



ADIB Investor presentation
31st December 2020 results
14th February, 2021

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Financial Performance

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ADIB Overview

Who Are We



**Islamic
Leader**

**Top 5
Global Islamic
Bank**



**Award
Winning**

**Best
Islamic
Bank**



**National
Champion**

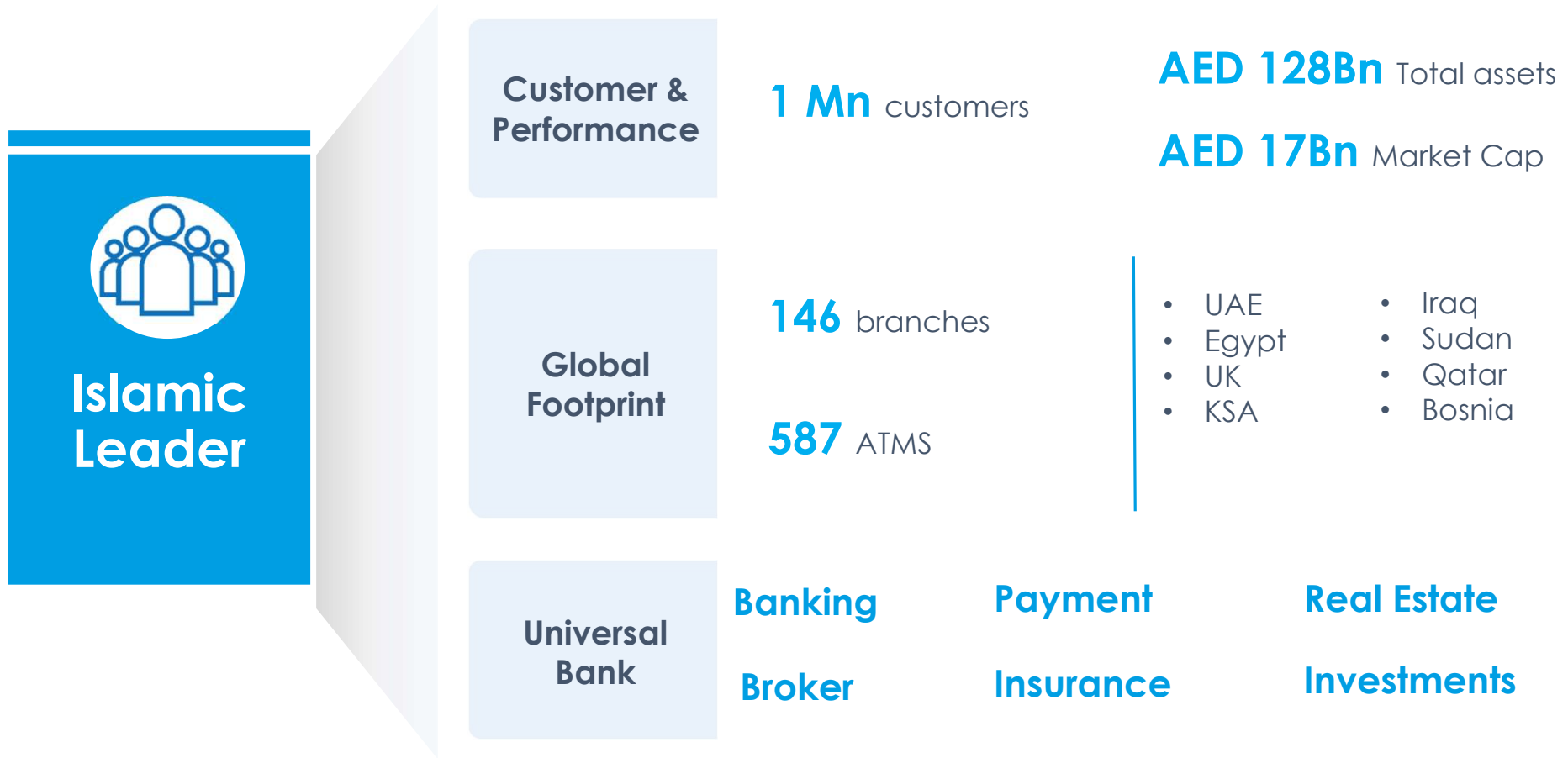
**Full-Fledged
Financial
Institution**



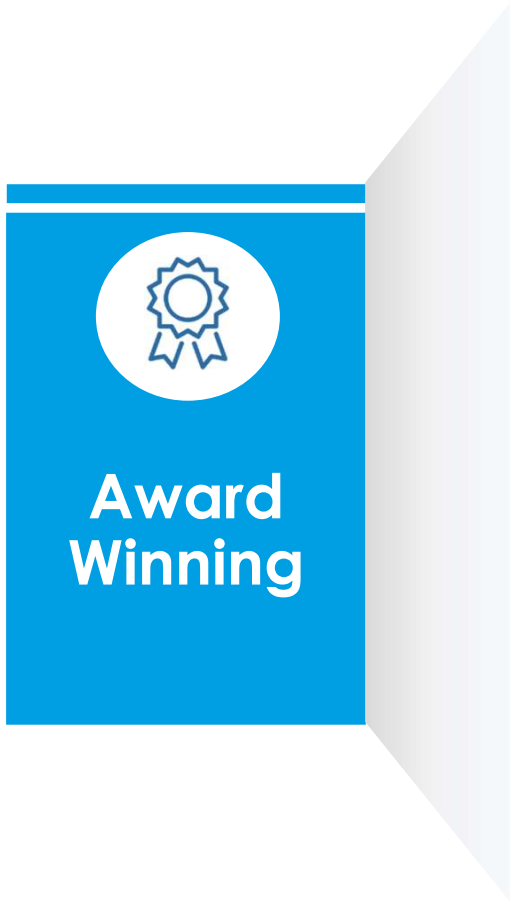
**Digital
Focus**

**78%
Digital
Customers**

Top 5 global Islamic bank



