

Investor Presentation

31 December 2019 results

Abu Dhabi: February 2020



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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
A+	F1	Stable
A2	P1	Stable
AAA	P1	Stable

Stock Info (Price and Ratio as of 31 Dec 2019)

Market Cap (Price @ AED 5.39)	AED 19.6 bn (US\$ 5.3 bn)
Diluted EPS / share (AED) –	0.632
PE Ratio	9 times
Price / Book Ratio	1.36
Shares Issued (@ AED 1)	3.6 Bn

Presence

- Domestic - 81 Branches and 635 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)

- **2005** - Established Abu Dhabi Islamic Securities Company (ADIBS) and Burooj Properties.
- **2007** - New strategic shareholder (EIIC) introduced.
- **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 14.
- **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 program, of USD 750 Mn at maturity in 2015 .
- **2016** - Fully repaid 3rd tranche, issued under \$ 5 Bn EMTN program, 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** – Issued Shari'a-compliant hybrid perpetual Tier 1 sukuk amounting to USD 750 Mn.
- **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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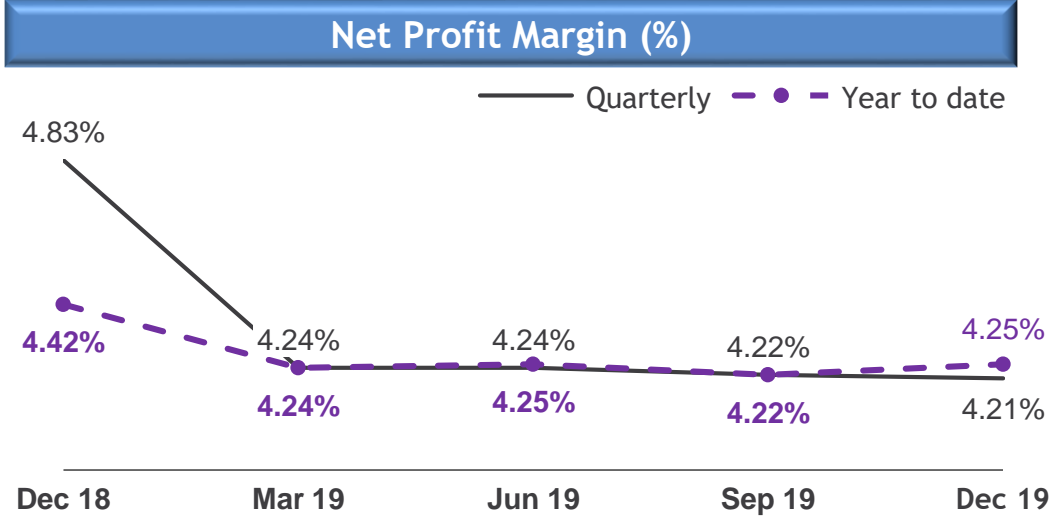
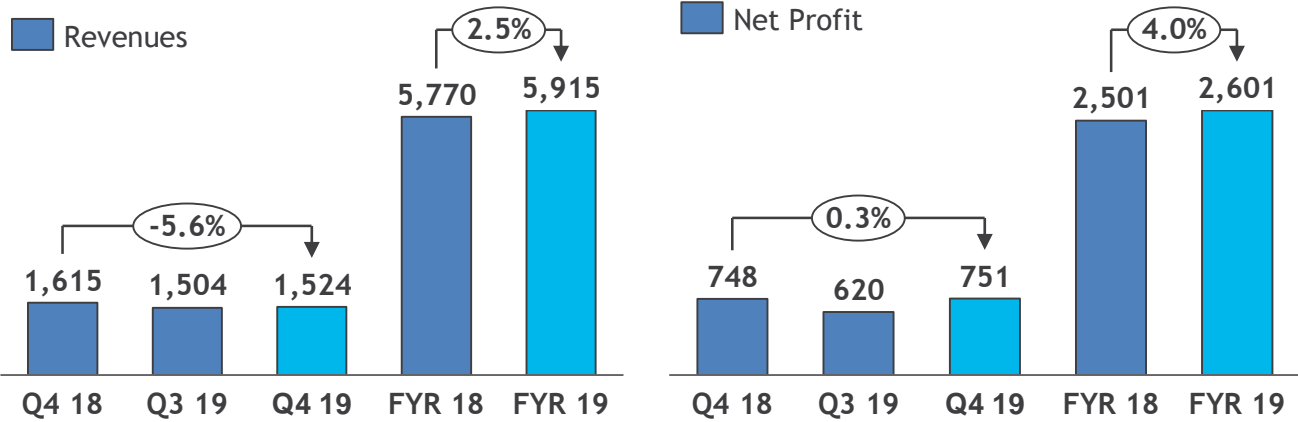


Appendix

Q4 / FYR 2019 – Key financial highlights – Income statement

AED Mn	Q4 18	Q4 19	Change %	FYR 18	FYR 19	Change %
Net Revenue from funds	1,078.1	953.1	-11.6%	3,906.7	3,818.3	-2.3%
Fees and commission	314.5	335.6	6.7%	1,058.7	1,083.3	2.3%
FX income	59.1	88.8	50.4%	257.0	317.5	23.6%
Investment income	161.2	144.8	-10.2%	525.5	687.0	30.7%
Others	2.4	2.1	-11.9%	21.7	9.2	-57.6%
Operating income	1,615.3	1,524.4	-5.6%	5,769.5	5,915.2	2.5%
Expenses	733.0	667.6	-8.9%	2,643.8	2,653.1	0.4%
Operating profit	882.3	856.8	-2.9%	3,125.7	3,262.2	4.4%
Provision for impairment	133.1	105.6	-20.6%	620.1	658.1	6.1%
Zakat & tax	0.9	0.5	-41.2%	4.8	3.0	-38.8
Net profit	748.3	750.6	0.3%	2,500.8	2,601.1	4.0%

- Operating income grew by 2.5% due to growth in customer finance and higher investment and foreign exchange income.
- Net profit margin was 4.25%, despite lower rates in the market, helped by the positive impact of the low cost of funds and a growth in customer financing.
- Expenses were flat year-on-year, reflecting cost discipline initiatives that led to a decrease of 1% in cost to income ratio. This was achieved despite investments in key strategic and digital initiatives designed to support business growth, enhance customer experience and create future efficiencies.
- Provision for impairment for 2019 increased by 6.1% to AED 658.1 million vs. AED 620.1 million in 2018, with net cost of risk increasing to an annualized 78 bps.
- Net profit up by 4.0% mainly due to revenue growth of 2.5% driven by higher investment income and foreign exchange income. This increase is despite growth in expenses and impairment.

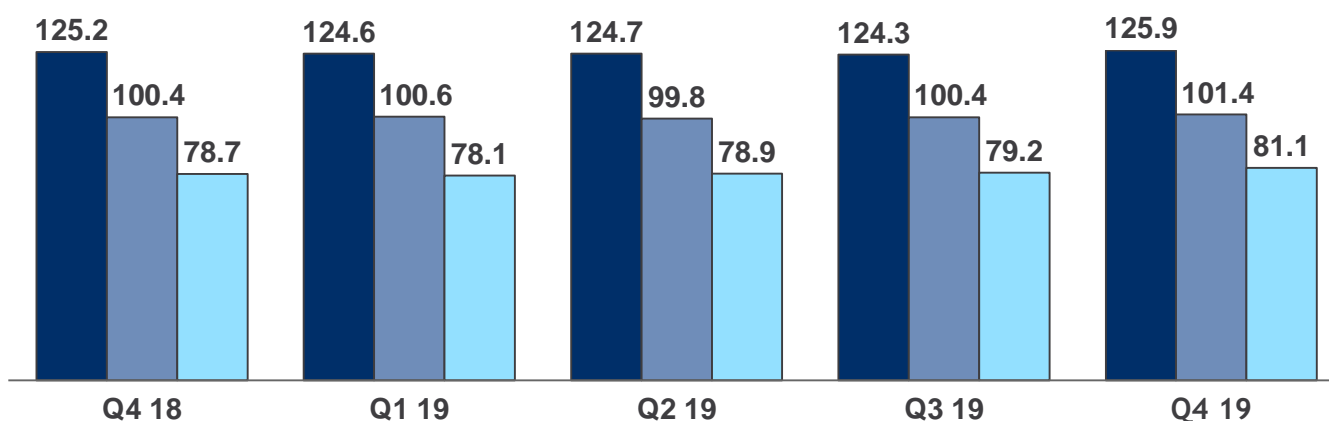


31 December 2019 – Key financial highlights – Balance sheet

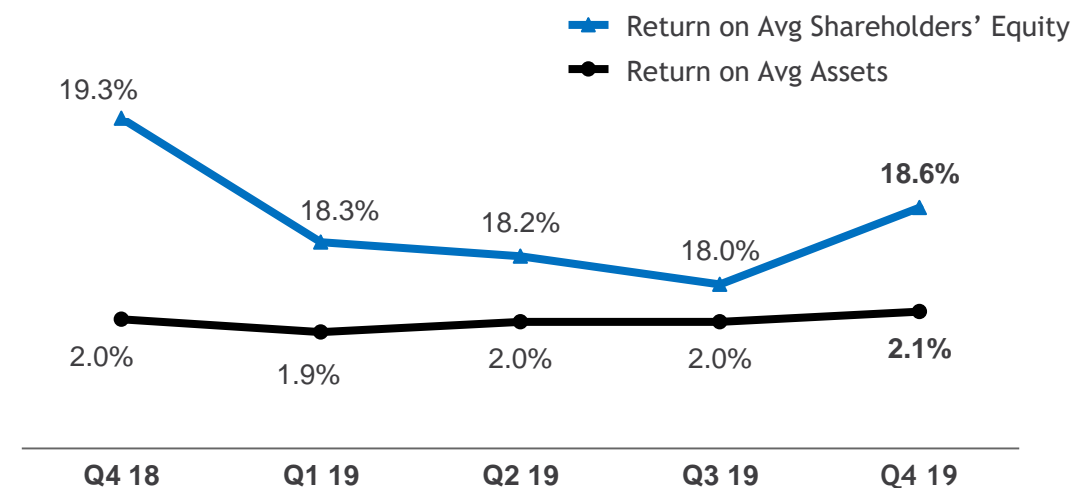
AED Bn	Dec 18	Dec 19	Change %
Total assets	125.2	125.9	0.6%
Net customer financing	78.7	81.1	3.1%
Investments	14.9	14.2	-4.4%
Customers' deposits	100.4	101.4	1.0%
Total equity	17.7	19.1	7.2%

- Customer financing increased by 3.1% from Q4 2018 to reach AED 81.1 Bn, primarily due to growth in Wholesale banking 6.0% and Retail banking 1.0%.
- Customer deposits increased by 1.0% over Q4 2018, however, Financing to Deposit ratio remains healthy at 80.0% and Advances to Stable Funds Ratio at 84.1%.
- Capital adequacy ratio - Basel III at 31 Dec 2019 Total CAR was 18.88%, Tier 1 ratio was 17.79% and CET 1 ratio was 13.11%. These ratios are well above the minimum requirements prescribed by Central Bank of UAE.

