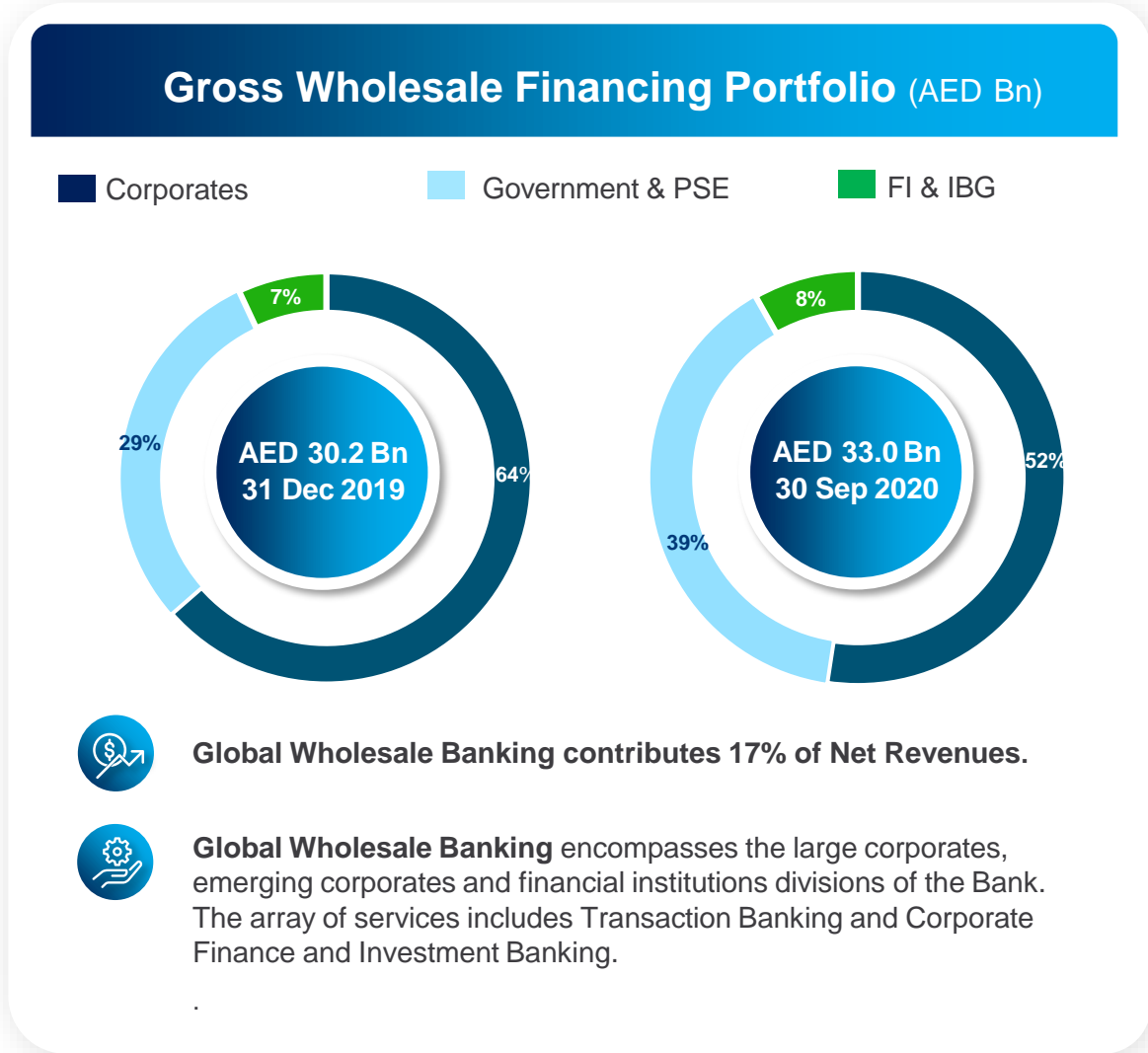
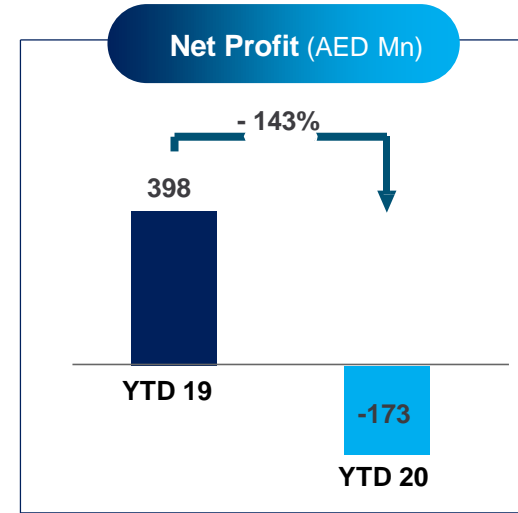
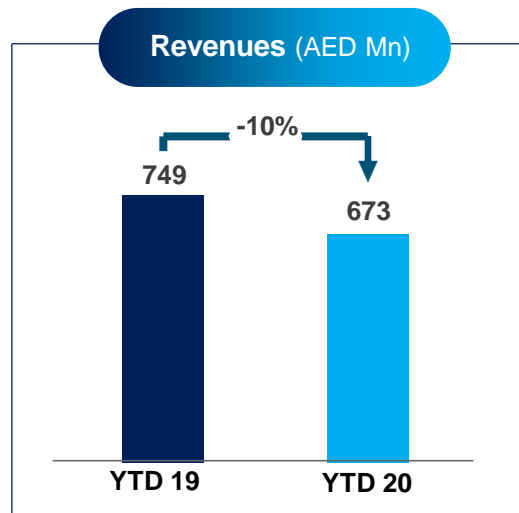
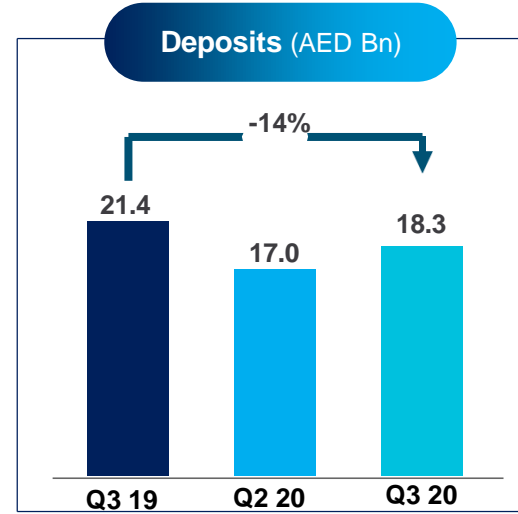
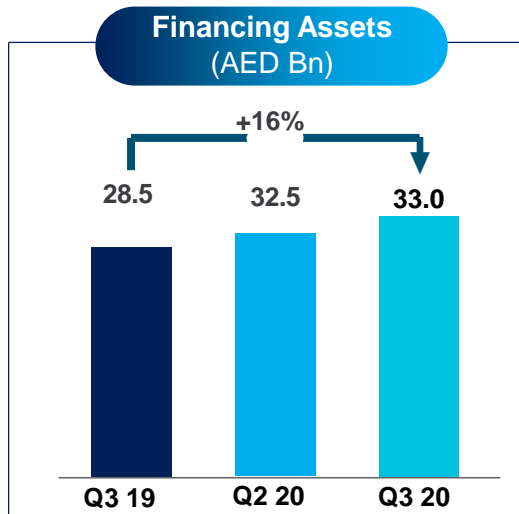
-  Basel III Total Capital Adequacy ratio at end of Sept 2020 at 18.35% well above the regulatory requirement of 11.5%. (31 Dec 19: 17.92%).
-  Basel III Tier I ratio at 17.25% at the end of Sept 2020 well above the regulatory requirement of 9.5%. (31 Dec 19: 16.82%).
-  Basel III CET1 ratio at 12.66% at the end of Sept 2020 above the regulatory requirement of 8.0%. (31 Dec 19: 12.14%).

