

FY 2021 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 08 February 2022

ADIB IR Website



IR App Download link:



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Key Highlights

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= Key Highlights

ADIB delivered a strong performance in a year of economic rebound

▶ Delivering strong Y-O-Y Growth

- = 45% increase in net profit with ROE improving to 14.3%
- = Revenue up 4% driven by 9% increase in non-funded income
- = Effective cost control strategy leads to a reduction of 507 basis points in cost to income ratio
- = Solid balance sheet growth of 7% with 7% customers' financing growth and 8% deposits growth
- = Robust capital position with a CET1 of 12.93%
- = Proposed dividend distribution of 48.5%⁽¹⁾ from net profit
- = Tangible progress against strategic initiatives to drive business growth

⁽¹⁾ Proposed dividend subject to approval by shareholders at the Annual General Assembly Meeting.

Executing ADIB Strategy

FY 2021 Earnings Presentation

= ADIB Strategy 2025

ADIB has launched strategy 2025 with a renewed purpose and vision

= Purpose

Lifelong partner for customers, colleagues and community

= Vision

The world's **most innovative Islamic bank**

▶ 4-Pillar Strategy



Continuous
Innovation



Segment
Focused











Digital
Excellence



Sustainable
Future

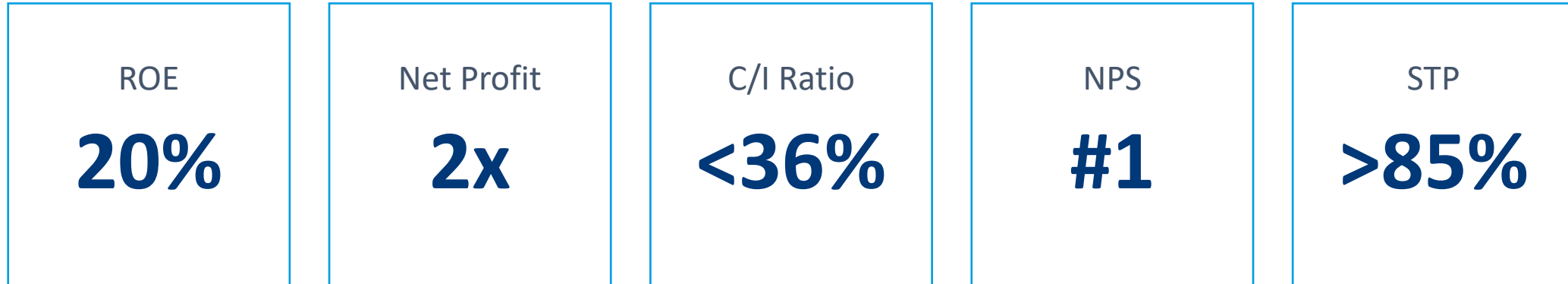
= Update on Strategy Progress

ADIB continues to deliver on its strategy

Continuous Innovation	Key product launches   	Amwali Youth Account +3000 Account	Asset Management \$160 million Global Sukuk Fund	Payment Service AED 6 Mn Revenue	
Segment Focused	UAE nationals + 35,000 New to bank UAE Nationals	Grow Corporate banking +10% Asset growth	Grow total UAE market share 20% ADIB Market share	Attract new customers +117,000 New customers	Deepen relationships 1.51 Cross-sell Ratio
Digital Excellence	Digitize processes 99% Digital transfer	Digitize channels 95% Payments: Volumes received from Mobile App & Online Channels 50% Personal finance .)	Automate processes  66 bots	Leverage digital channels 4.70/5 ★★★★★ AppStore rating 4.54/5 ★★★★★ Google Play rating	Paperless strategy:  2m Papers saved
Sustainable Future	Leader in financial conduct  'A' ESG rating (MSCI)	Employer of choice  78% Employee engagement index	Best customer experience #1 Number 1 bank NPS in UAE: 78% 		










= ADIB Strategy 2025 Strategic Targets

A commitment to driving value



= ADIB's revamped and energetic management team will lead the growth strategy

Key management team

	Nasser Al Awadhi Group CEO		Mohamed Abdel Bary, CFA Group CFO		Sandeep Chouhan Group COO
<p> We are building the most innovative Islamic bank </p>	<p>30+ years of banking experience in Retail, Corporate and Investment Banking</p>	<p> We have a clear path towards growth and sustainable returns. </p>	<p>25+ years of finance roles in Corporate and Investment Banking</p>	<p> We will continue to invest to become a digital-first financial institution </p>	<p>30+ years international banking as CIO and COO</p>
	Meitha Al Hashemi Group Chief Credit Officer		Faisal Abu Shaar Group Chief Risk Officer		Samih Awadhalla Global Head of Retail Banking
<p> We ensure adequate governance of credit underwriting </p>	<p>25+ years of credit and risk management experience</p>	<p> We manage and minimise risk within regulatory guidelines </p>	<p>25+ years of risk and operations experience</p>	<p> We make people's lives better with responsible and ethical banking. </p>	<p>20+ years of banking experience</p>
	Mike Davis Global Head of Wholesale Banking		Abdul Qadir Khanani Global Treasurer		Abdullah Al Shehhi Global Head of International
<p> We tailor solutions to corporate and institutional clients. </p>	<p>15+ years of global wholesale banking experience</p>	<p> We cross-sell treasury solutions and deliver sustainable returns. </p>	<p>30+ years of treasury and financial markets experience</p>	<p> We facilitate reach and convenience beyond UAE borders. </p>	<p>30+ years of universal banking experience</p>

Financial Performance

FY 2021 Earnings Presentation

= Financial Performance Highlights

Strong set of results for FY 2021 driven by positive momentum across our businesses

= Strong YoY Growth in Profitability

2.3bn

Net Income

+45%



5.6bn

Revenues

+4%



2.3bn

Expenses

-8%



= Solid Balance Sheet Growth

137bn

Total Assets

+7%



93bn

Gross Customer Financing

+7%



110bn

Deposits

+8%



= Robust Capital Position and Strong Return

18.6%

CAR

-23bps



14.3%

Return on Equity

+463bps



40.7%

Cost to Income Ratio

-507bps

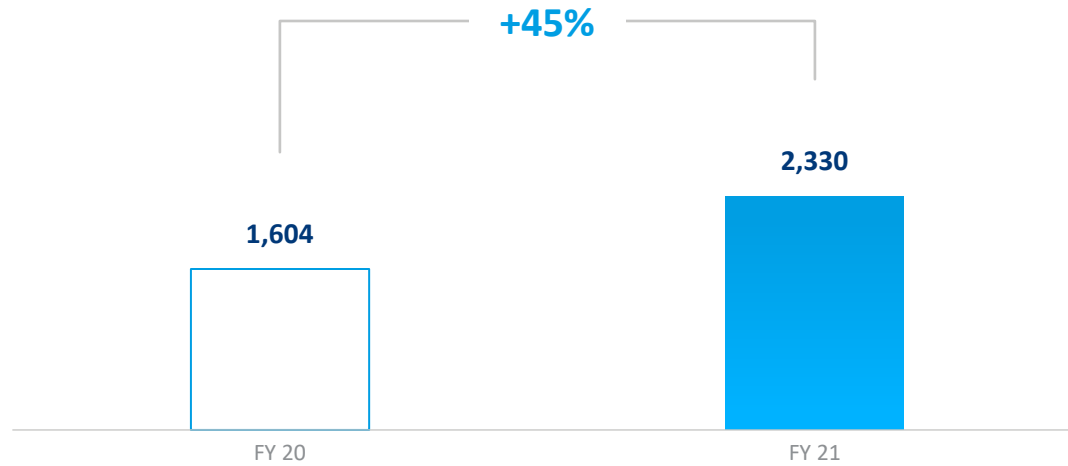


All figures in AED

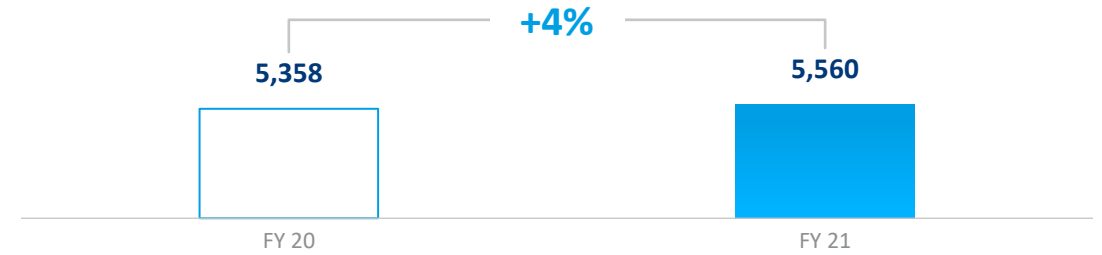
= Income Statement Highlights

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

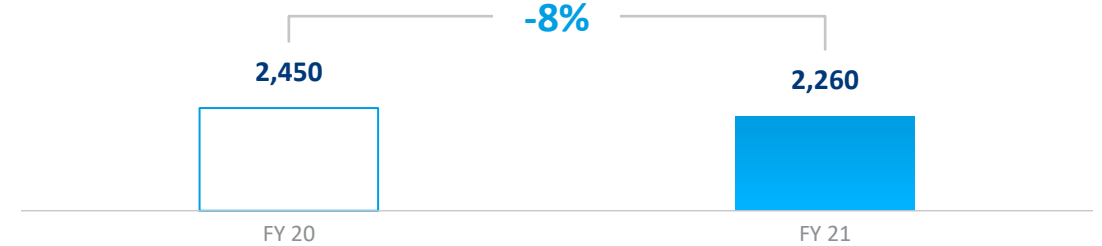
= Profit After Zakat & Tax (AEDmn)



= Revenues (AEDmn)



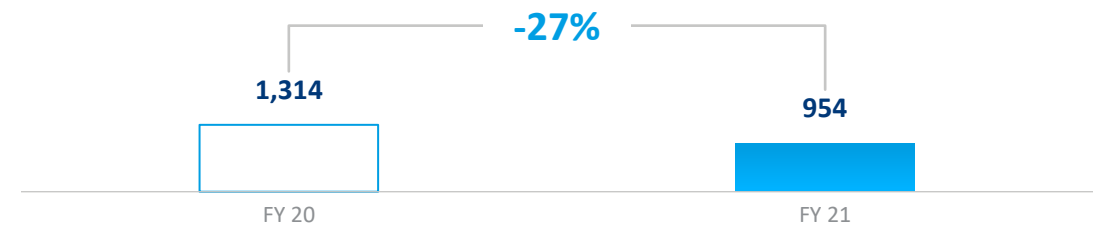
= Expenses (AEDmn)



= Key Highlights

- The rebound in UAE economic activity and an improvement in business momentum lifted revenues by 4%
- Profit growth was further boosted by an 8% YoY reduction in expenses
- The improved economic outlook allowed us to reduce impairments by 27%