■ Total Assets ■ Customers Deposits ■ Customer Financing



ROAA & ROASE (%)



Key ratios

Ratios		Dec 2018	Sep 2019	Dec 2019
Efficiency	Diluted Earnings per share (EPS in AED)	0.637	0.440	0.632
	Return on Average Shareholders' Equity (excluding - Tier 1 capital)	19.3%	18.0% ¹	18.6%
	Net profit margin (%)	4.42%	4.22% ¹	4.25%
	Cost of funds (%)	0.69%	0.81% ¹	0.80%
	Cost / income ratio	45.8%	45.2%	44.9%
Liquidity	Percentage lent (Financing / Total Assets)	62.8%	63.8%	62.8%
	Financing to Deposits ratio	78.4%	78.9%	80.0%
	Advances to Stable funds ratio	82.9%	83.9%	84.1%
	Liquid Assets to Total Assets ratio	19.2%	18.8%	18.4%
Solvency	Capital Adequacy – Basel III	17.2%	18.8%	18.9%
	Tier -1 ratio – Basel III	16.1%	17.7%	17.8%
	Common Equity Tier -1 ratio (CET 1) – Basel III	11.3%	13.0%	13.1%
	Leverage ratio (Assets / Equity)	706%	675%	660%

¹ Annualised.

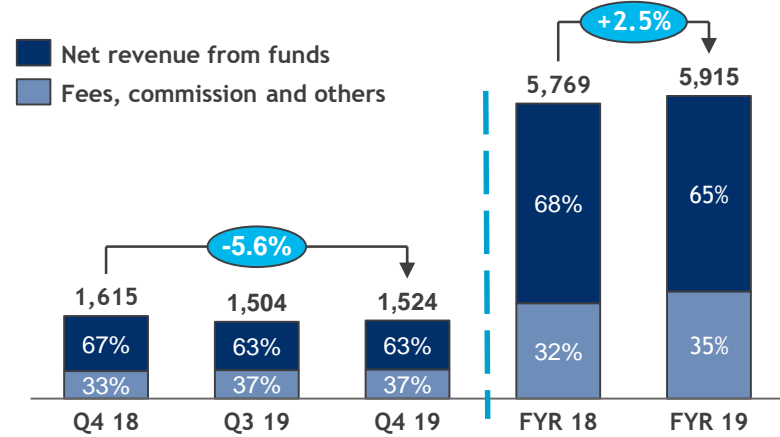
Source: Derived from published financial statements

Operating Performance – Net profit income

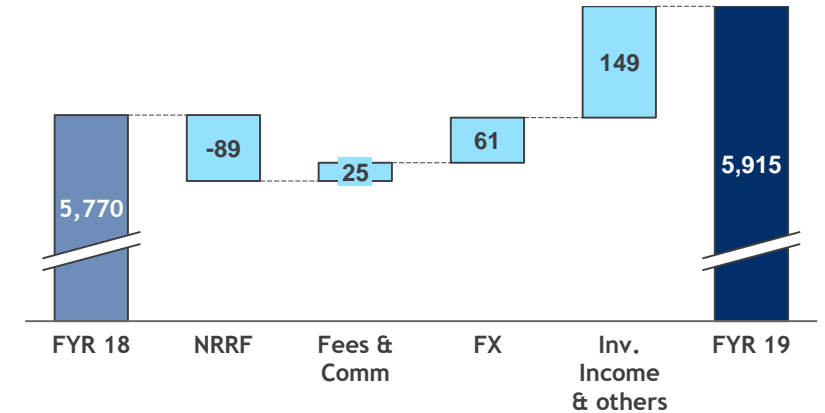
Highlights (FYR 2019 vs. FYR 2018)

- Net profit margin was 4.25%, despite lower rates in the market, helped by the positive impact of the low cost of funds and a growth in customer financing (mainly Wholesale banking 6.0% and Retail banking 1.0%).
- Cost of funds remained flat in the last 4 quarters and one of the best among the peer banks, despite an increase of 11 bps vs. 2018 due to increase in average deposit cost.

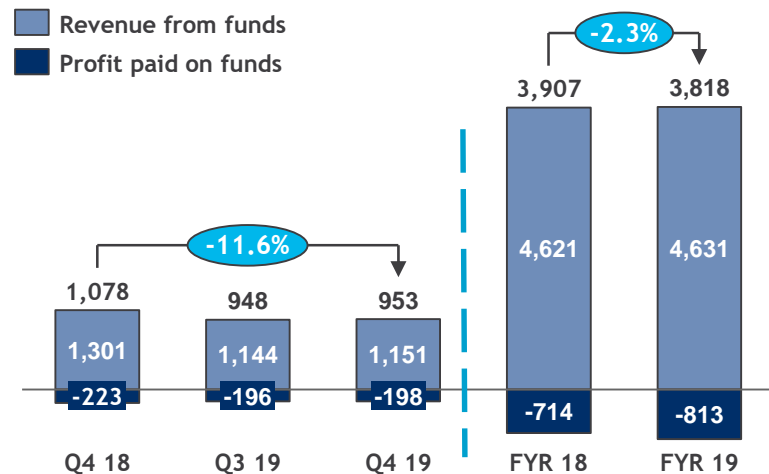
Revenues (AED Mn)



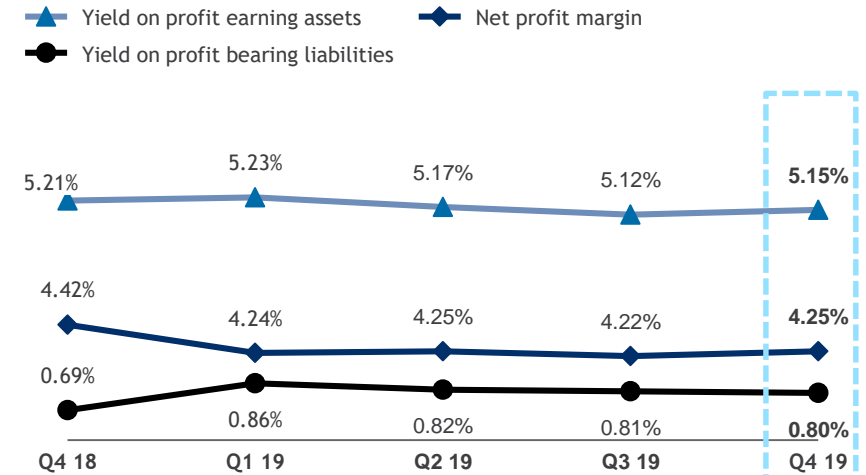
Key movement in Revenues (AED Mn)



Net Revenue from Funds (AED Mn)



Evolution of Yields (%)

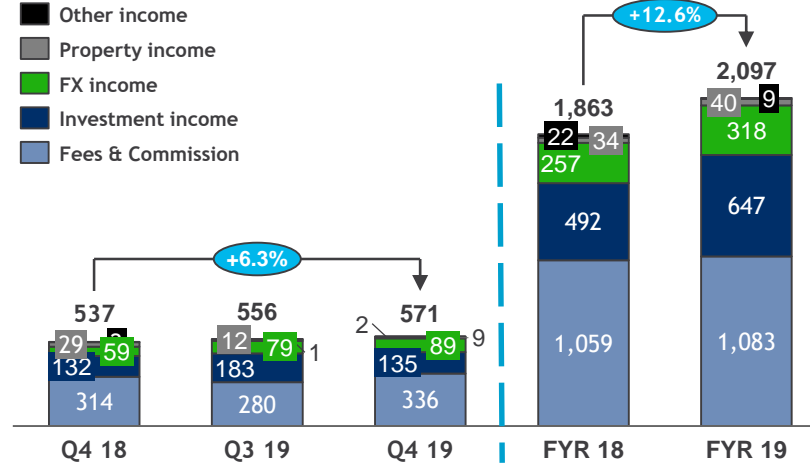


Operating Performance – Non-profit income

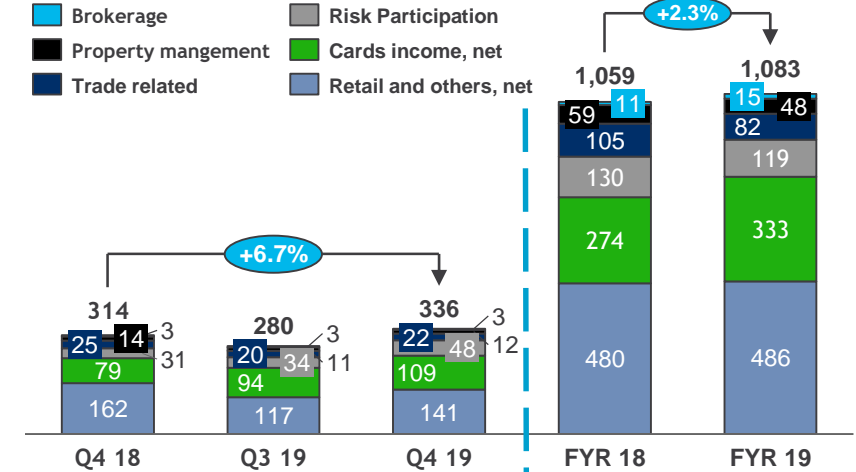
Highlights (FYR 2019 vs. FYR 2018)

- Non-profit income higher by 12.6% at AED 2,097.0 Mn, now comprises 35.5% of total revenue compared to 32.3% in FYR 18.
- Increase of 12.6% mainly driven by higher investment income, foreign exchange income, income from properties, partially off-set by lower income from associates.
- Investment income higher by 31.5% primarily due to higher trading sukuk gains & increase in sukuk profit income resulting from increase in average sukuk portfolio, off-set by lower income from associates.
- FX income higher by 23.6% at AED 317.5 Mn due to strong performance across businesses.

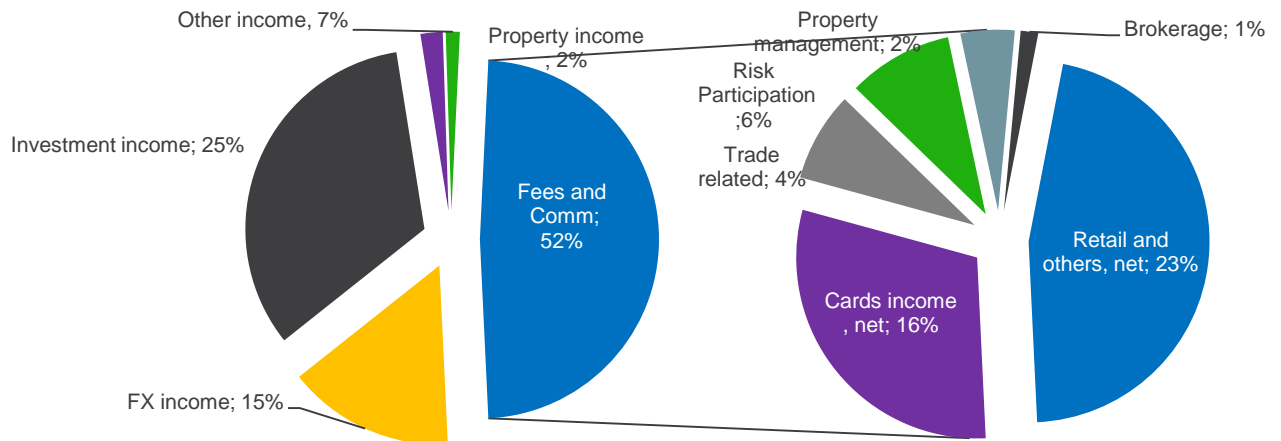
Non-profit income (AED Mn)



Composition of Fees & commission (AED Mn)



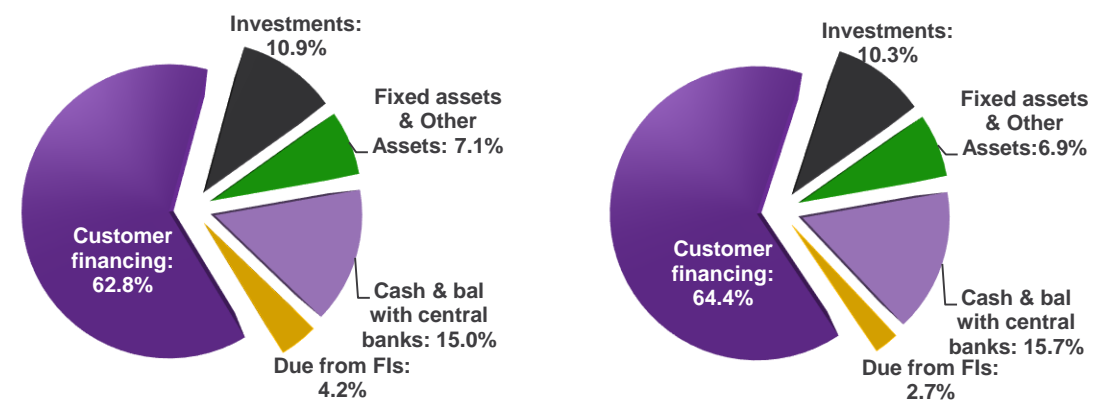
Non-profit income Revenue breakdown



Balance Sheet Strength and Customer Financing

Gross Customer Portfolio increased 3.1% vs. Dec 18, mainly due to WBG up by 6.0% and Retail banking up by 1.0%.