Divisional Performance

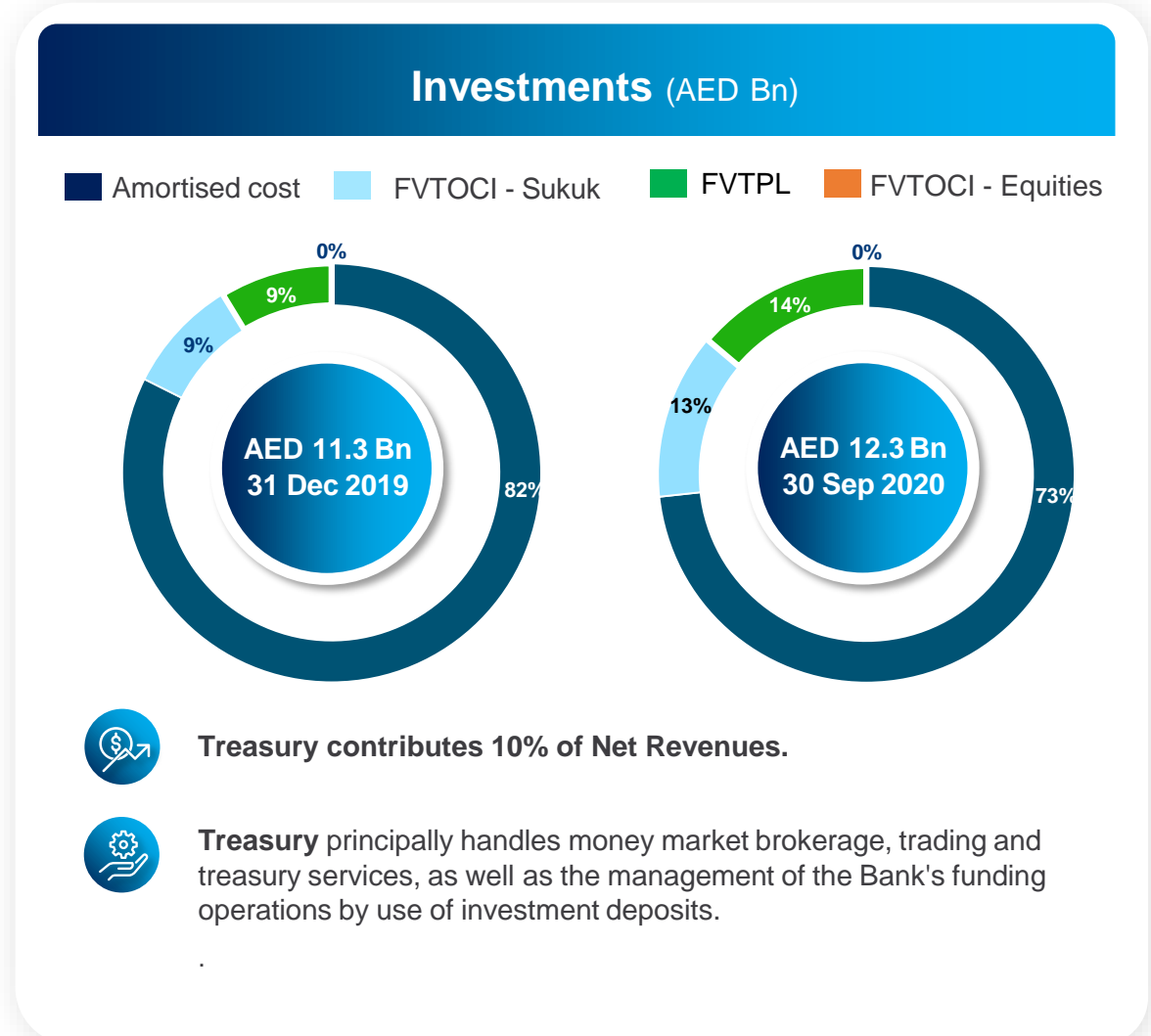
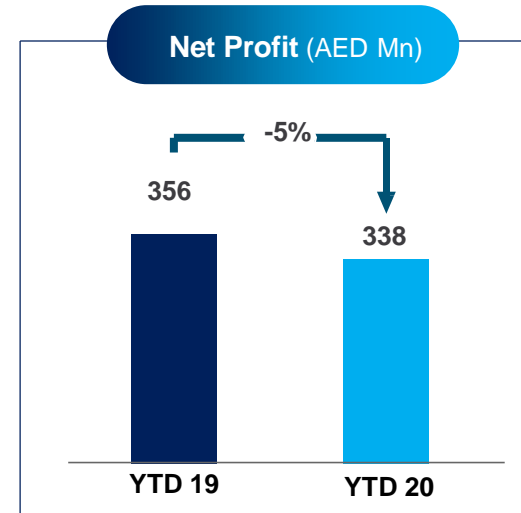
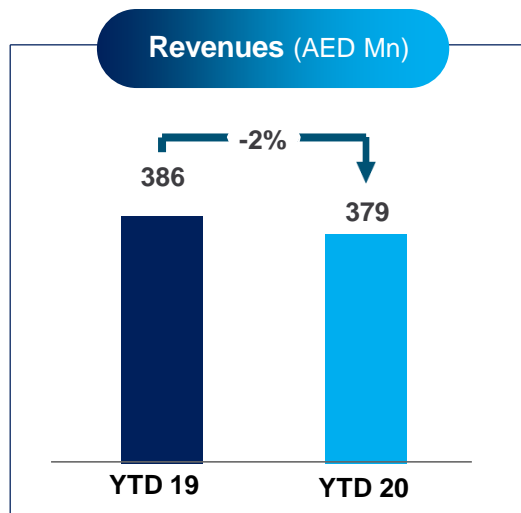