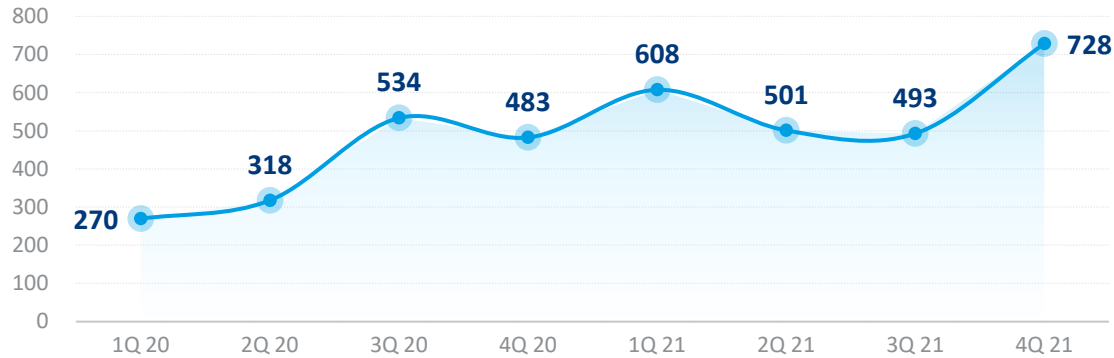
= Impairments (AEDmn)



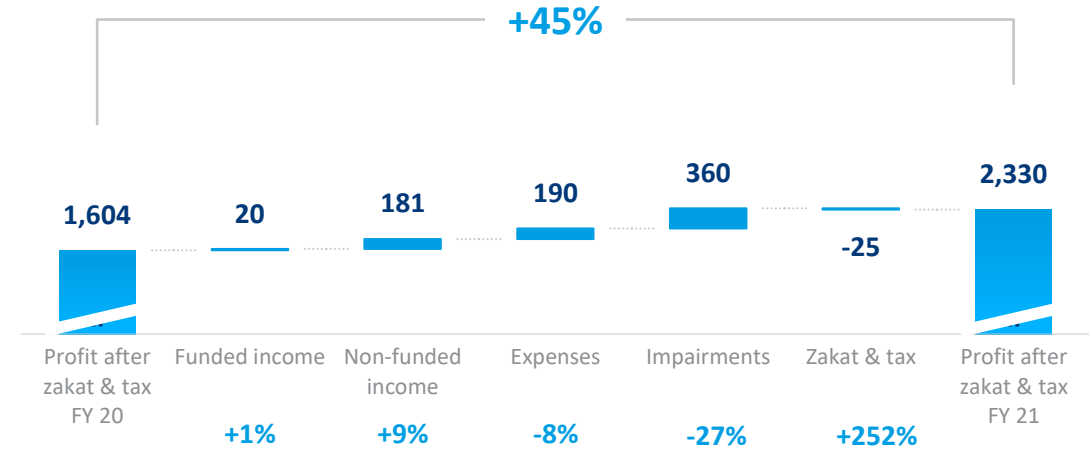
= Income Statement

ADIB witnessed an increase in profitability with 45% growth YoY...

= Net Income (AEDmn)



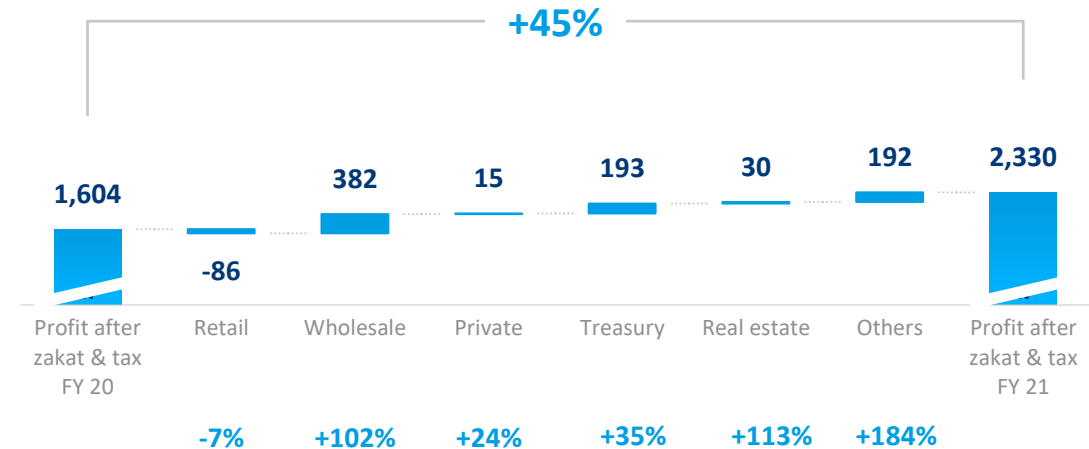
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Funded income	3,345	3,324	+1%	800	828	-3%
Non-funded income	2,215	2,034	+9%	667	598	+12%
Revenues	5,560	5,358	+4%	1,467	1,426	+3%
Operating expenses	(2,260)	(2,450)	-8%	(531)	(578)	-8%
Provision for impairment	(954)	(1,314)	-27%	(203)	(360)	-44%
Net Income after zakat and income tax	2,330	1,604	+45%	728	483	+51%

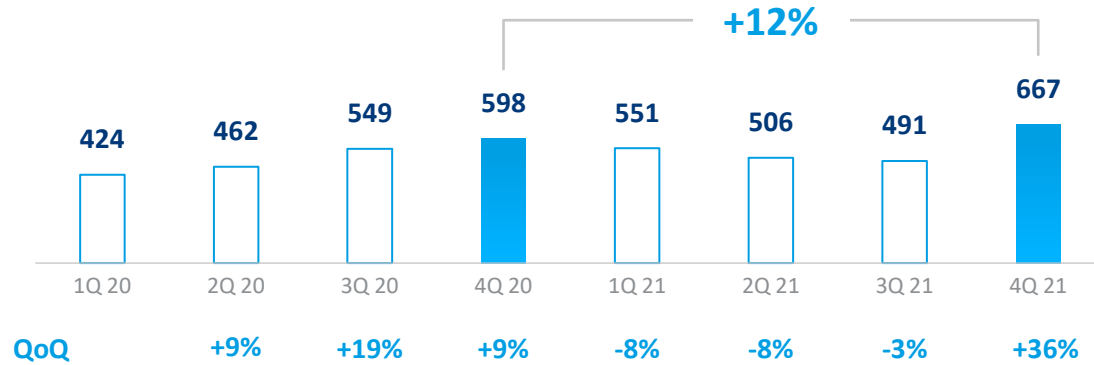
= Net Income Movement by Segment YoY (AEDmn)



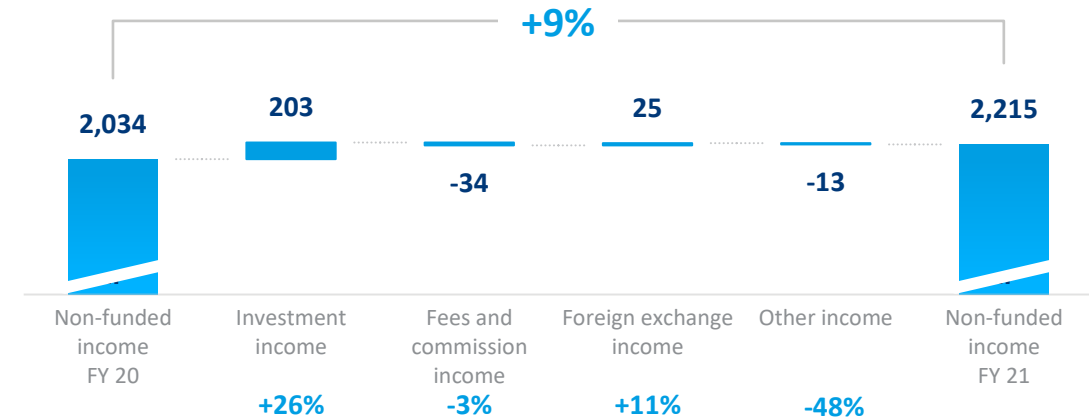
= Non-Funded Income

Strong 9% YoY growth in non-funded income from higher cards, investment income and forex income

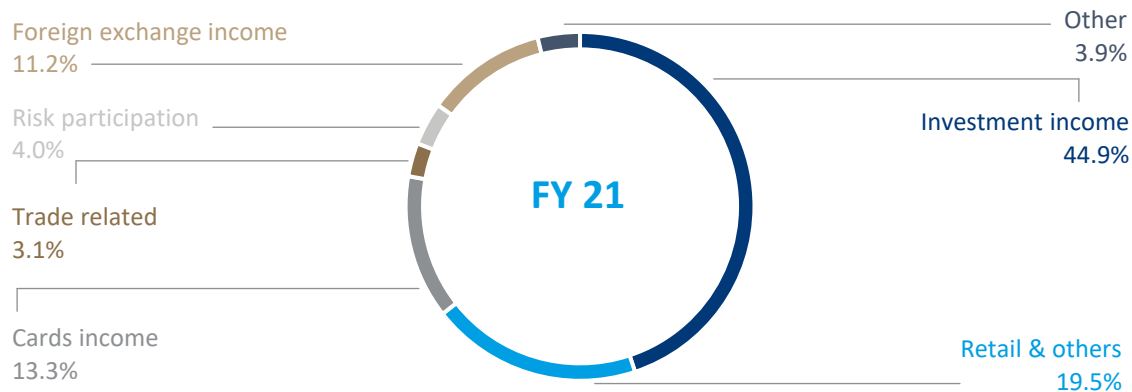
= Non-Funded Income (AEDmn)



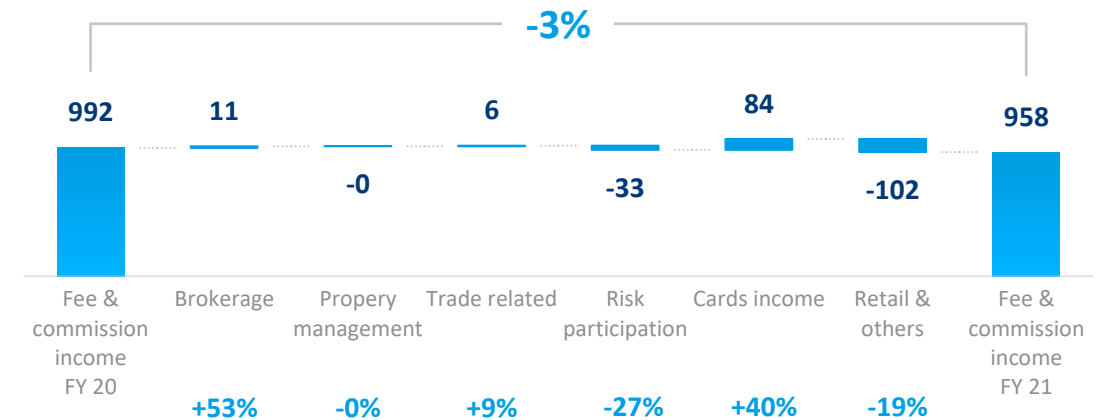
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