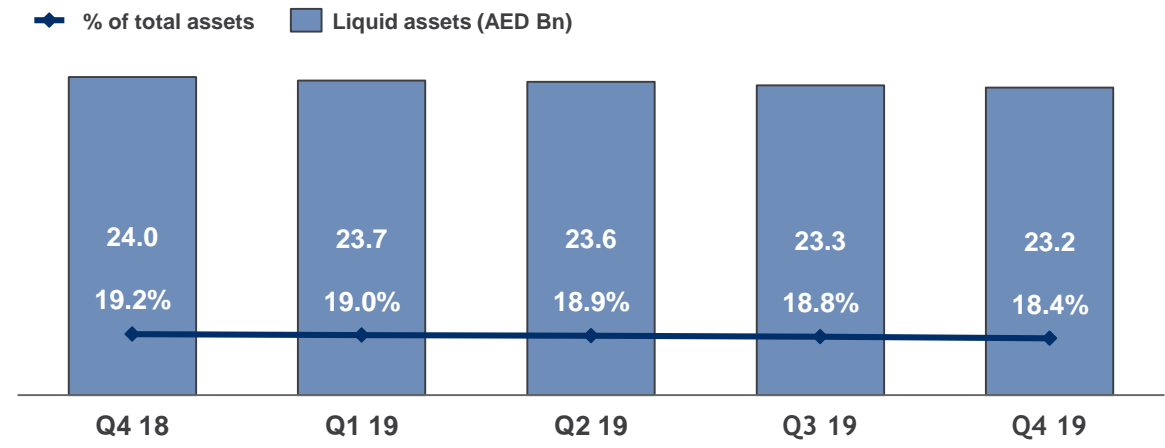
Composition of Total Assets – AED Bn



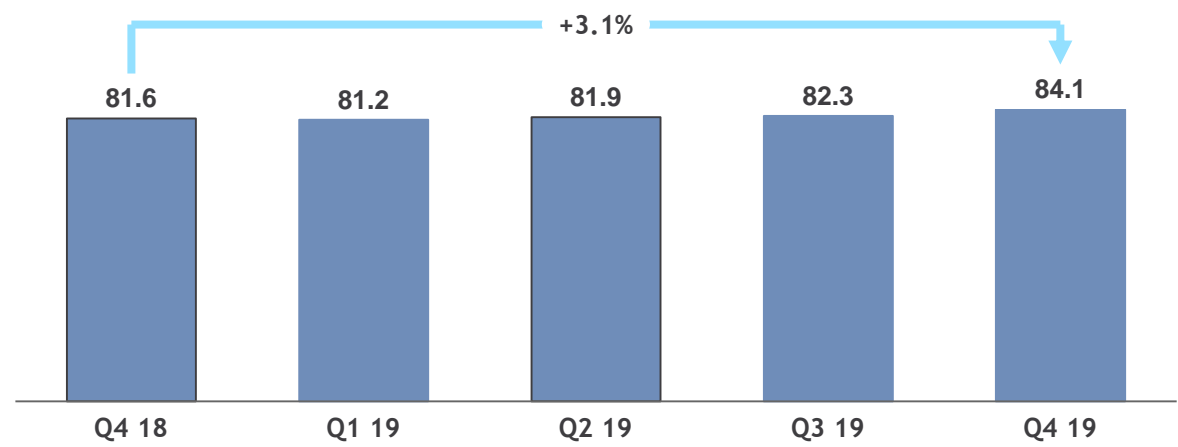
31 Dec 2018 – AED 125.2 Bn

31 Dec 2019 – AED 125.9 Bn

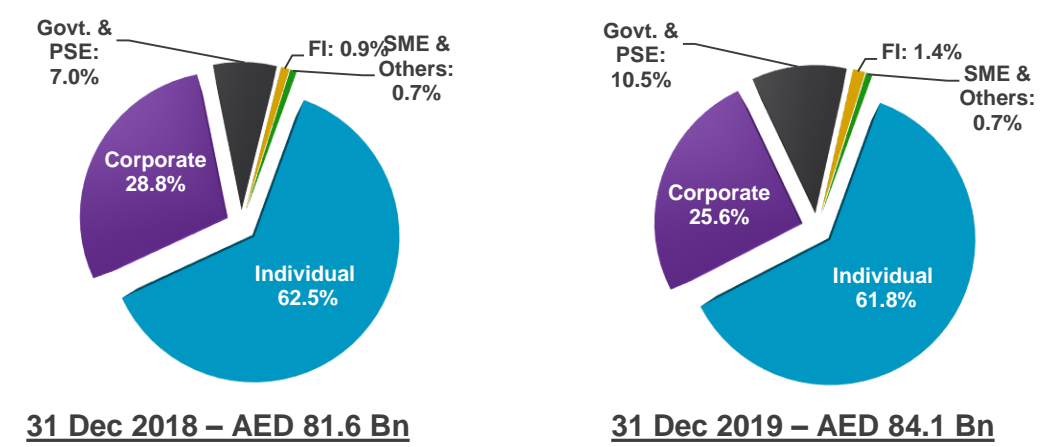
Liquidity ratio* (%)



Gross Customer Financing by Segment



Gross Customer Financing by Customer Segment



31 Dec 2018 – AED 81.6 Bn

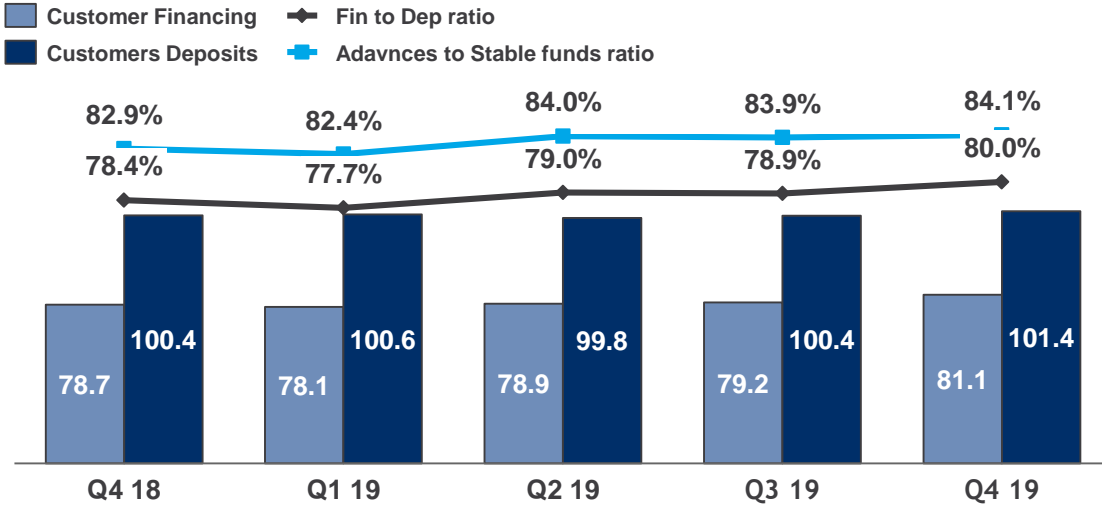
31 Dec 2019 – AED 84.1 Bn

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

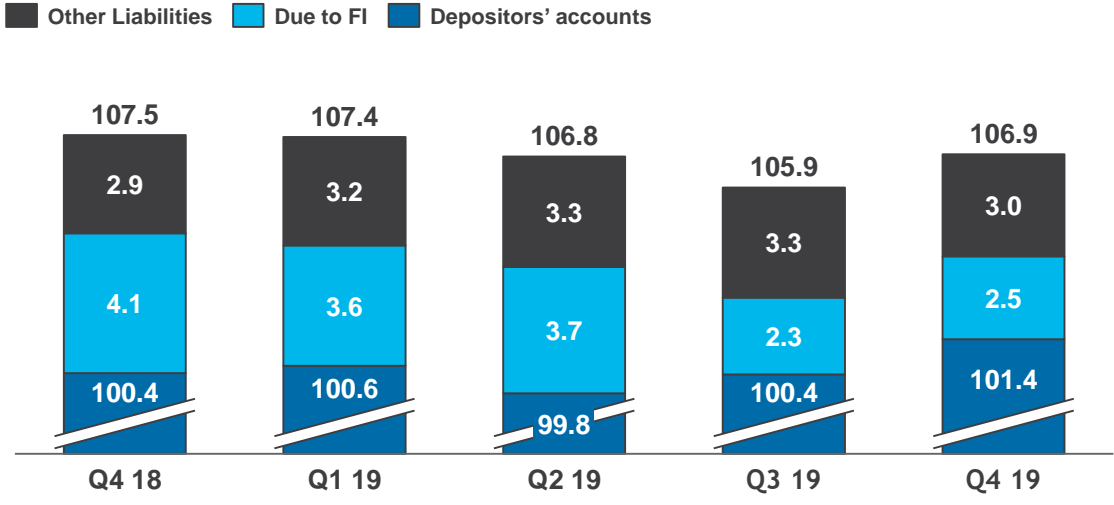
Funding Profile

Healthy Financing to Deposit ratio of 80.0%.