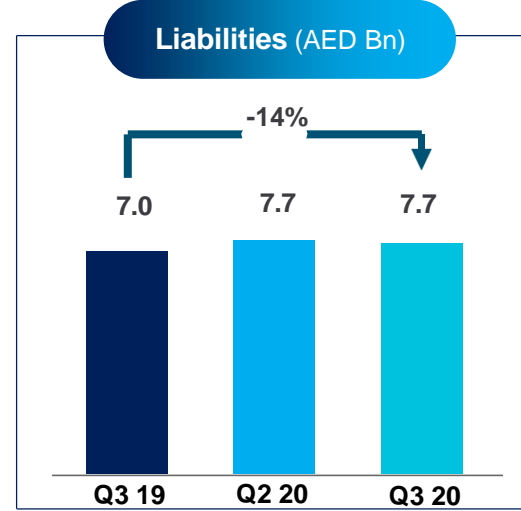
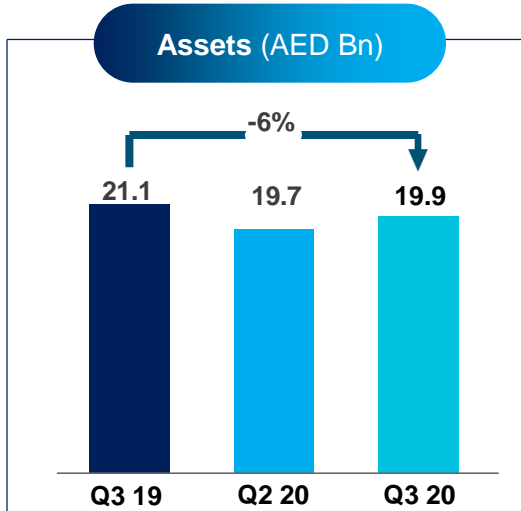
Divisional Performance – Global Retail Banking Group