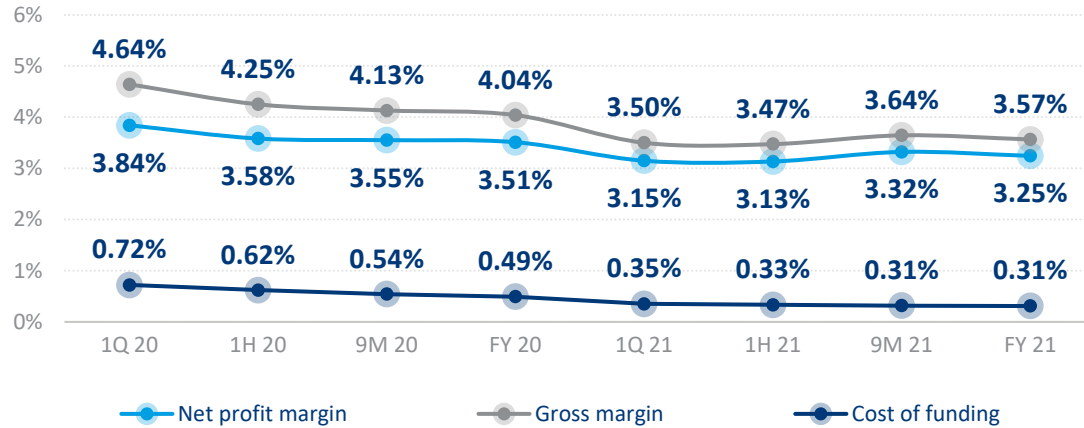
= Fee & Commission Income Movement YoY (AEDmn)



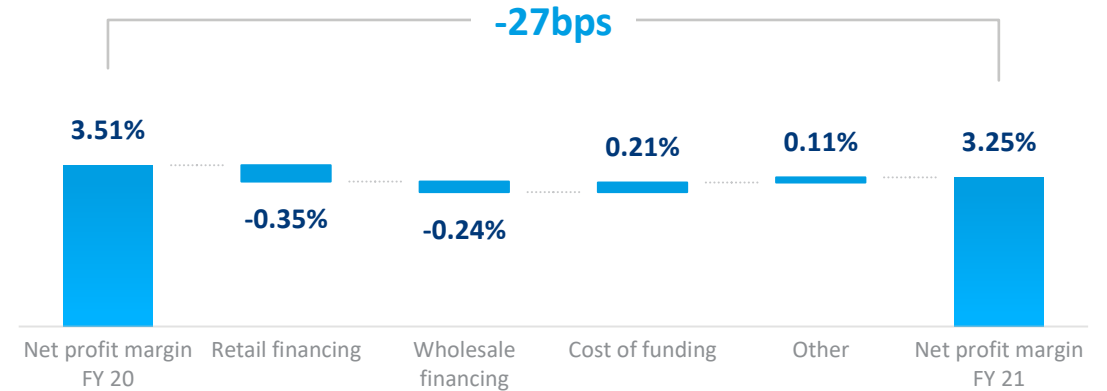
= Funded Income

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

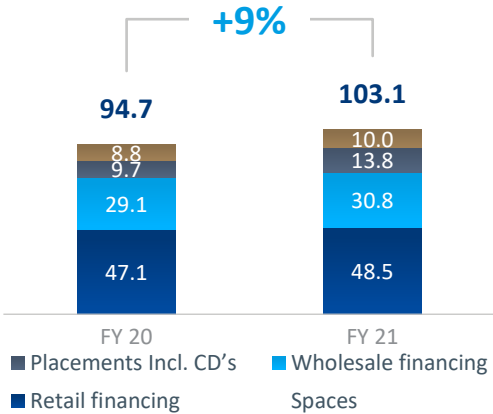
= Net Profit Margin (%)



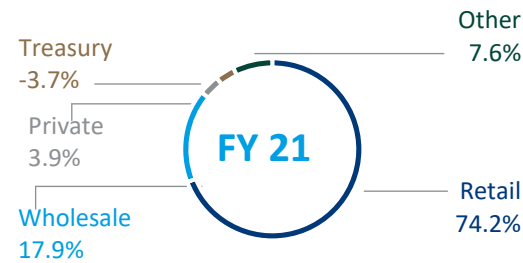
= Net Profit Margin Movement YoY (%)



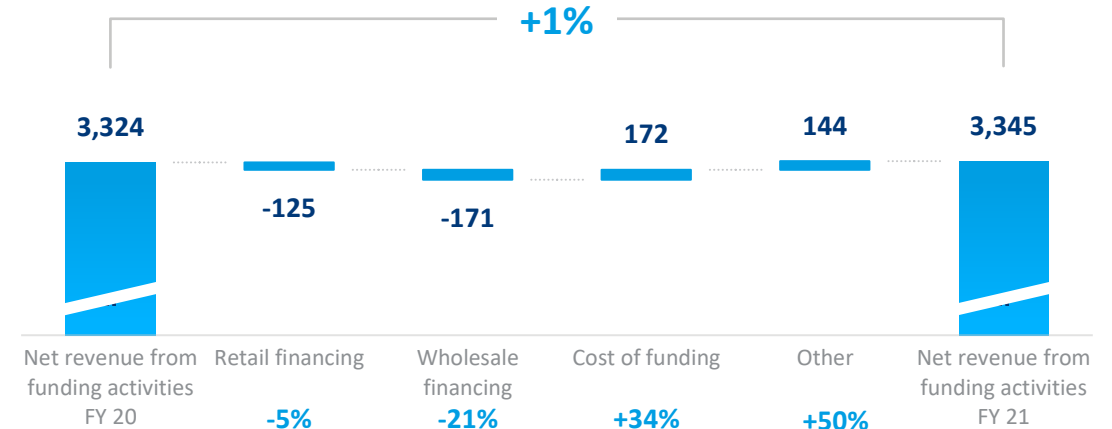
= Average Profit Earning Assets (AEDbn)



= Funded Income Composition (%)



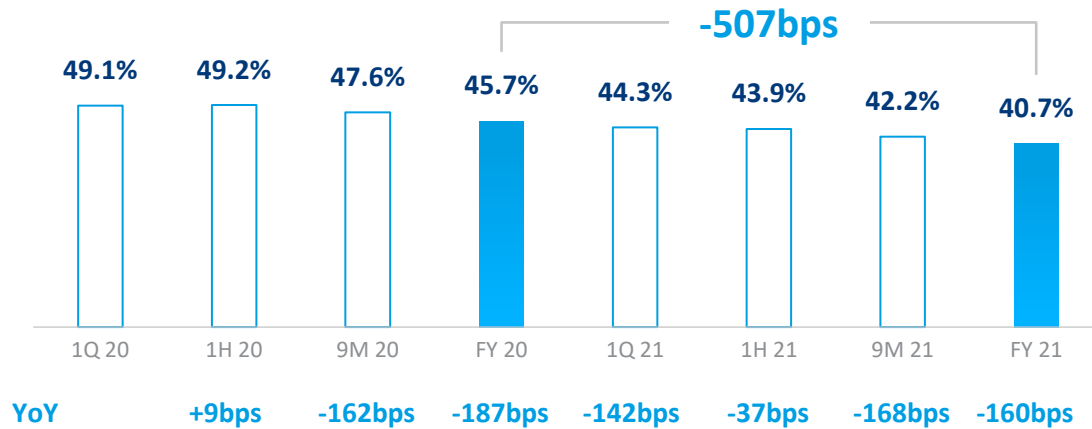
= Net Revenue from Funding Activities Movement YoY (AEDmn)



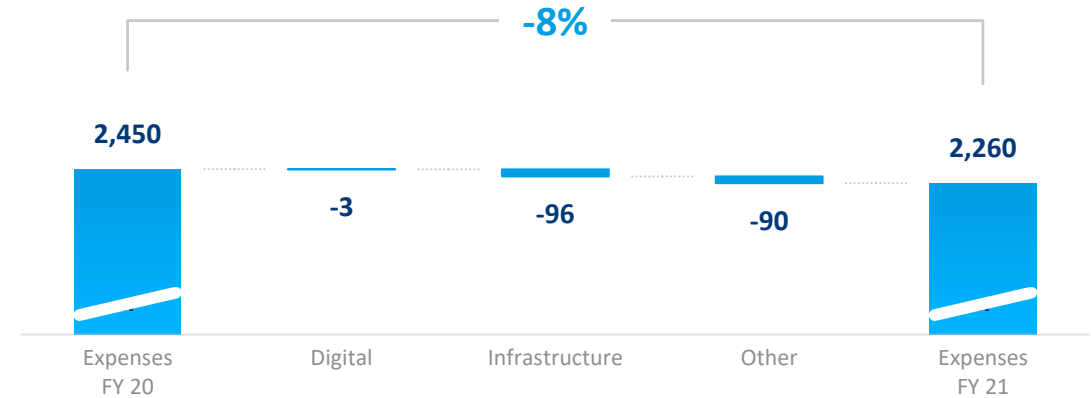
= Operating Expenses

8% YoY reduction in FY 2021 expenses with cost to income ratio improving on positive jaws.

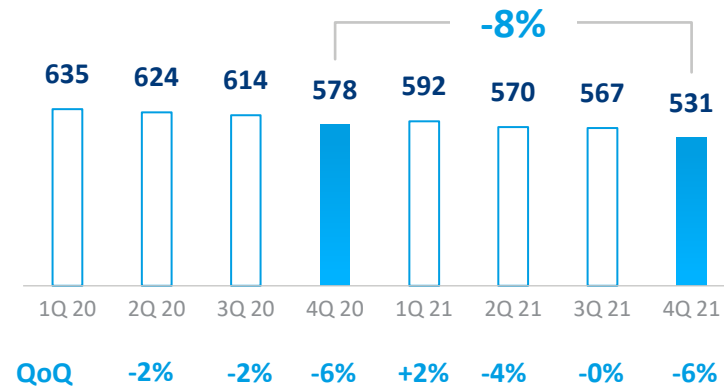
= Cost To Income Ratio (%)



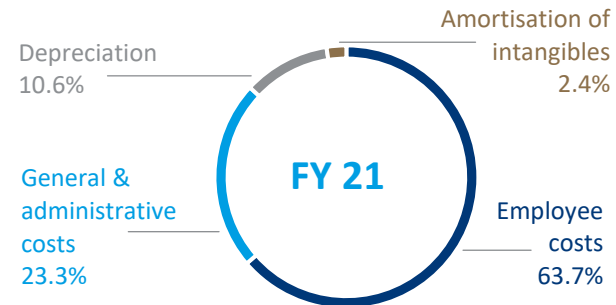
= Expenses Movement YoY (AEDmn)