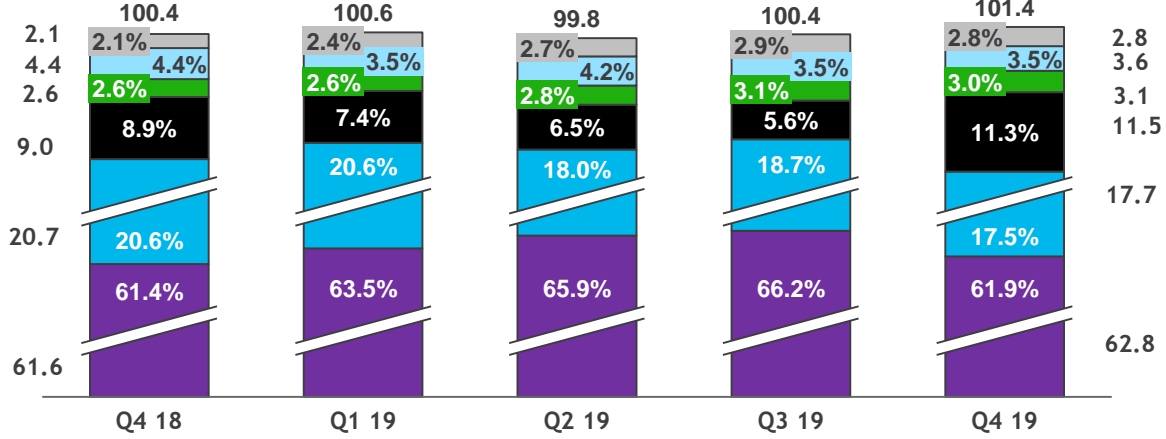
Net Customer Financing & Customers' Deposits (AED Bn)



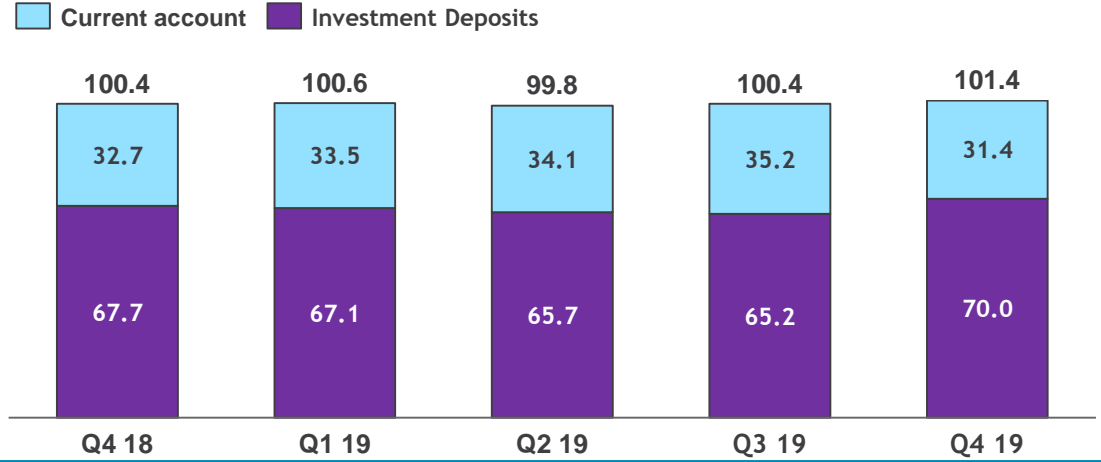
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)



Customers' Deposits by Type (AED Bn)

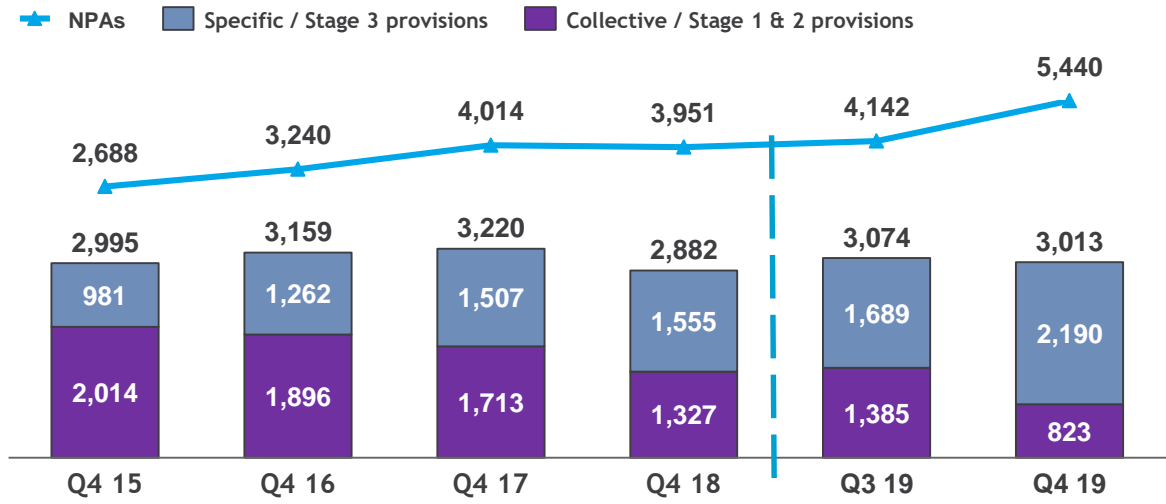


Others IBG & FI Private Treasury Wholesale Retail

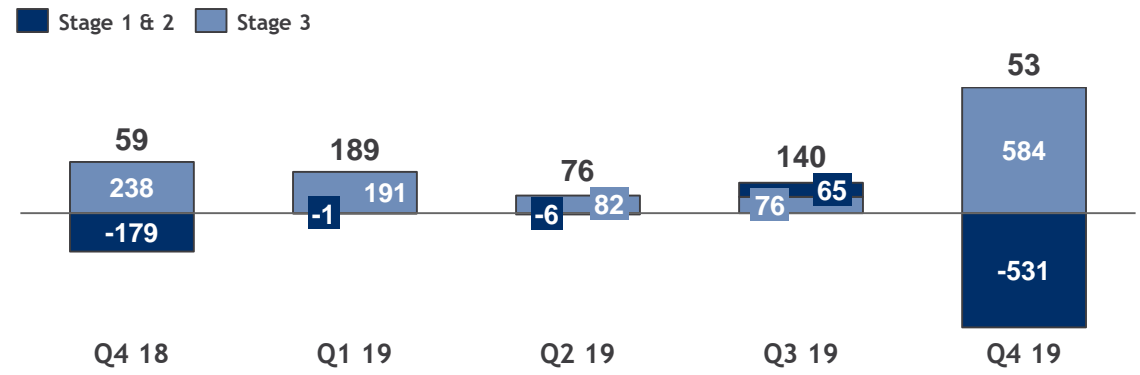
Asset quality – Customer financing assets only

Provisioning now calculated in accordance with IFRS 9.

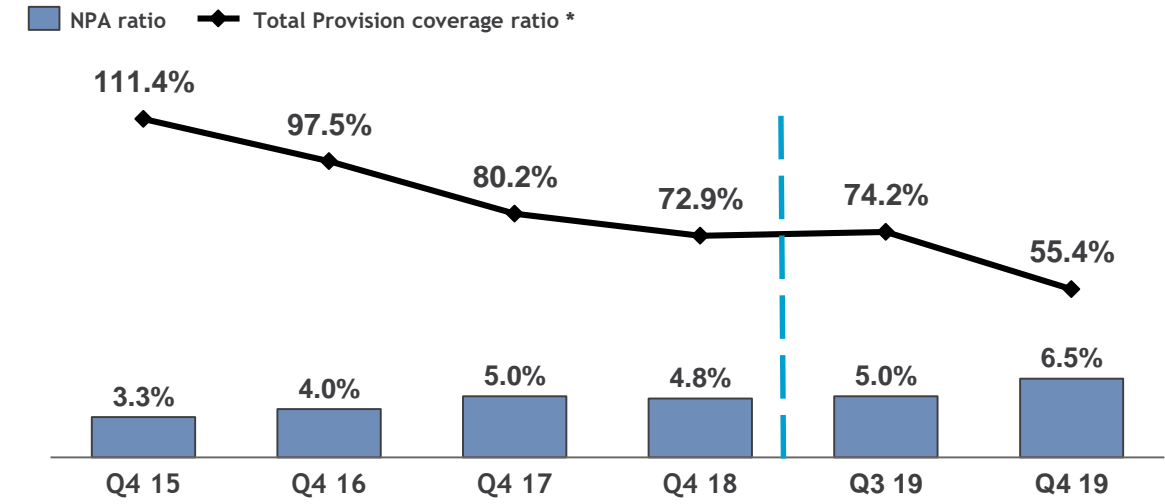
Provisions and NPAs - Customer financing (AED Mn)



Provisions charge - Customer financing assets only (AED Mn)



NPA ratio and Provision Coverage ratio



Key points

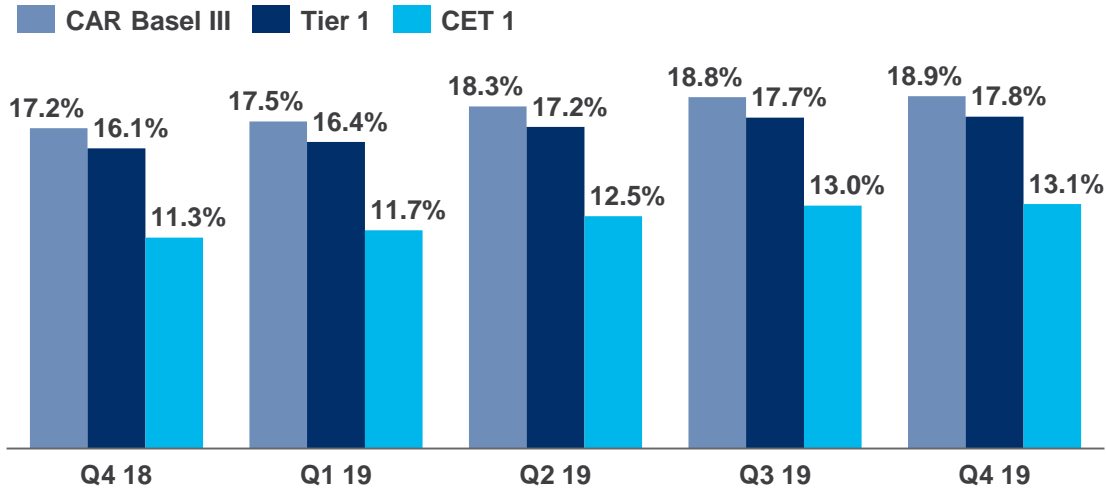
- Total NPAs increased by AED 1,589 Mn during 2019 to reach AED 5,440 Mn (31 Dec 18: AED 3,951 Mn).
- NPAs ratio at 6.5% as at 31 December 2019 (4.8% at 31 Dec 2018) with coverage of 55.4% (31 Dec 2018: 72.9%). Including Collateral after hair cut for stage 3, coverage is 99.8%
- Stage 1 & 2 financing provisions now stand AED 823 Mn at end of Dec 2019. Impairment reserve of AED 403.4 Mn has been created in equity in order to maintain Stage 1 & 2 provision at 1.5% of Total CRWA.
- Stage 3 financing provisions of AED 2,190 Mn at 40.3% of impaired NPAs at end of Dec 2019 (31 Dec 2018: 39.3%). Including stage 3 post haircut collateral value (50%), this ratio improves to 84.7%.
- Total financing provisions of AED 3,013 Mn represents 3.58% (31 Dec 2018: 3.53%) of Gross Financing portfolio.