Divisional Performance – Global Wholesale Banking Group



Divisional Performance – Treasury



Strategic Focus

4-Pillar Strategy

01



Client relationship

Growing and strengthening our existing businesses by **deepening our relationships**.

'Stay' existing clients and expanding our capabilities to **attract 'New to Bank' clients**.

02



Revenues

Diversifying our business mix by **increasing our fee-based income**, recurring revenues across all ADIB segments.

Introducing new revenue streams.

03



Operating efficiency

Achieving greater **operating efficiency** across all areas.

Rationalizing internal structures, re-engineering internal processes, introducing cost save initiatives & an unwavering **commitment to cost discipline**.

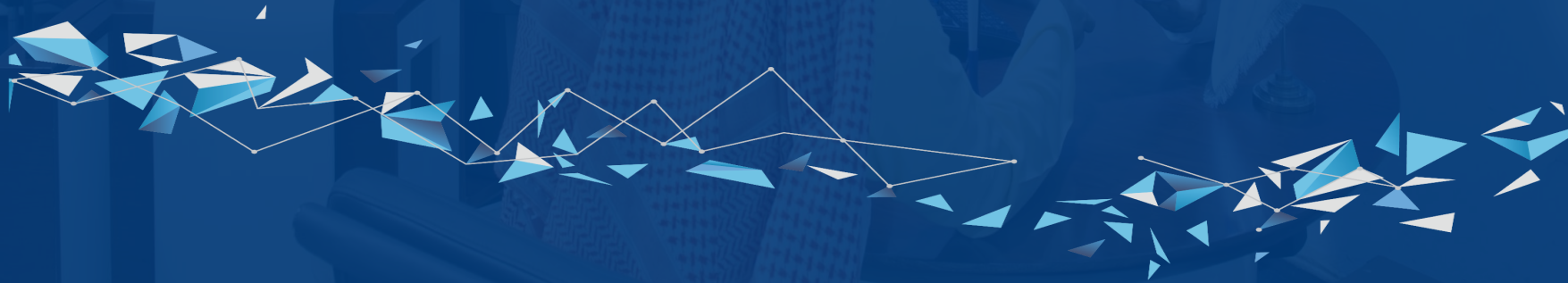
04



Risk and control

Enhancing our risk management framework in line with our risk appetite.

Reinforcing our governance and control culture.



Deep Digital – Digitizing All Parts Of ADIB



Transforming the Front End

Acquire: Increase digital acquisition of customers

- Launch of different customer journeys
- 30% of personal finance is done through digital
- 50% of new to bank customers opened their accounts digitally

Transact: Increase Channel share of digital transactions

- 2 million transaction per month on ADIB app
- 89% of payment for corporate segments are done through digital
- 97% of fund transfer are done digitally

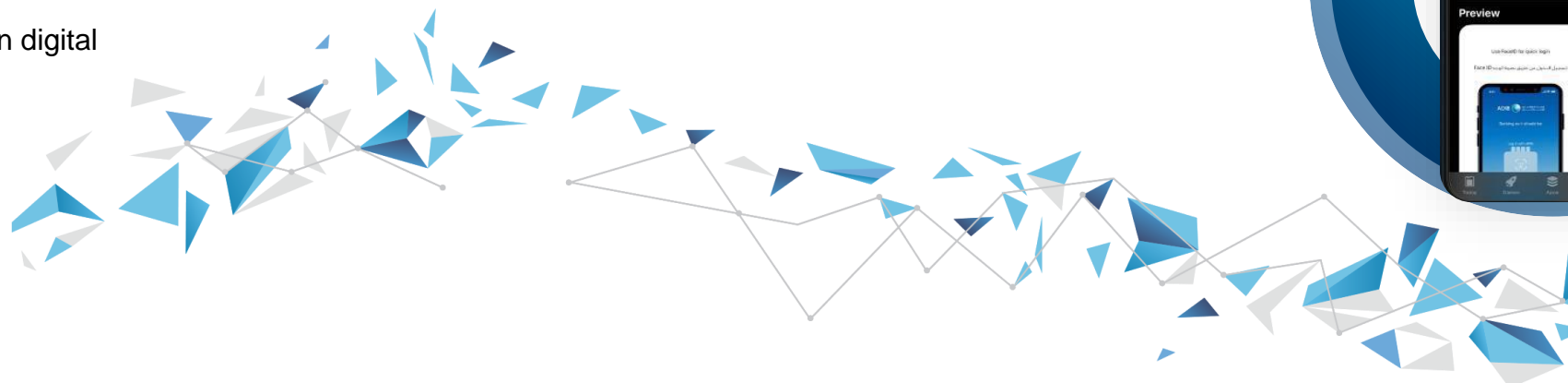
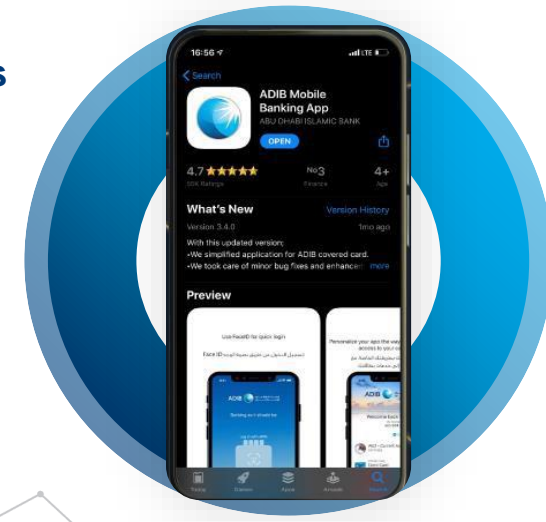
Engage: Drive digital engagement with customers