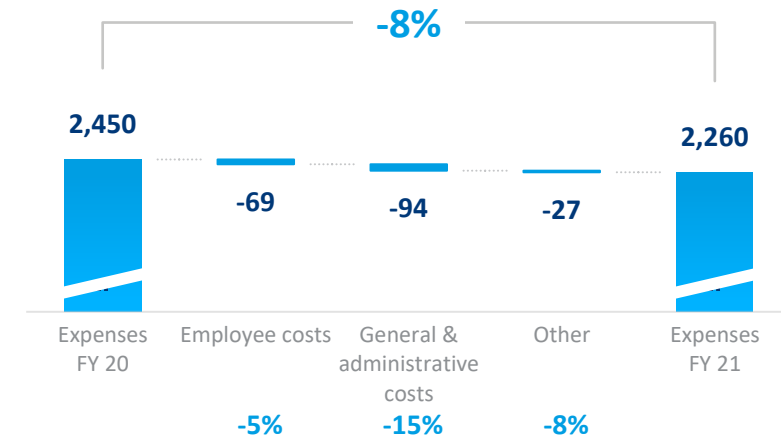
= Expenses (AEDmn)



= Expenses Composition (%)



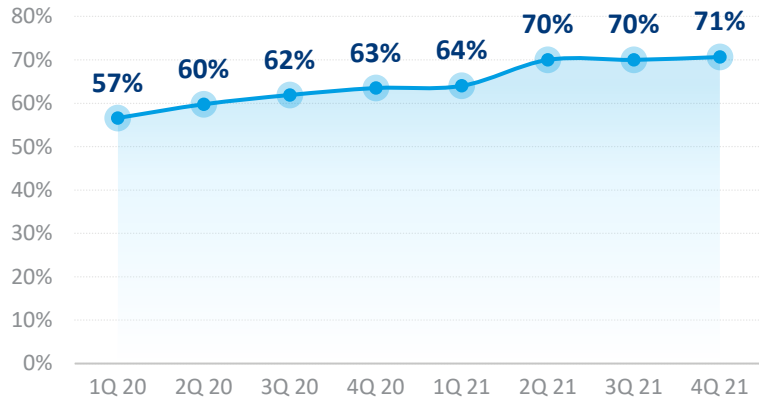
= Expenses Movement YoY (AEDmn)



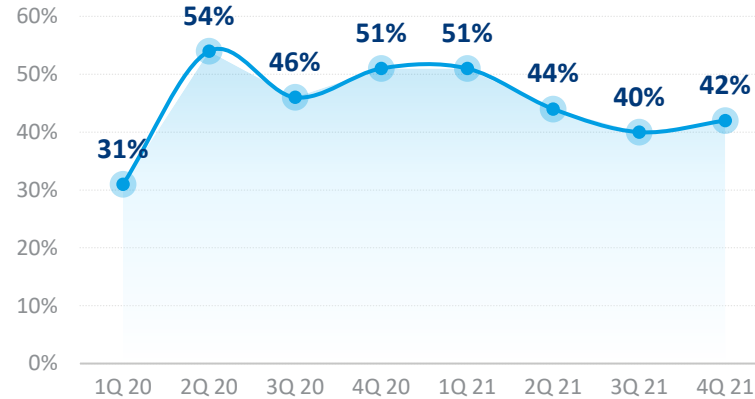
= Digital Banking

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

= Digitally Active Customers (%)



= Digital Sales (% of Total)



= Auto Digital Ecosystem



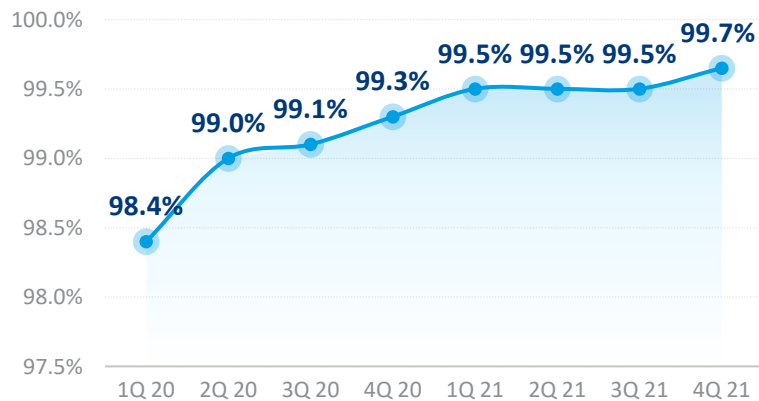
= Amwali Youth Bank Account



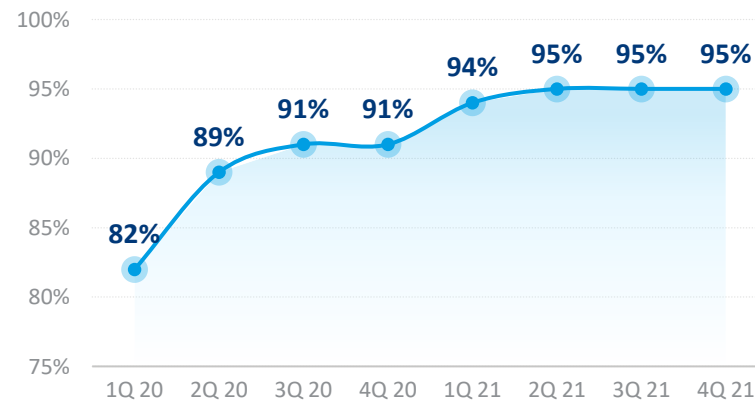
= Facial Recognition Account Opening



= Digital Transfers (%)



= Straight Through Processing (%)



= Analytics Center of Excellence



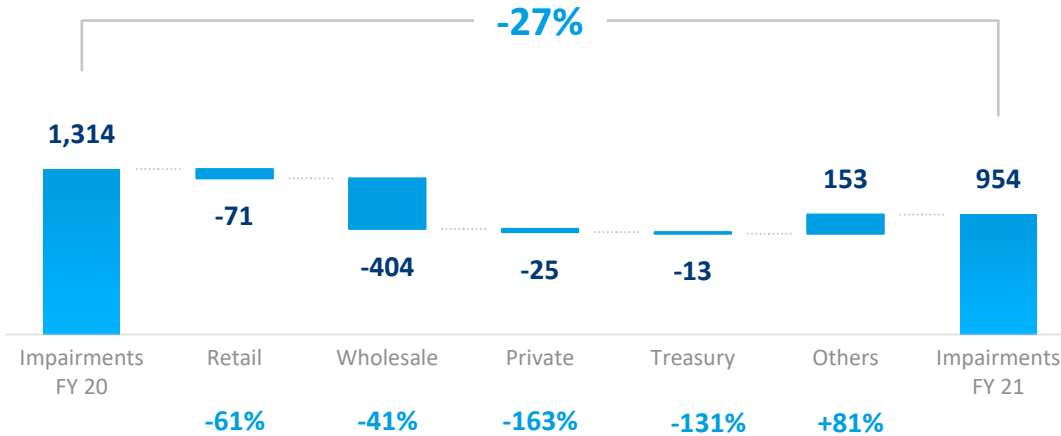
= Al Ghaf Initiative for Paperless Branches



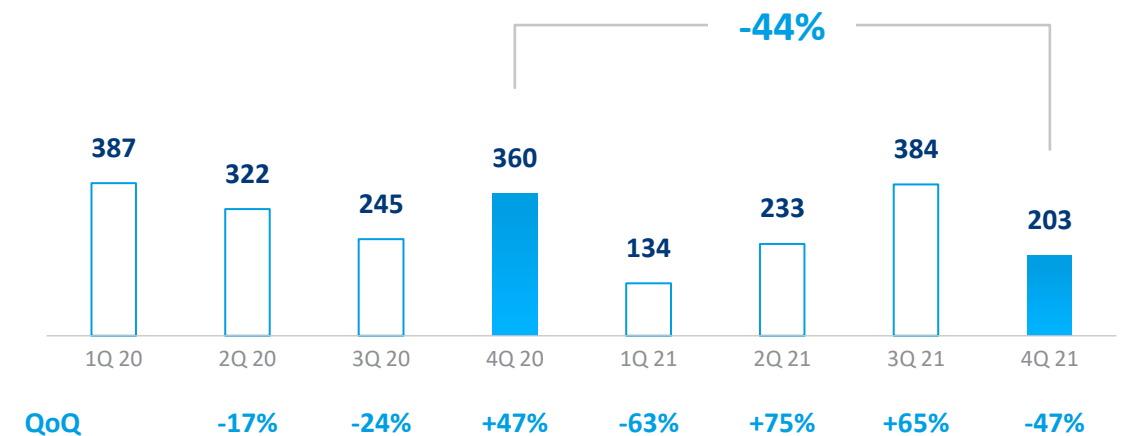
= Impairments

A 27% YoY decline in impairments due to an improved economic outlook,...

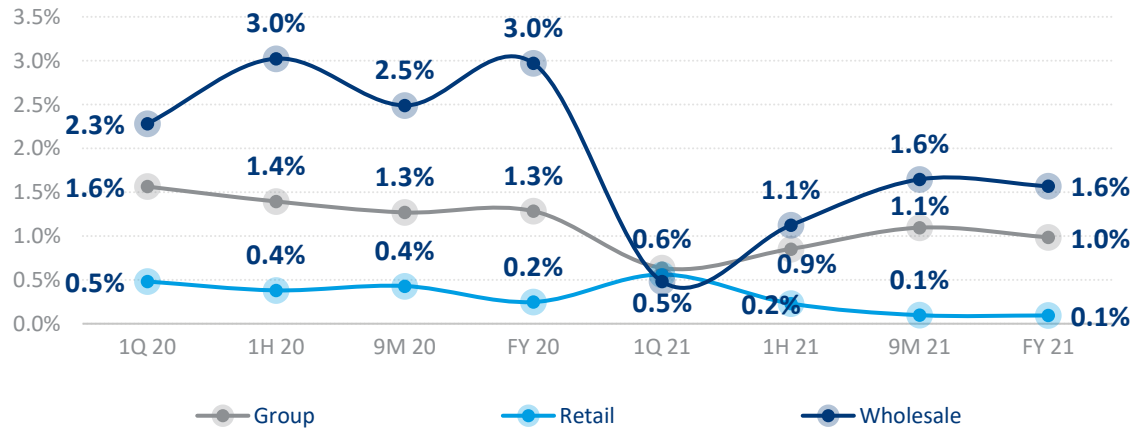
= Impairments Movement YoY (AEDmn)