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

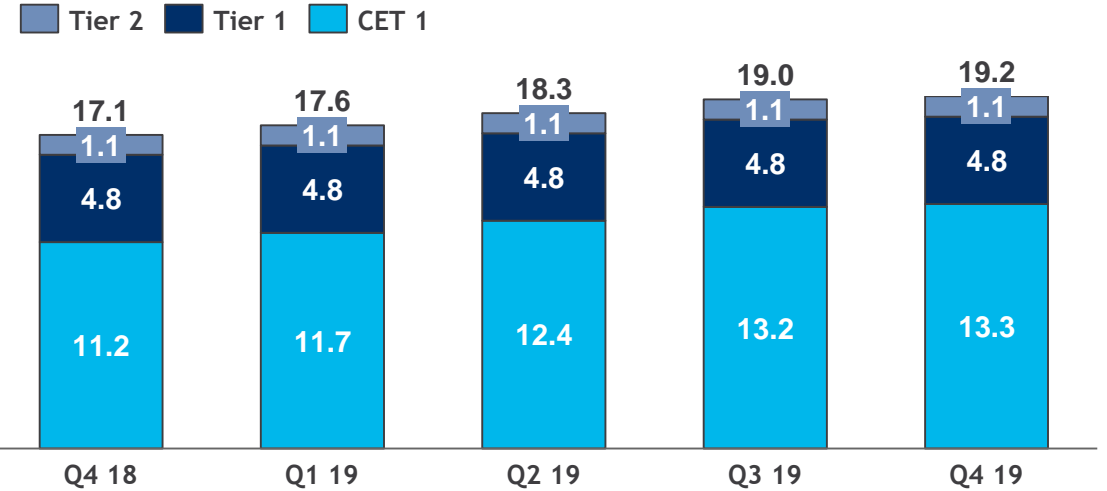
Capital Adequacy Ratio (CAR)

Well above the Regulatory thresholds

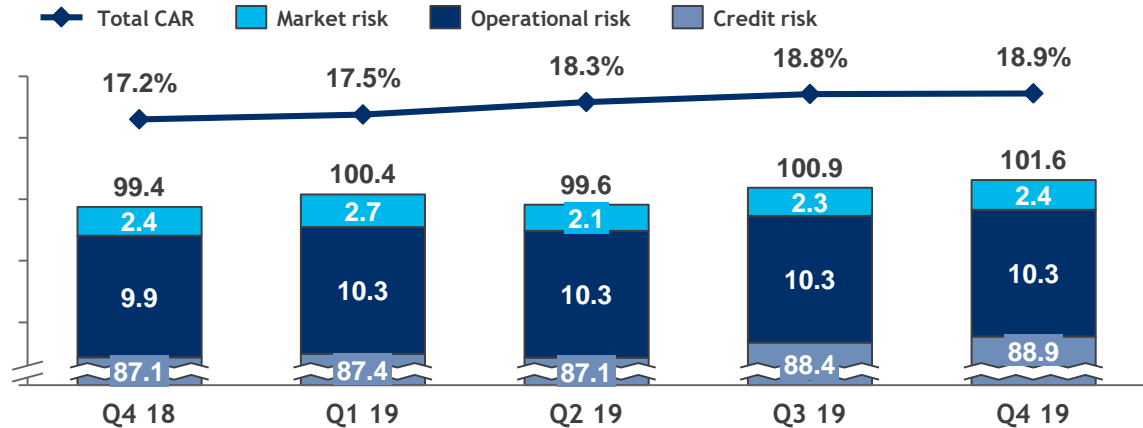
Capital Adequacy Ratio (%)



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 Dec 2019 at 18.88% well above the regulatory requirement of 13.0%. (31 Dec 18: 17.18%).
- Basel III Tier I ratio at 17.79% at the end of Dec 19 well above the regulatory requirement of 11.0%. (31 Dec 18: 16.09%).
- Basel III CET1 ratio at 13.11% at the end of Dec 2019 above the regulatory requirement of 9.5%. (31 Dec 18: 11.31%).

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Executive summary – 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.

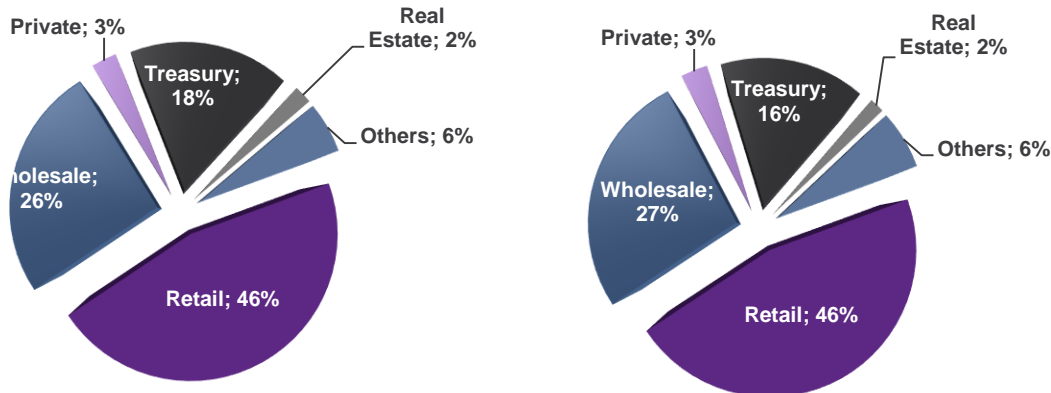
4

RISK AND CONTROL

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

Business Segment Contribution – Largely a Retail Bank

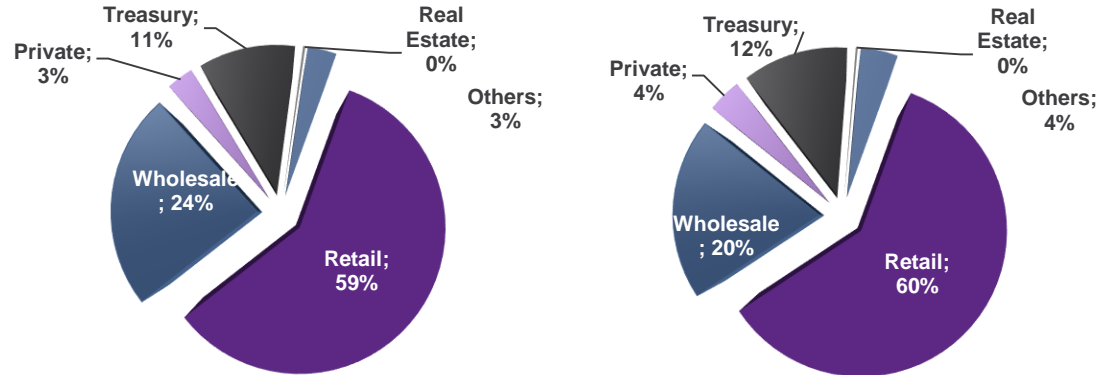
Composition of Total Assets - AED Bn



31 Dec 2018 – AED 125.2 Bn

31 Dec 2019 – AED 125.9 Bn

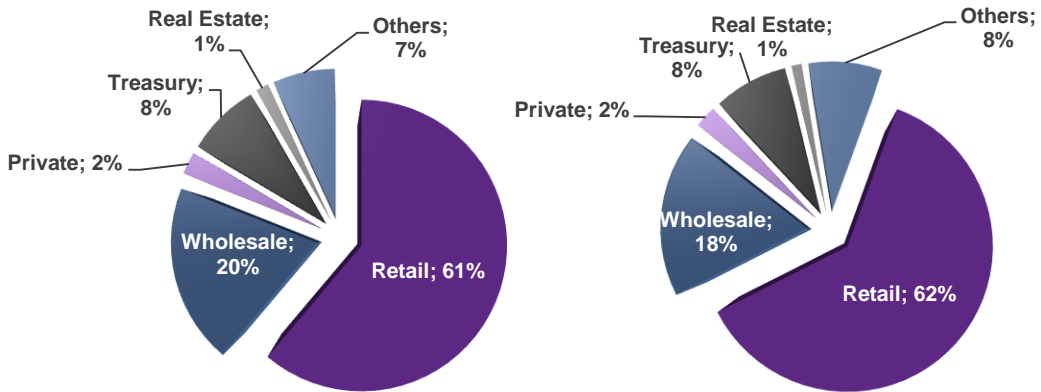
Composition of Total Liabilities - AED Bn



31 Dec 2018 – AED 107.5 Bn

31 Dec 2019 – AED 106.9 Bn

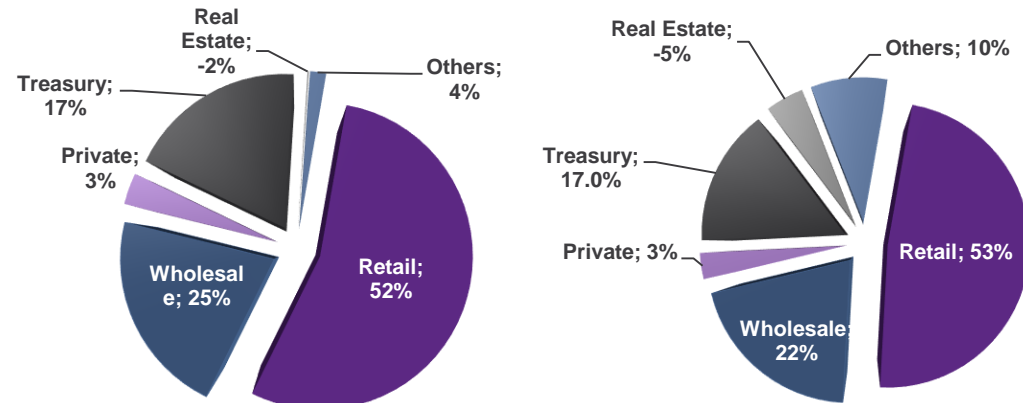
Composition of Revenues - AED Mn



FYR 2018 – AED 5,769.5 Mn

FYR 2019 – AED 5,915.2 Mn

Composition of Net profit - AED Mn



FYR 2018 – AED 2,500.8 Mn

FYE 2019 – AED 2,601.1 Mn

Source: Derived from published financial statements

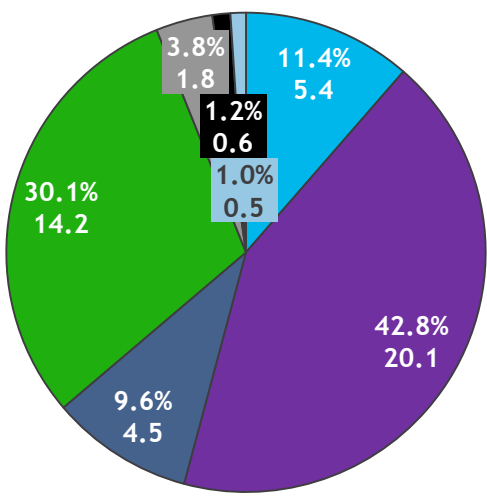
Global Retail Banking overview

Global Retail Banking contributes 62% of Net Revenues:

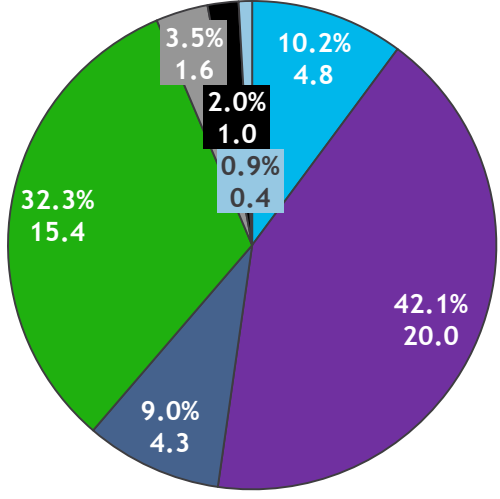
- Personal Banking Division provides services for individuals clients, while the Business Banking Division services the needs of SMEs.
- These services include a variety of Shari'a compliant financing.