- Launch ADIB chat bot service
- 75% of customers are active on digital



Transforming the Back End

- Develop high performing agile teams
- Build AI capabilities
- Build a cloud infrastructure
- Automating back end processes
- Use advanced analytics



Staff

- Phased return to office
- Strict sterilization protocols across all facilities
- IT infrastructure scaled up to accommodate WFH
- Chat bot services for staff
- Staff Wellbeing Seminars

Retail Customers

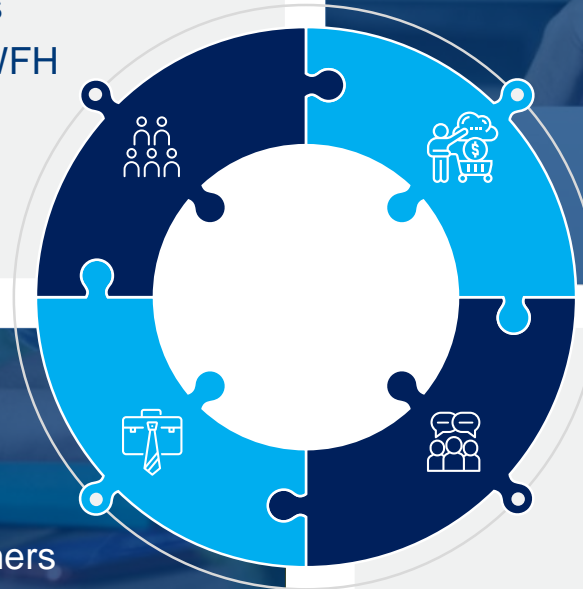
- Deferral of financing and additional waiving of fees
- Leveraged digital infrastructure to serve clients
- Robust cyber security framework
- Launch of remote sales platform

SME & Corporate Customers

- 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

- The Ma'an's 'Together We Are Good' programme
- Provide 10 million meals
- Support students continue distance learning



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Appendix

Consolidated Statement Of Income

AED Mn				Change %				Change %
	Q3 19	Q2 20	Q3 20	Q3 20 vs Q3 19	Q3 20 vs Q2 20	YTD Sept 19	YTD Sept 20	YTD Sep 20 vs YTD Sep 19
Revenues	1,504	1,264	1,376	-8.5%	8.8%	4,391	3,933	-10.4%
Net revenue from funds	948	802	827	-12.8%	3.1%	2,865	2,497	-12.9%
Fees & commission	280	206	301	7.4%	46.1%	748	718	-4.0%
Investment income	195	217	189	-3.2%	-13.1%	542	558	2.9%
Foreign Exchange income	79	38	53	-33.6%	39.8%	229	147	-35.9%
Other income	1	2	7	422.3%	240.3%	7	13	89.5%
Expenses	675	624	614	-9.1%	-1.6%	1,985	1,872	-5.7%
Employees' costs	402	382	371	-7.6%	-2.8%	1,151	1,140	-0.9%
General & administrative expenses	188	163	161	-14.4%	3.3%	570	484	-15.0%
Depreciation & amortization	85	79	81	-4.0%	-1.1%	265	247	-6.6%
Operating profit – margin	829	641	762	-8.0%	19.0%	2,405	2,061	-14.3%
Provision for impairment	207	322	245	18.3%	-23.7%	552	954	72.7%
Net profit before zakat & tax	621	319	517	-16.8%	62.0%	1,853	1,107	-40.3%
Zakat & tax	1	1	-17	-1,287.7%	-1,388.2%	2	-15	-713.9%
Net profit after zakat & tax	620	318	534	-13.9%	67.9%	1,850	1,121	-39.4%