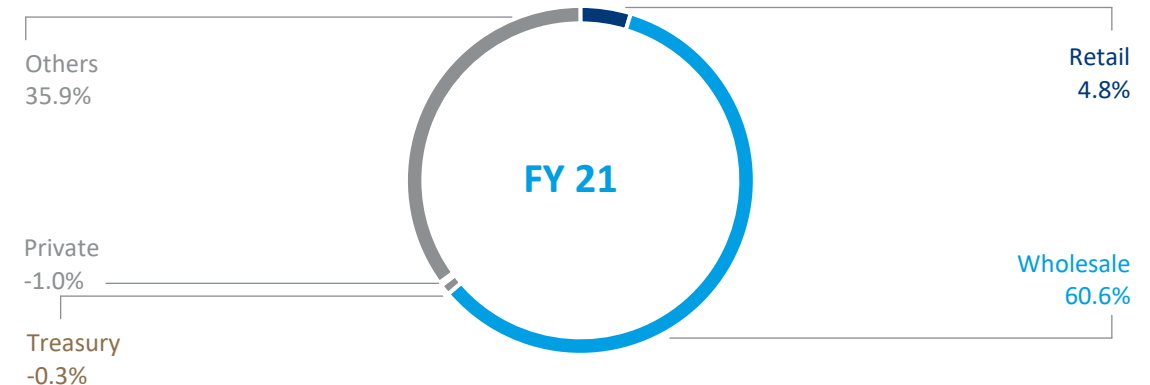
= Impairments (AEDmn)



= Cost Of Risk (%)



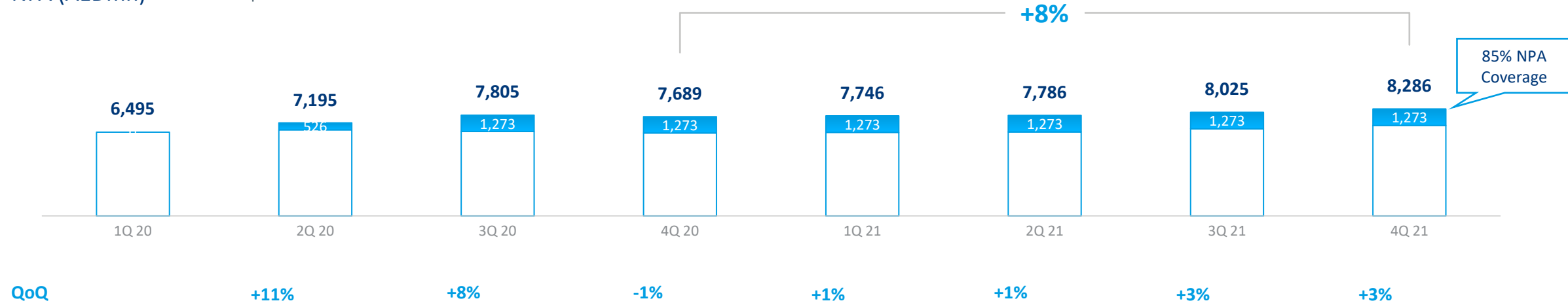
= Impairments Composition (%)



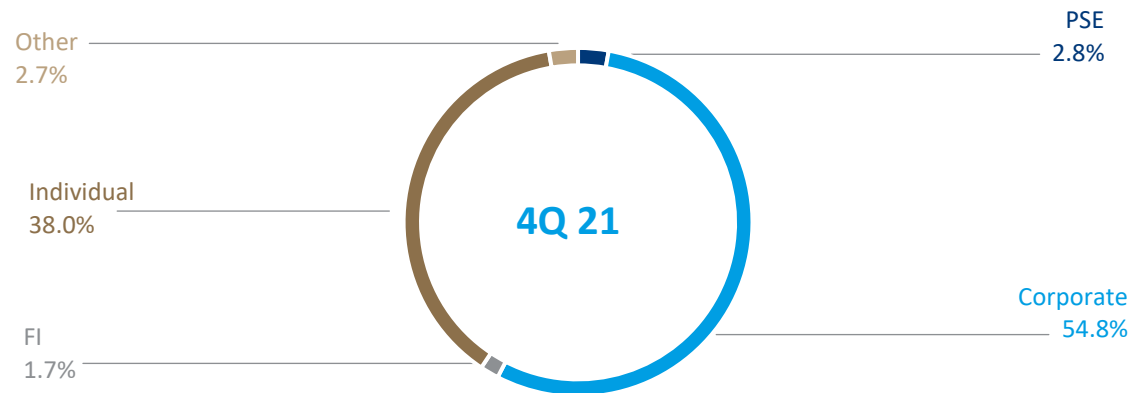
= Non-Performing Financing

...resulting in modest NPA growth...

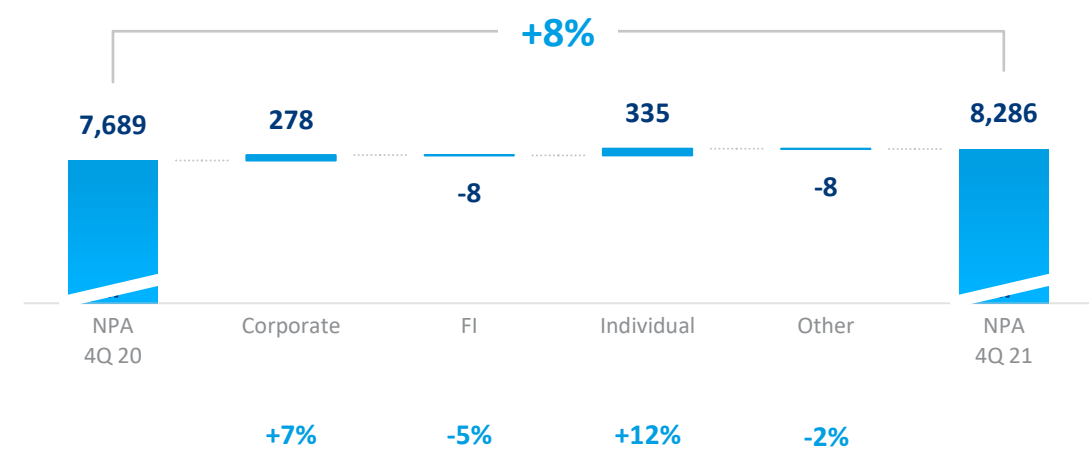
= NPA (AEDmn) ■ NMC Group



= NPA Composition by Sector (%)



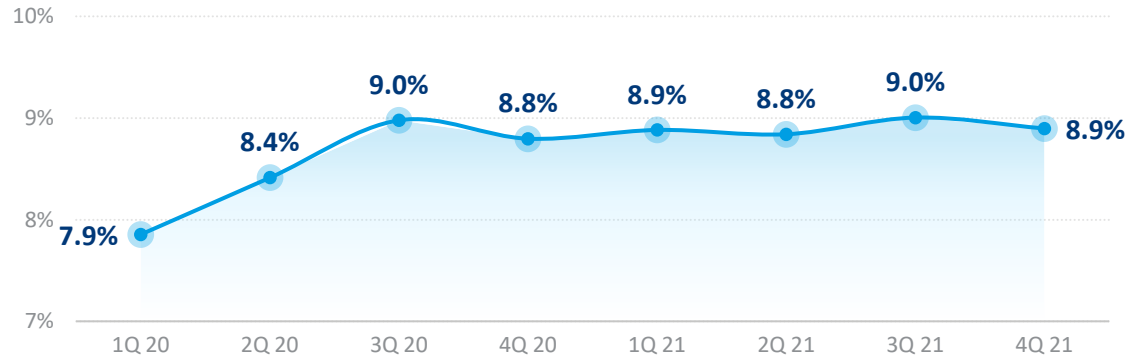
NPA Movement YTD (AEDmn)



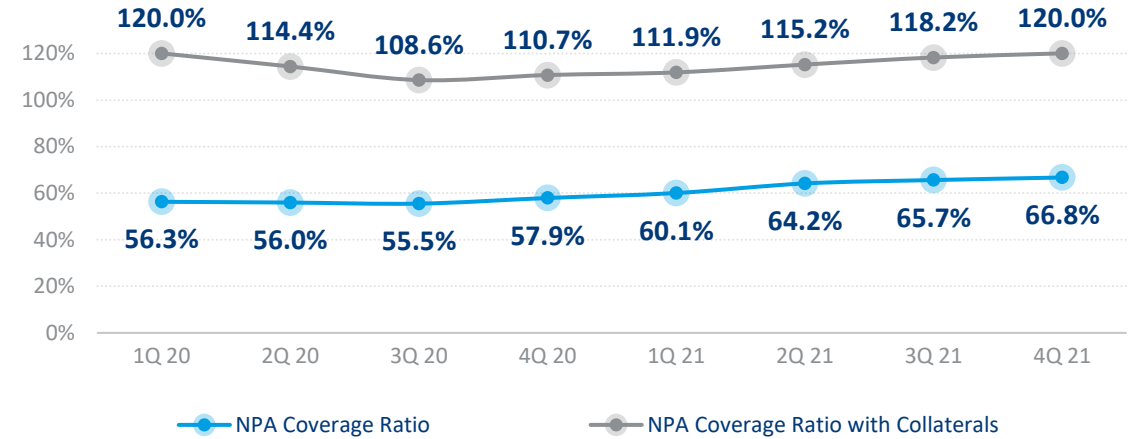
= Non-Performing Financing

... and a stable NPA ratio, with NPA coverage at 120.0% including the benefit of significant and high-quality collaterals.

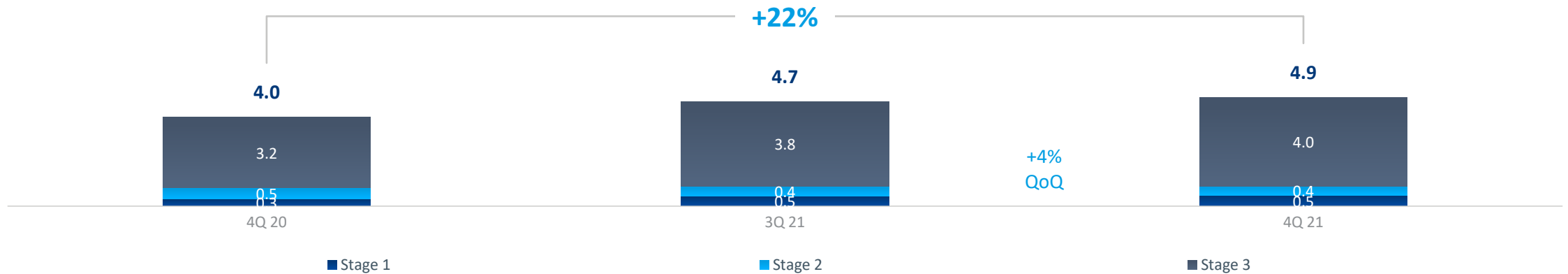
= NPA Ratio (%)



= NPA Coverage Ratio (%)