Gross Retail Financing Portfolio

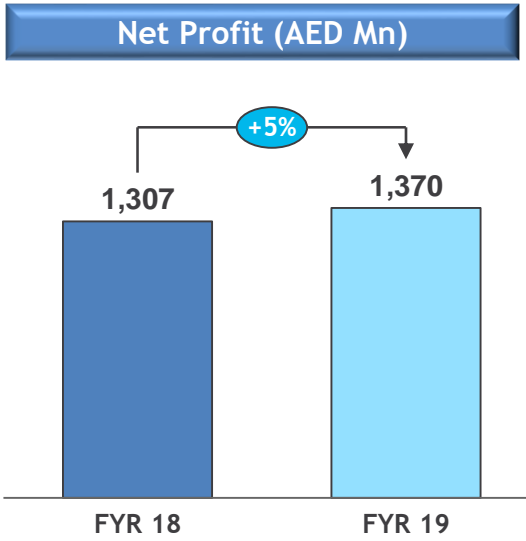
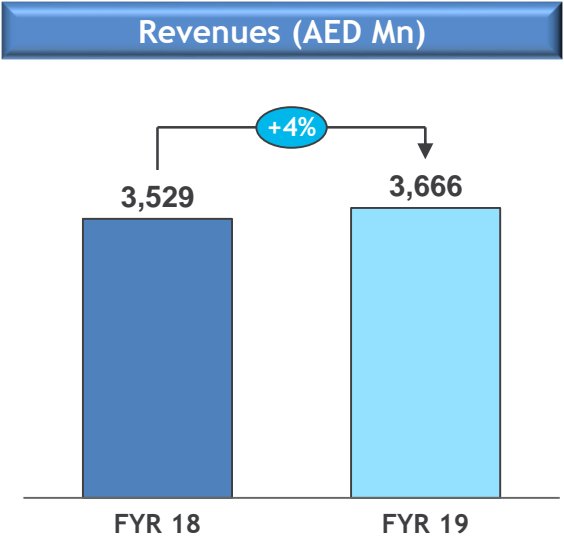
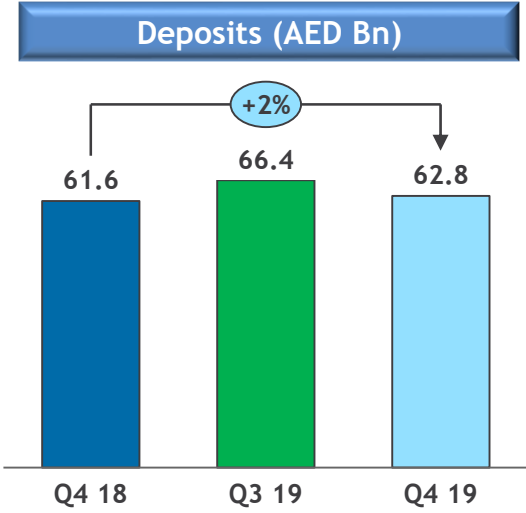
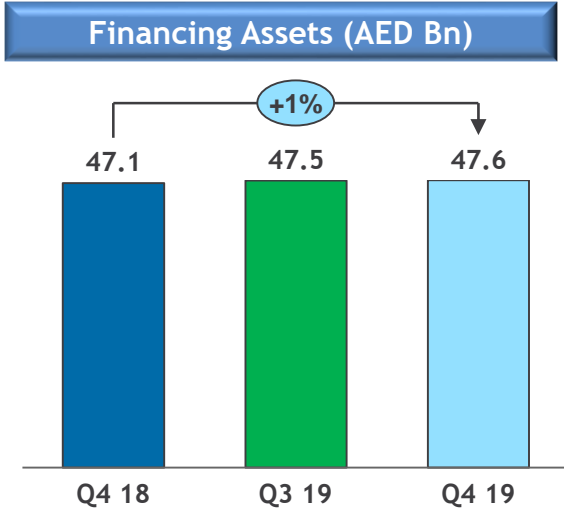
- Car Finance
- Mortgage
- Covered Cards
- SME
- Personal Finance
- Home Finance
- Others



31 Dec 2018 - AED 47.1 Bn



31 Dec 2019 - AED 47.6 Bn



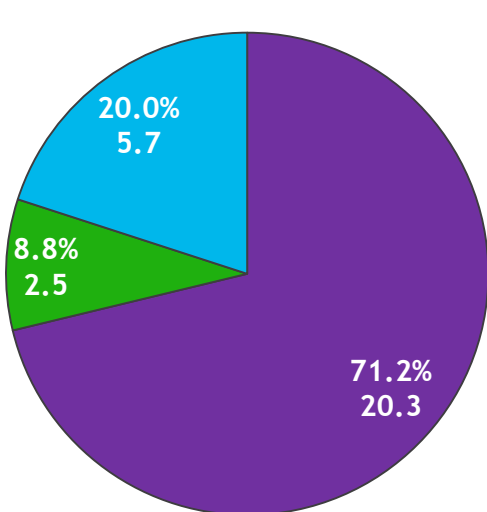
Global Wholesale Banking overview

Global Wholesale Banking contributes 18% of Net Revenues.

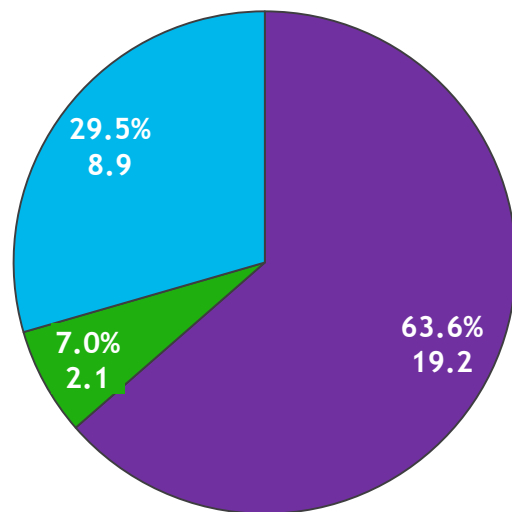
- Global Wholesale Banking encompasses the large corporates, emerging corporates and financial institutions divisions of the Bank. The array of services includes Transaction Banking and Corporate Finance and Investment Banking.

Gross Wholesale Financing Portfolio

■ Corporates
 ■ FI & IBG
 ■ Government and Public sector

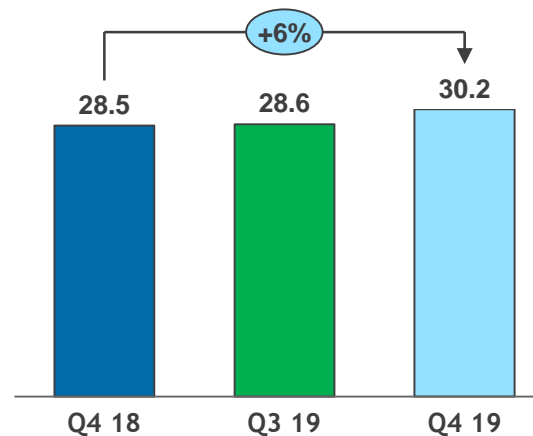


31 Dec 2018 - AED 28.5 Bn

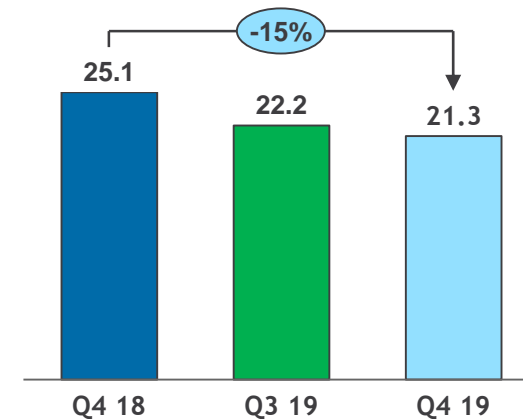


31 Dec 2019 - AED 30.2 Bn

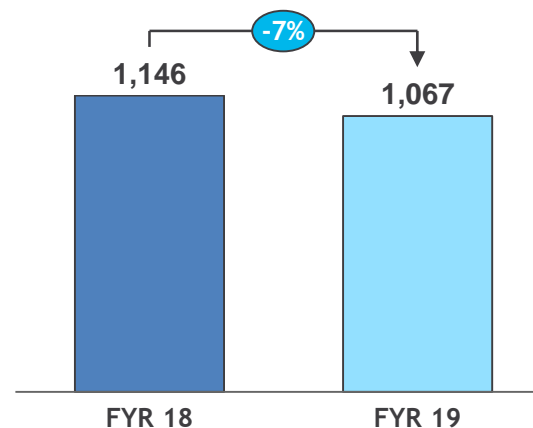
Financing Assets (AED Bn)



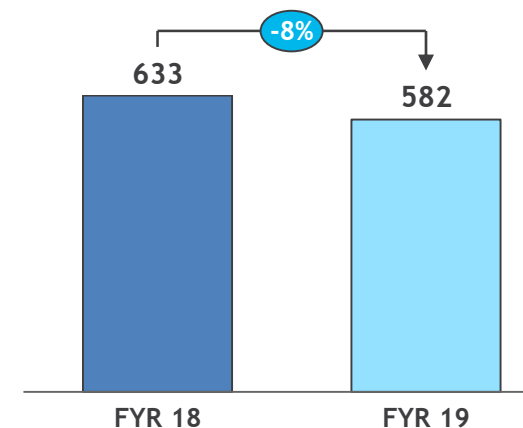
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



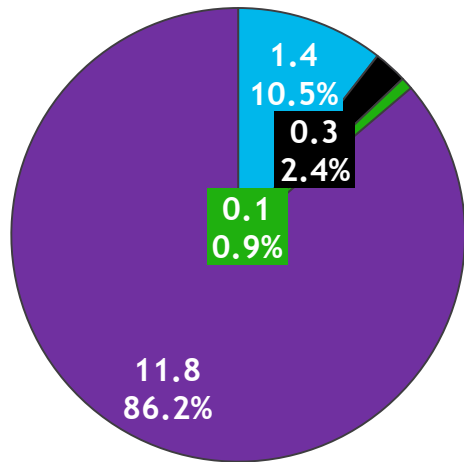
Treasury overview

Treasury contributes 8% of Net Revenues.

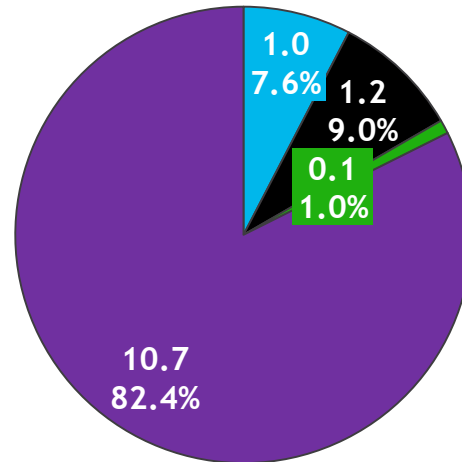
- Treasury principally handles money market brokerage, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Investments