Consolidated Balance Sheet

AED Mn	30 Sep 2019	31 Dec 2019	30 Sep 2020	Change %	
				Sep 20 vs Sep 19	Sep 20 vs Dec 19
Cash and balances with Central Banks	19,581	19,823	18,159	-7.3%	-8.4%
Due from financial institutions	3,769	3,363	3,502	-7.1%	4.1%
Net Customer financing	79,236	81,108	83,205	5.0%	2.6%
Investments	12,538	12,940	13,480	7.5%	4.2%
Investment in associates	1,262	1,281	1,316	4.2%	2.7%
Investment and development properties	2,215	2,086	2,066	-6.7%	-1.0%
Other assets / fixed assets / intangibles	5,683	5,385	5,389	-5.2%	0.1%
Total Assets	124,285	125,987	127,116	2.3%	0.9%
Due to financial institutions	2,270	2,461	4,045	78.2%	64.3%
Customers' deposits	100,364	101,404	100,722	0.4%	-0.7%
Other liabilities	3,268	3,018	3,378	3.3%	11.9%
Total Liabilities	105,902	106,884	108,144	2.1%	1.2%
Share Capital & Reserves	13,629	14,349	14,218	4.3%	-0.9%
Tier 1 Sukuk	4,754	4,754	4,754	-	-
Total Equity	18,383	19,103	18,972	3.2%	-0.7%
Total Liabilities & Equity	124,285	125,987	127,116	2.3%	0.9%

Source: Derived from published financial statements

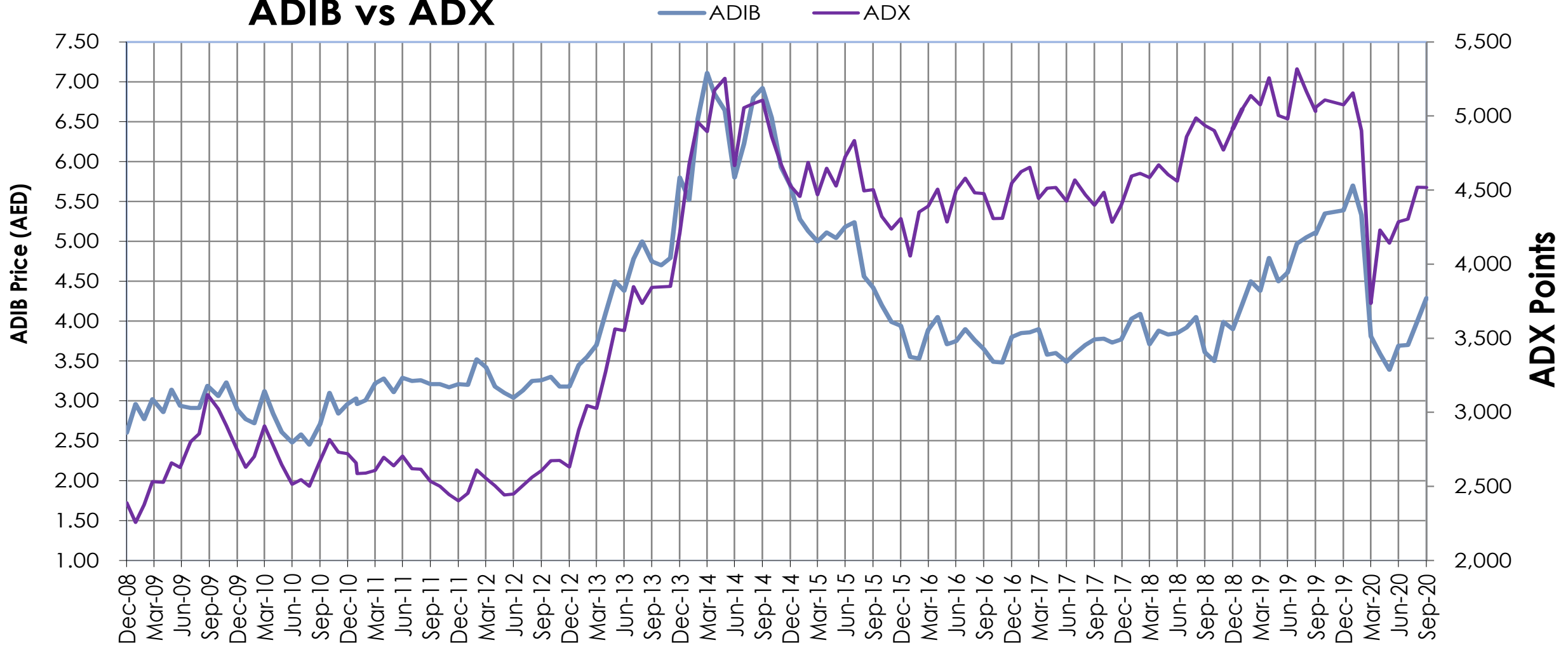
Dividend Distribution History (AED)

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

ADIB vs ADX



Thank you