Globally recognized for Islamic, digital & services



MOODY'S
 INVESTORS SERVICE

A+

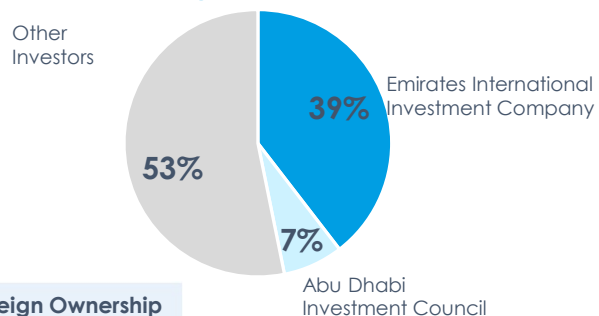
FitchRatings

A2

Full-fledged bank with 21 years of history



Strong Ownership



Foreign Ownership capped at 40%

Eminent Board

HE Jawaan Awaidha Al Khailli	Chairman
Khamis Buharoon AlShamsi	Vice Chairman
Dhaen Mahasoon Alhameli	Member
Najib Youssef Fayyad	Member
Abdulla Ali Musleh Jumhour Al Ahababi	Member
Khalifa Matar Khalifa Saif Almheiri	Member
Faisal Sultan Naser Salem Al Shuaibi	Member