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



31 Dec 2018 - AED 13.7 Bn



31 Dec 2019 - AED 12.9 Bn

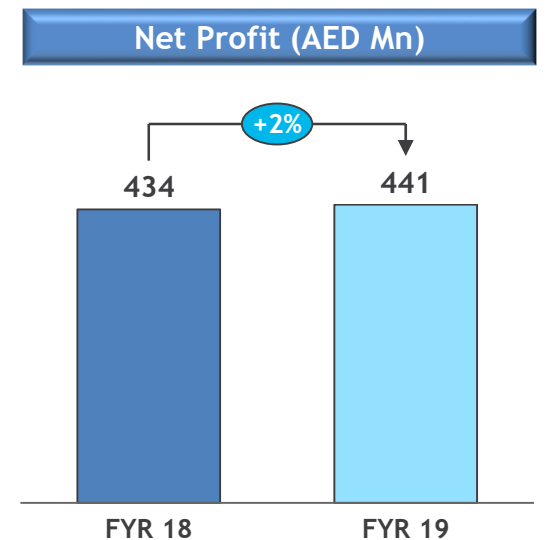
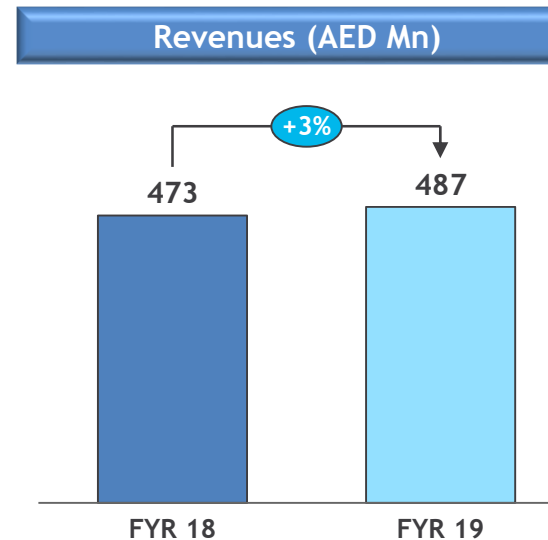
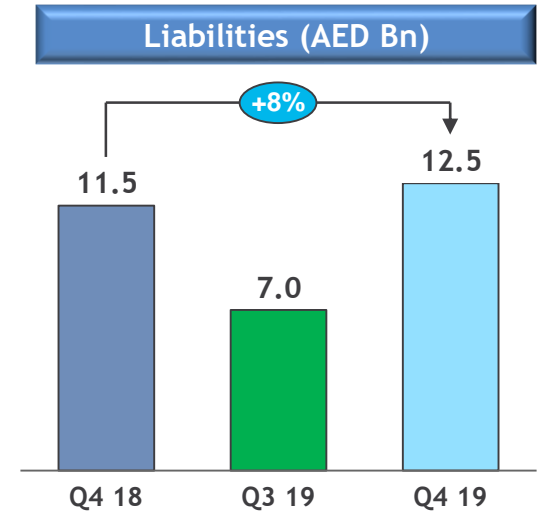
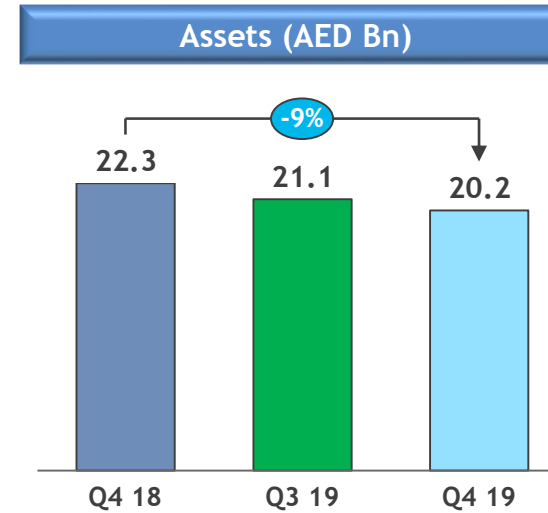


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Appendix

Consolidated Statement of Income

AED Mn	Q4 18	Q3 19	Q4 19	% chg Q4 19 vs Q4 18	% chg Q4 19 vs Q3 19	FYR 18	FYR19	% chg 2019 vs 2018
Revenues	1,615.3	1,503.7	1,524.4	-5.6%	1.4%	5,769.5	5,915.2	2.5%
Net Revenue from Funds	1,078.1	948.2	953.1	-11.6%	0.5%	3,906.7	3,818.3	-2.3%
Fees & commission	314.5	280.0	335.6	6.7%	19.8%	1,058.7	1,083.3	2.3%
Investment income	161.2	195.0	144.8	-10.2%	-25.8%	525.5	687.0	30.7%
Foreign Exchange	59.1	79.2	88.8	50.4%	12.1%	257.0	317.5	23.6%
Other income	2.4	1.3	2.1	-11.9%	58.6%	21.7	9.2	-57.6%
Expenses	733.0	674.8	667.6	-8.9%	-1.1%	2,643.8	2,653.1	0.4%
Employee cost	388.3	401.9	378.8	-2.5%	-5.7%	1,499.6	1,529.7	2.0%
Premises	68.3	35.0	31.6	-53.8%	-9.8%	265.3	150.7	-43.2%
Depreciation	70.6	84.6	103.8	47.1%	22.7%	279.0	368.5	32.1%
Other Operating expenses	205.8	153.4	153.4	-25.5%	0.0%	599.9	604.3	0.7%
Operating Profit - Margin	882.3	828.9	856.8	-2.9%	3.4%	3,125.7	3,262.2	4.4%
Provision for impairment	133.1	207.5	105.6	-20.6%	-49.1%	620.1	658.1	6.1%
Net profit before zakat & tax	749.2	621.4	751.2	0.3%	20.9%	2,505.6	2,604.1	3.9%
Zakat & Tax	0.9	1.4	0.5	-41.2%	-61.5%	4.8	3.0	-38.8%
Net Profit after zakat & tax	748.3	620.0	750.6	0.3%	21.1%	2,500.8	2,601.1	4.0%

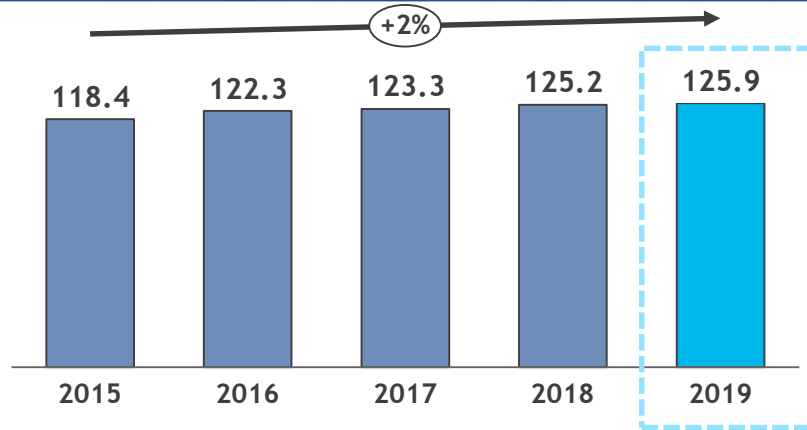
Consolidated Balance Sheet

AED Mn	31 Dec 2018	30 Sep 2019	31 Dec 2019	% chg 31 Dec 2019 vs 31 Dec 2018	% chg 31 Dec 2019 vs 30 Sep 2019
Cash and balances with Central Banks	18,731	19,581	19,823	5.8%	1.2%
Due from financial institutions	5,250	3,769	3,363	-35.9%	-10.8%
Net Customer financing	78,677	79,236	81,108	3.1%	2.4%
Investments	13,667	12,538	12,940	-5.3%	3.2%
Investment in associates	1,206	1,262	1,281	6.2%	1.5%
Investment and development properties	2,233	2,215	2,086	-6.6%	-5.8%
Other assets / fixed assets / intangibles	5,429	5,683	5,385	-0.8%	-5.2%
TOTAL ASSETS	125,194	124,285	125,987	0.6%	1.4%
Due to financial institutions	4,138	2,270	2,461	-40.5%	8.5%
Customers' deposits	100,404	100,364	101,404	1.0%	1.0%
Other liabilities	2,915	3,268	3,018	3.5%	-7.7%
TOTAL LIABILITIES	107,457	105,902	106,884	-0.5%	0.9%
Share capital	3,632	3,632	3,632	-	-
Tier 1 sukuk	4,754	4,754	4,754	-	-
Reserves	9,350	9,997	10,717	14.6%	7.2%
TOTAL EQUITY	17,737	18,383	19,103	7.7%	3.9%
TOTAL LIABILITIES AND EQUITY	125,194	124,285	125,987	0.6%	1.4%

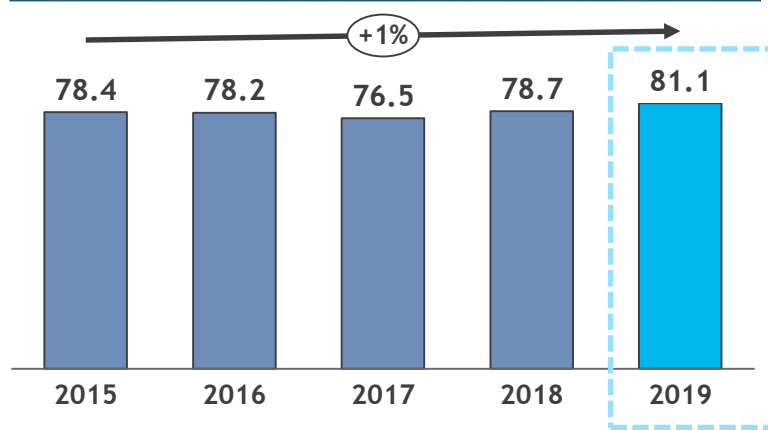
Financial Snapshot

A growth story with 5 year Net Profit CAGR 8%

Total Assets (AED Bn)



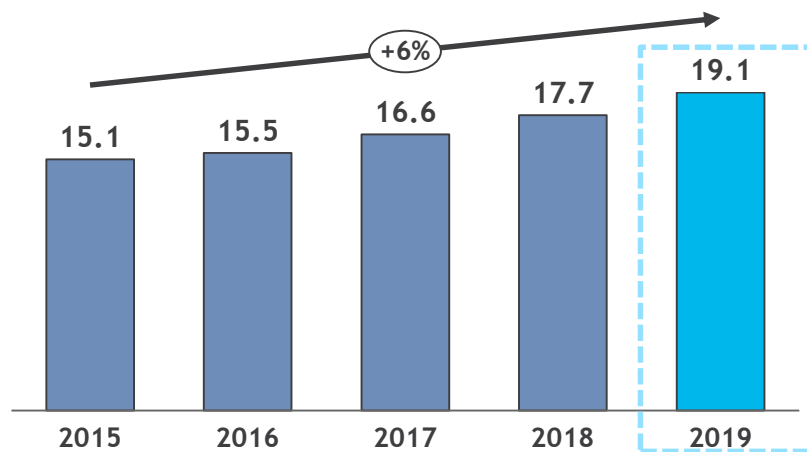
Net Customer Financing (AED Bn)



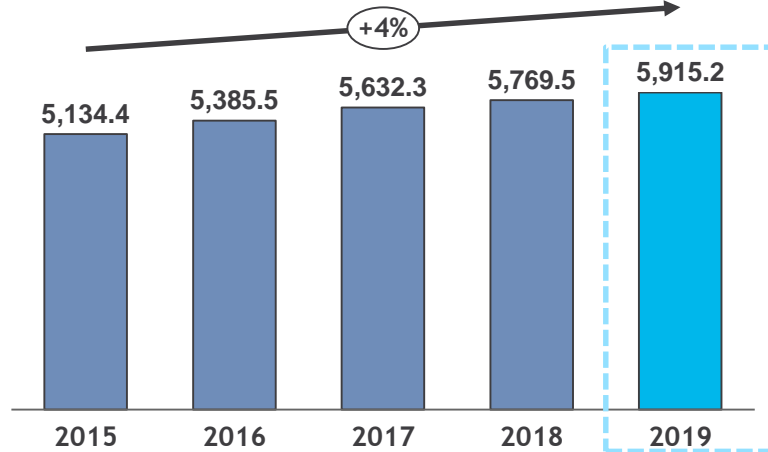
Customer Deposits (AED Bn)



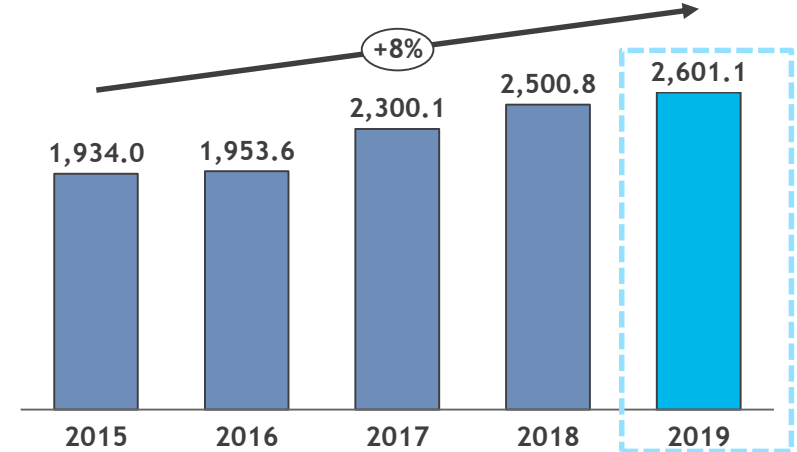
Equity (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