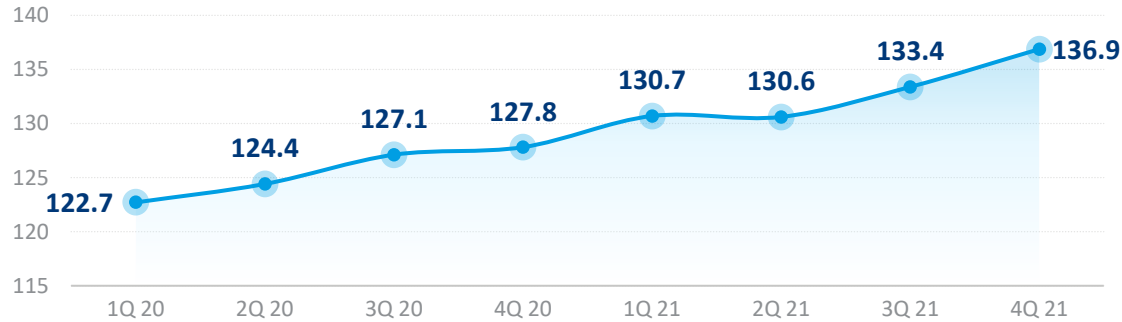
= ECL by Stage (AEDbn)



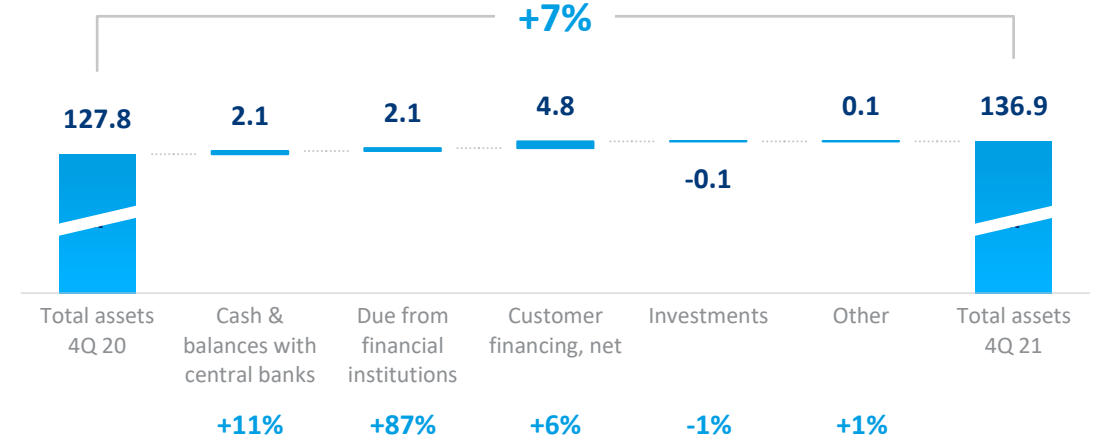
= Balance Sheet

ADIB reported solid balance sheet growth during FY 2021...

= Total Assets (AEDbn)



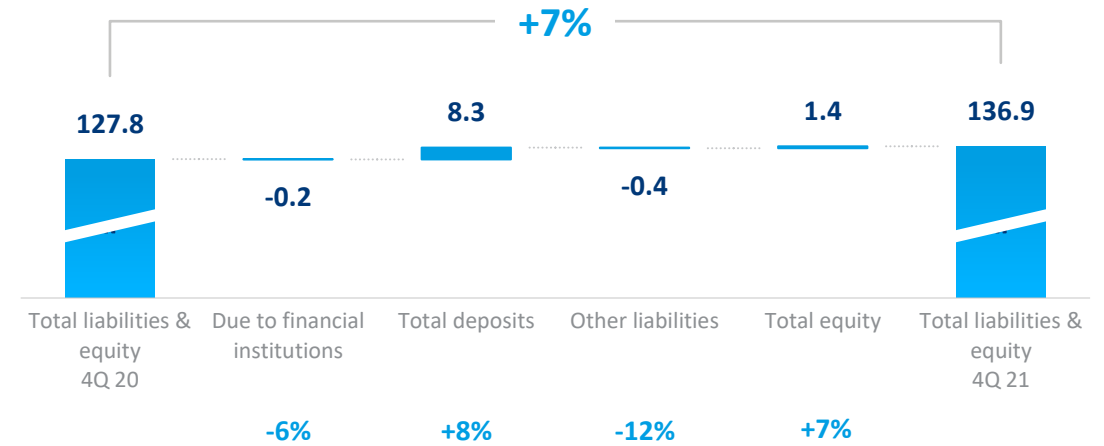
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	4Q 2021	3Q 2021	Δ%	4Q 2020	Δ%
Customer financing, net	88,252	84,419	+5%	83,409	+6%
Investments	13,691	13,420	+2%	13,809	-1%
Total assets	136,868	133,382	+3%	127,816	+7%
Total Deposits	109,611	107,005	+2%	101,276	+8%
Total liabilities	116,309	113,454	+3%	108,654	+7%
Total equity	20,559	19,928	+3%	19,162	+7%

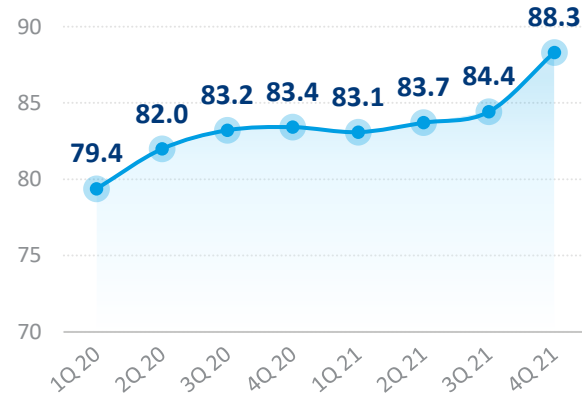
= Funding Movement YTD (AEDbn)



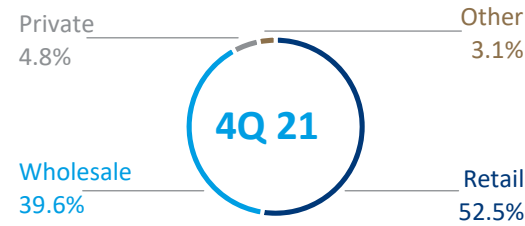
= Customer Financing

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

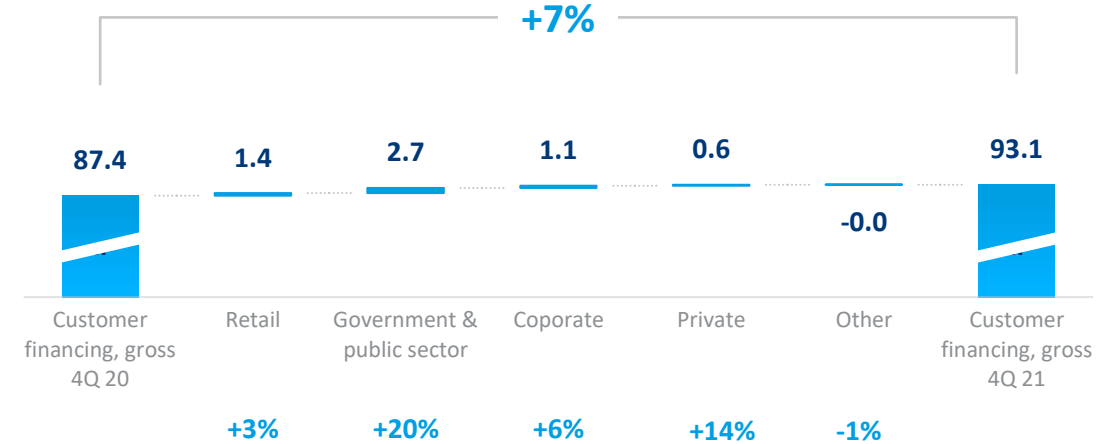
= Customer Financing, net (AEDbn)



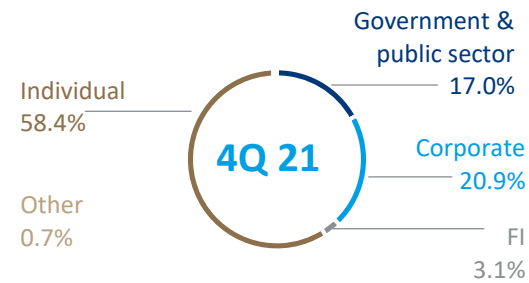
= Customer Financing, Gross by Segment (%)



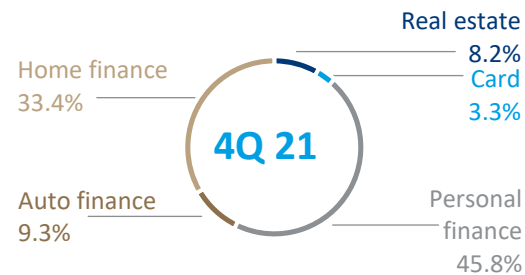
= Customer Financing, Gross Movement YTD (AEDbn)



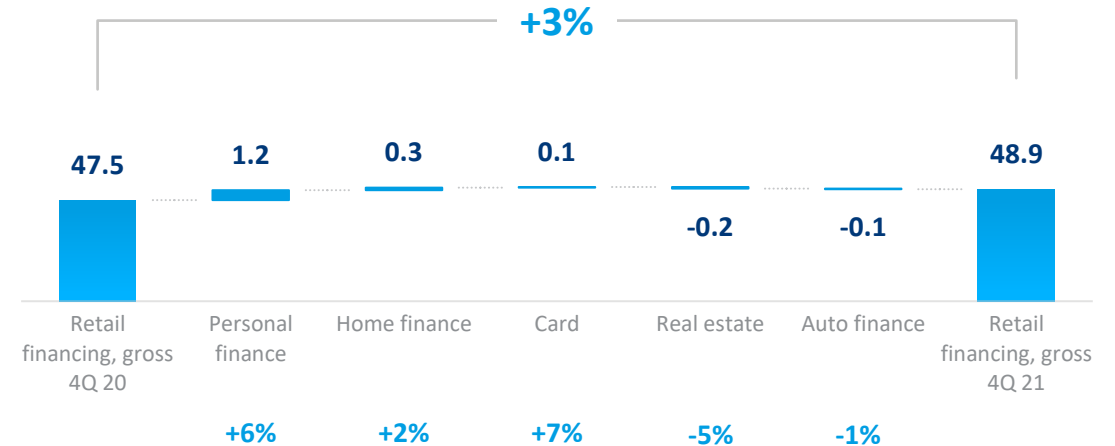
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



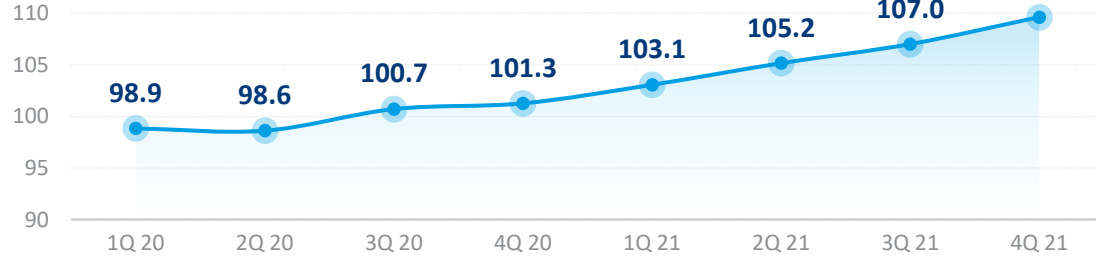
= Retail Financing, Gross Movement YTD (AEDbn)