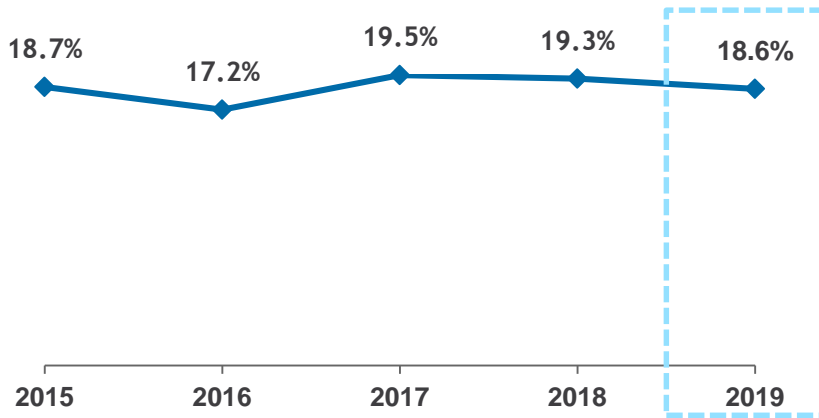


Source: Derived from published financial statements

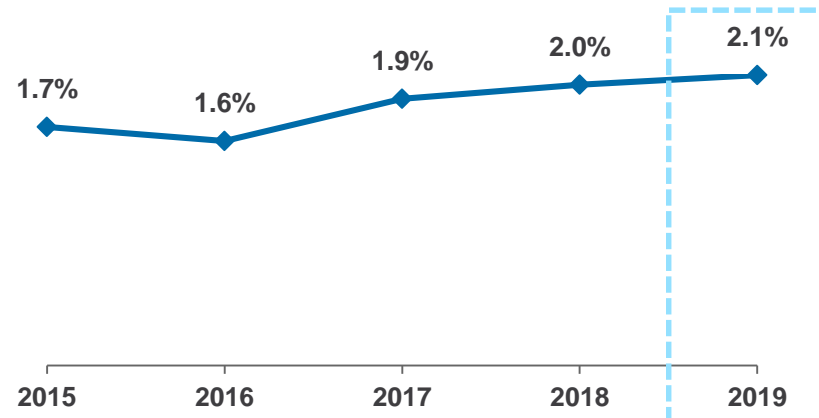
Financial Snapshot

Amongst the best and most consistent ROASE & ROA

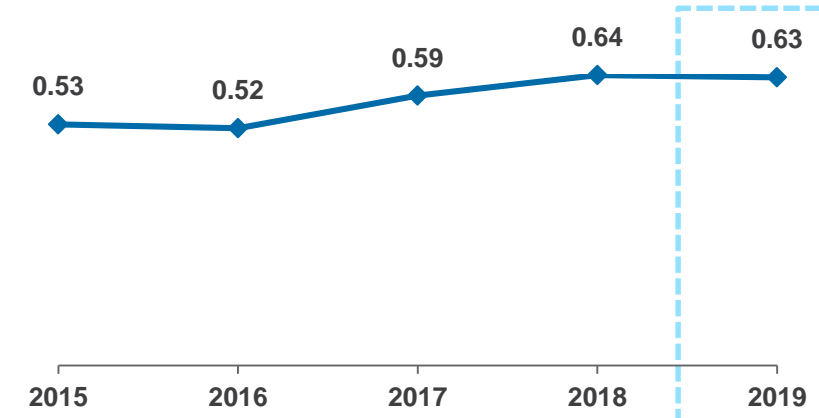
Return on Avg Shareholders' Equity (%)



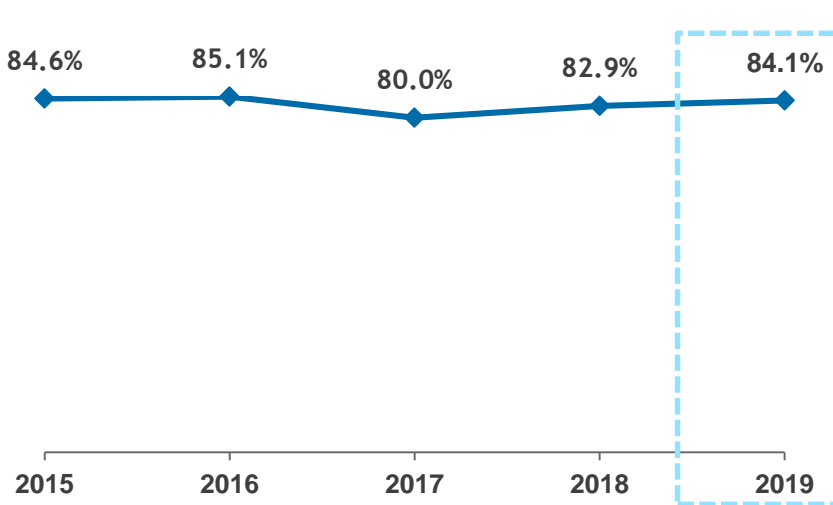
Return on Assets(%)



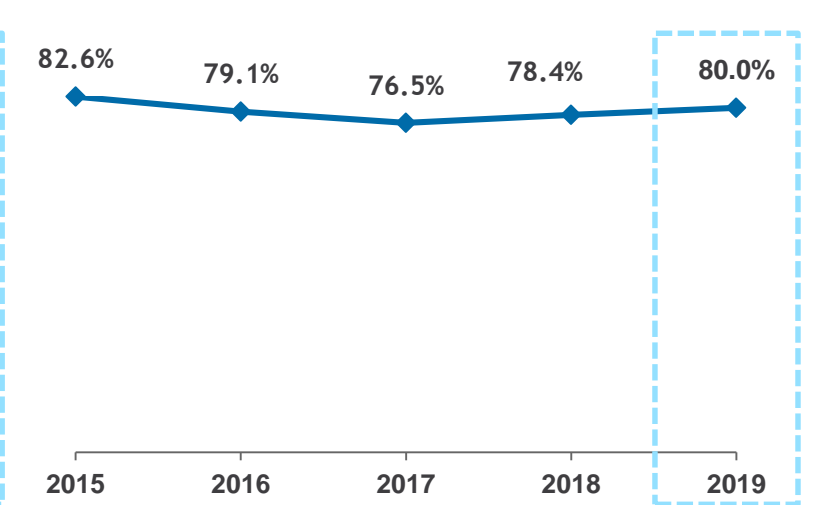
Earning per share (AED)



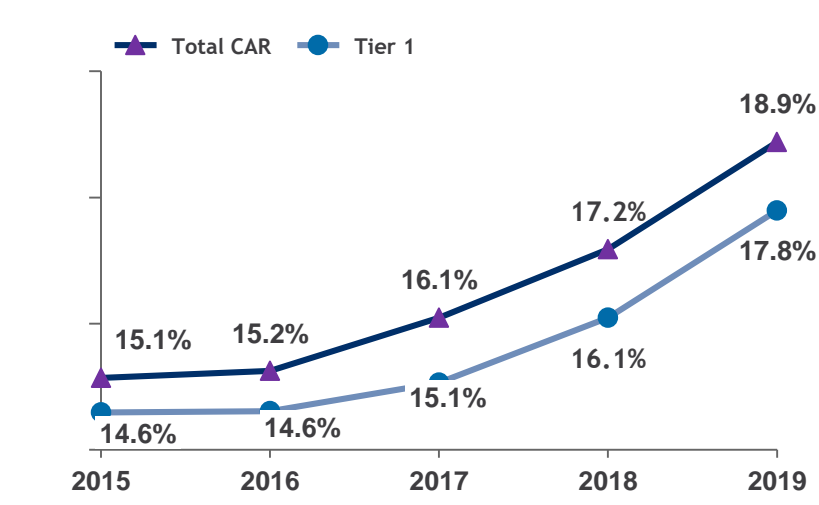
Advances to Stable Funds Ratio (%)



Financing to Deposits Ratio (%)



CAR (%) [Note 1]



*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 : 2015 & 2016 as per Basel 2 and 2017 to 2019 as per Basel 3

Dividend Distribution History - AED

A consistent dividend distribution record

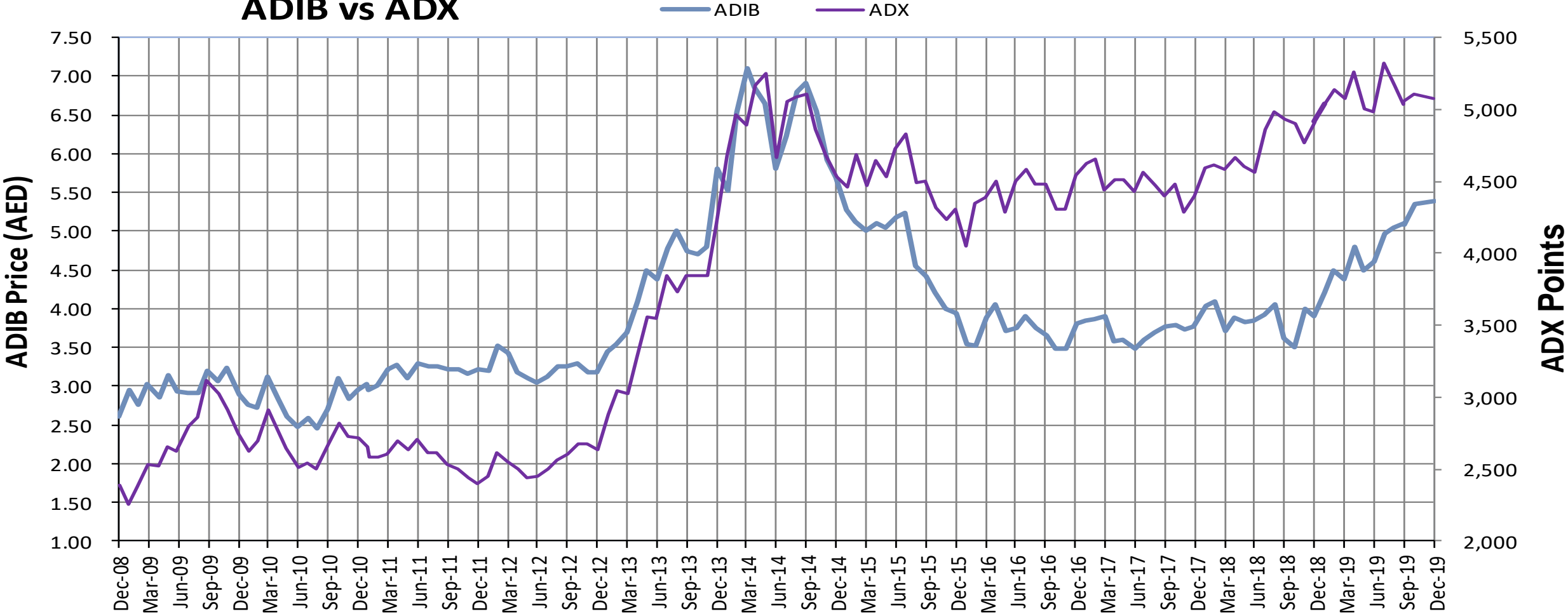
AED	2012	2013	2014	2015	2016	2017	2018
Net Profit (Mn)	1,201.2	1,450.2	1,750.7	1,934.0	1,953.6	2,300.1	2,500.8
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%
Cash Dividends (Mn)	600.6	725.1	700.2	769.0	776.8	914.5	994.3
Total Dividend Yield	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

31 December 2019 share price was AED 5.39 per share (31 Dec 2018: AED 3.90 per share).

ADIB vs ADX



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