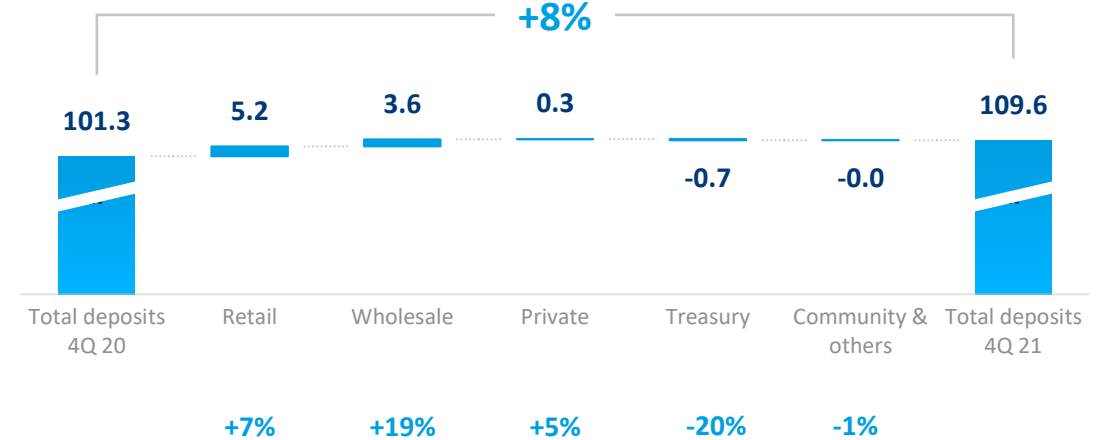
= Customer Deposits

...and solid 8% deposit growth from strong CASA and STI generation, mainly in the Retail segment...

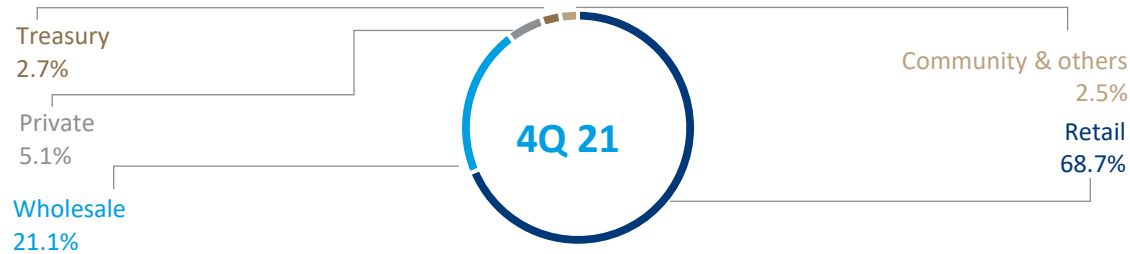
= Total Deposits (AEDbn)



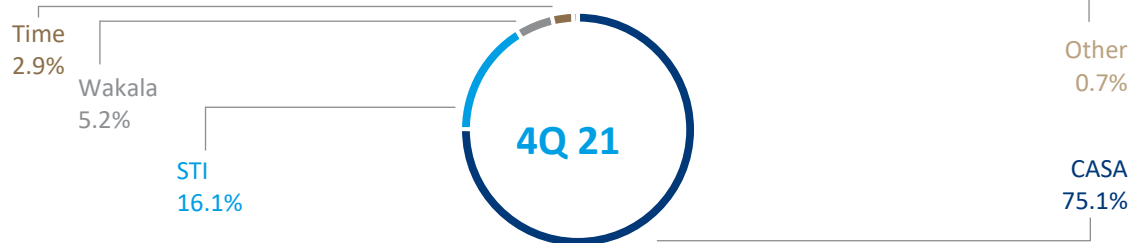
= Total Deposits Movement by Segment YTD (AEDbn)



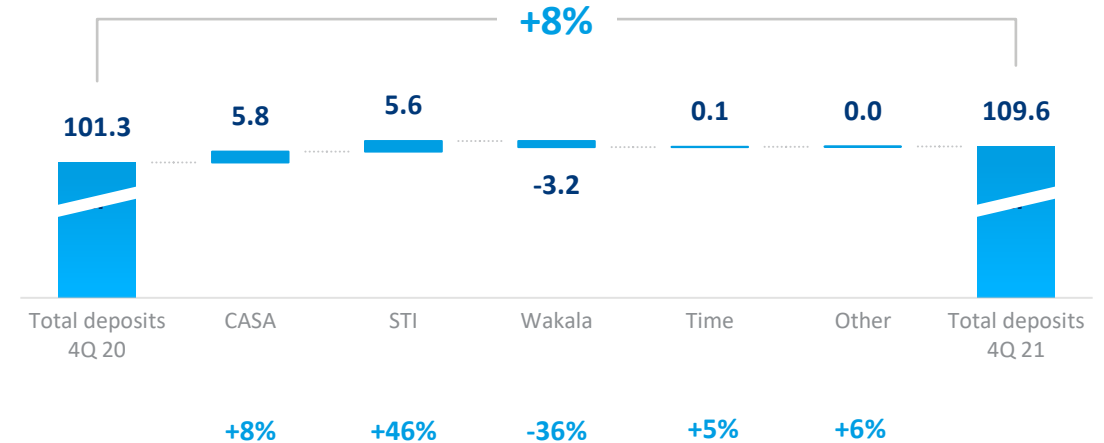
= Total Deposits by Segment (%)



= Total Deposits by Type (%)



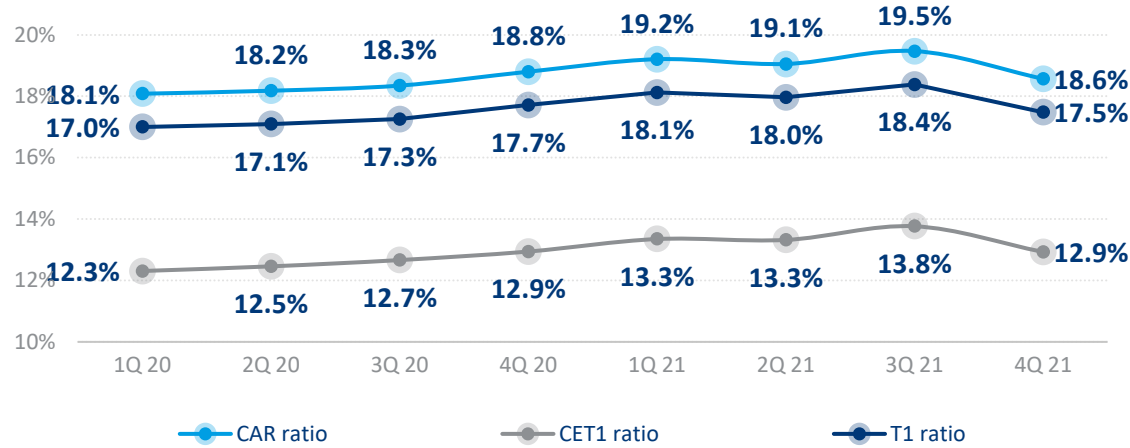
= Total Deposits Movement by Type YTD (AEDbn)



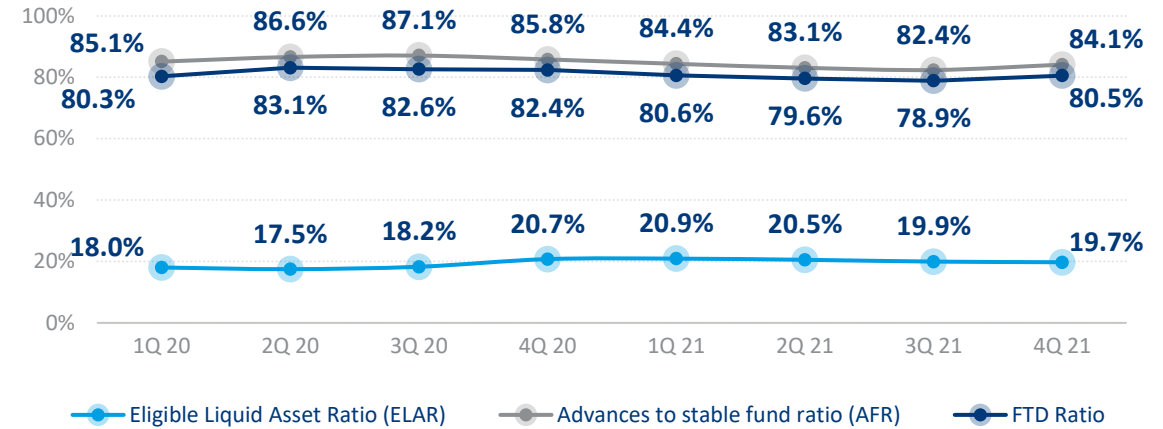
= Capital and Liquidity

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

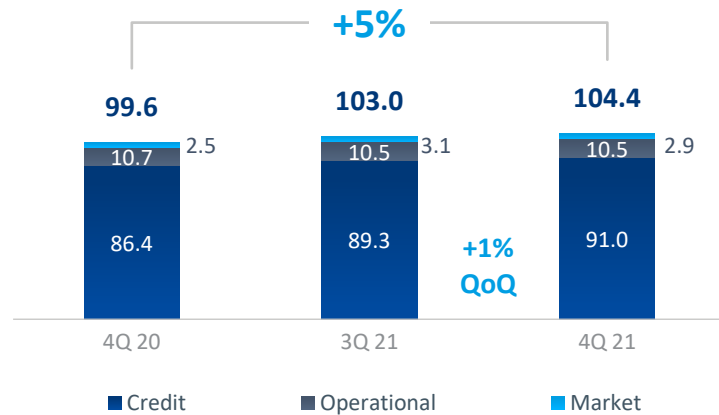
= Capitalization Ratios (%)



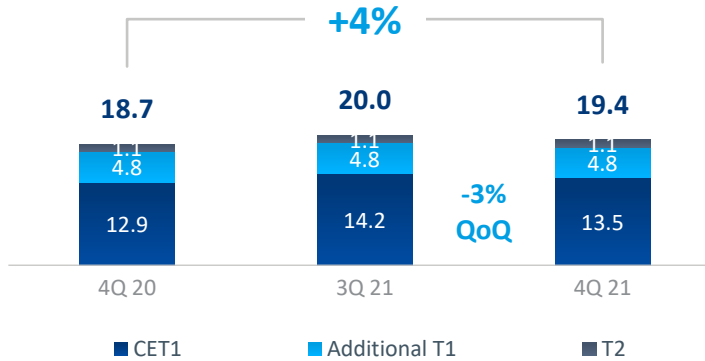
= Liquidity Ratios (%)



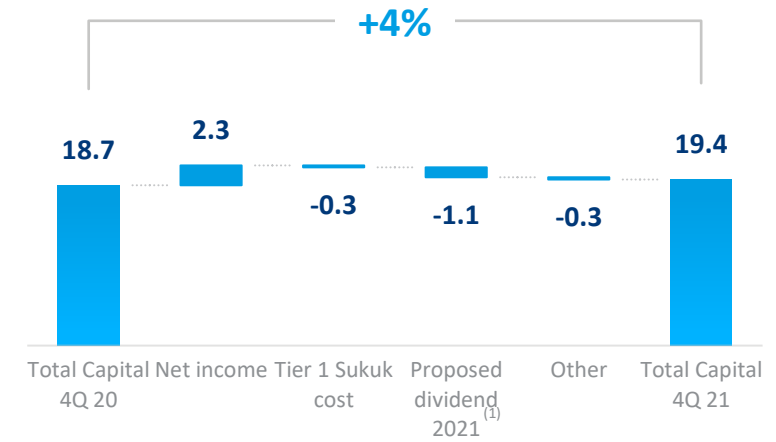
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



⁽¹⁾ Proposed dividend subject to approval by shareholders at the Annual General Assembly Meeting.

Outlook and Guidance

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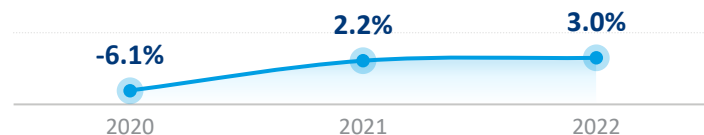
= Outlook and Guidance

Improving economic fundamentals and solid YTD financial performance drive a promising outlook for 2022

= Market Outlook

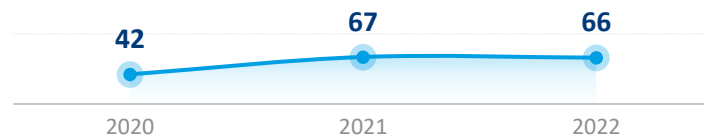
= GDP growth from rising oil prices

Real GDP growth (%)



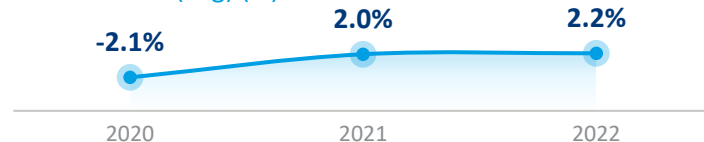
= Expected improvement in oil prices

Brent Price / Barrel (avg) (USD)



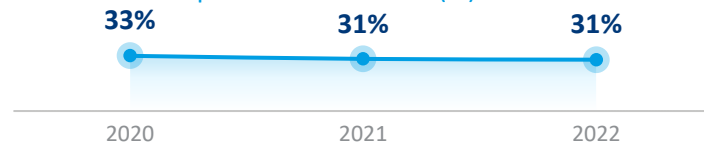
= Return from deflation to inflation by 2021

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2020 level

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

Executing ADIB's growth strategy against the backdrop of an expected economic expansion

= Net Profit Margin

Early benefit of expected rate hikes offset by continued competitive yield pressure

= Cost of Risk

Stable credit quality outlook and continued build-up of prudent provisioning

= Cost to Income Ratio

Stable cost base from disciplined management and digital efficiencies with expected growth in revenue

= Net Income Growth

Healthy financing growth, stable NPM and COR, and positive "Jaws" drive expected solid profit growth

= Return on Equity

Solid expected profit growth and focus on capital-efficient income growth expected to drive further ROE increase

FY 2021 Reported

FY 2021 Guidance

FY 2022 Guidance

+7%

3% to 5%

5% to 7%

3.25%

3.00% to 3.20%

3.00% to 3.20%

0.99%

0.80% to 0.90%

0.80% to 0.90%

40.7%

42% to 44%

38% to 40%

+45%

30% to 50%

15% to 20%

14.3%

-

15% to 17%

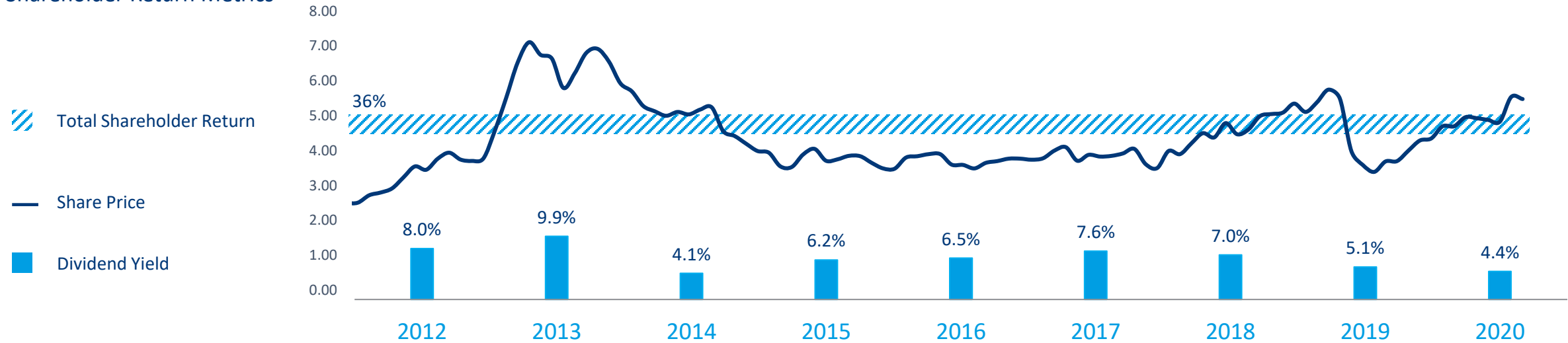
Questions & Answers

FY 2021 Earnings Presentation

= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of 4% and TSR of 36%

= Shareholder Return Metrics



Net Profit in AEDmn	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%	38.2%	46.6%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%	20.6%
Cash Dividend in AEDmn	601	725	700	769	777	915	994	994	747
Bonus shares	-	635.3	-	-	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-

= Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

= Credit Ratings

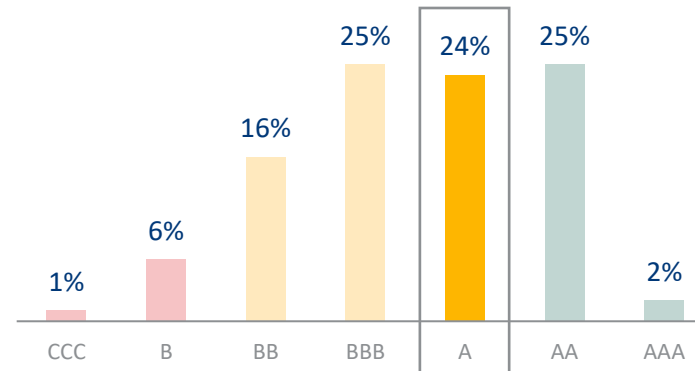
MOODY'S
A2
Stable Outlook

FitchRatings
A+
Stable Outlook

= ADIB's MSCI ESG Rating



= MSCI Rating Distribution



= Recent Accolades



#1
Digital Transformation Program



#1
Bank in the UAE
(April 2021)



#1
Islamic Bank in the UAE
(March 2021)

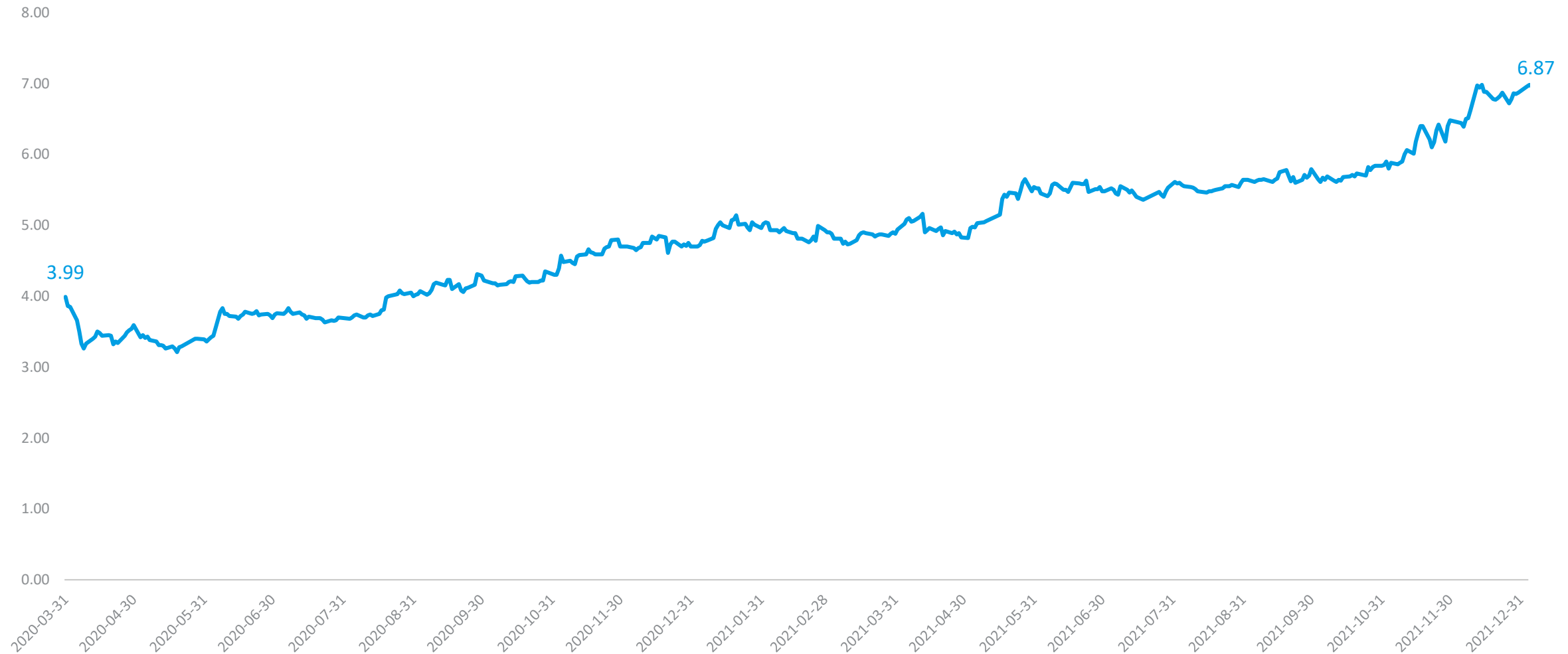


#1
Islamic Bank in Egypt
(March 2021)

= ADIB Share Price Performance

From 1Q 2020 to 4Q 2021 ADIB's share price is up 72%

= ADIB Share Price (AED)



Contacts

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= Additional Information

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

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= ADIB Investor Relations Website

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

Disclaimer

FY 2021 Earnings Presentation

= Disclaimer

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