Universal Bank

Primary bank for UAE Nationals

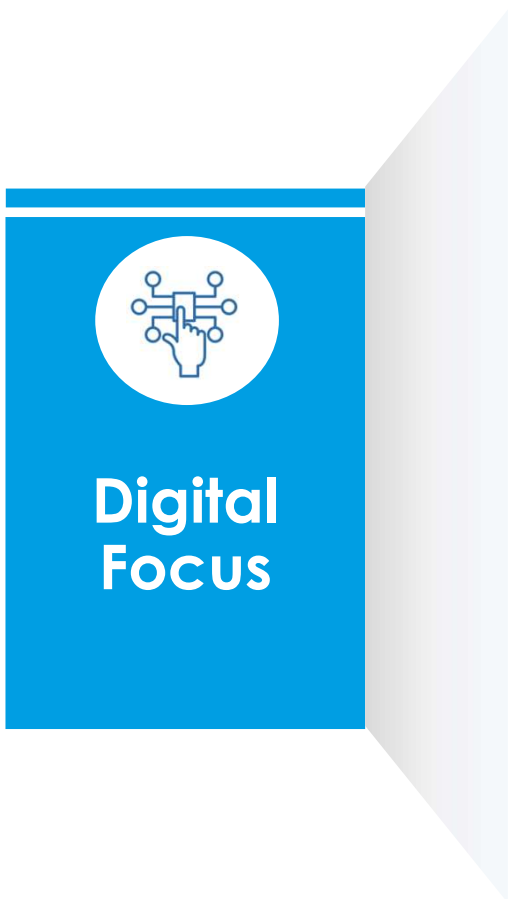
A leading **Retail** Franchise

A trusted partner for **Corporates**

A customised **Affluent** banking experience

A regional **FI** player

Significant Digital Penetration



Digital Experience

50%+

Digital acquisitions

89%+

Payments

78%+

Digitally active customers

Digital Infrastructure

 **A**rtificial Intelligence

 **B**ig Data

 **C**loud Infrastructure

 **D**evelopments & machine

 **E**cosystem

 **F**inTech Partnership

Financial Performance

Resurgent financial performance in H2



Encouraging Recovery

+10%
Revenues
H2'20 vs H1'20

-5%
Expenses
H2'20 vs H1'20

+73%
Net income
H2'20 vs H1'20



Resilient performance

-9%
Revenues vs
FY 2019

-8%
Expenses vs
FY 2019

-38%
Net income vs
FY 2019



Strong Foundation

19.4%
Capital Adequacy
Ratio (CAR)

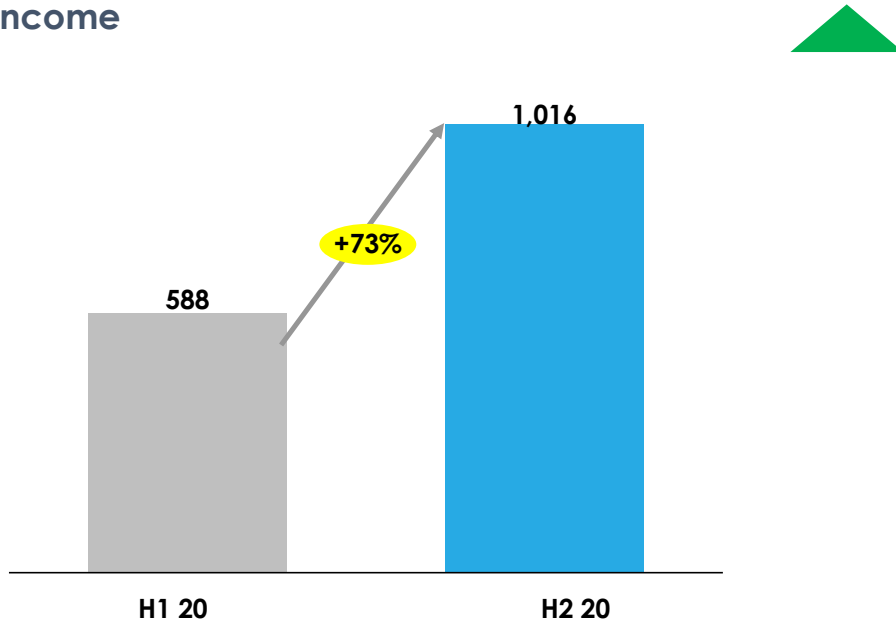
82.4%
Financing to
Deposit Ratio

3.51%
Net Profit
Margin

Business momentum picking up

All figures in AED Mn

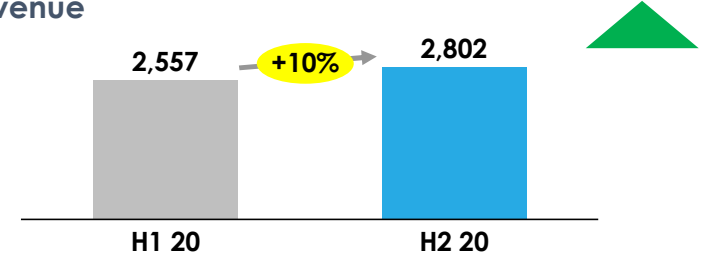
Net Income



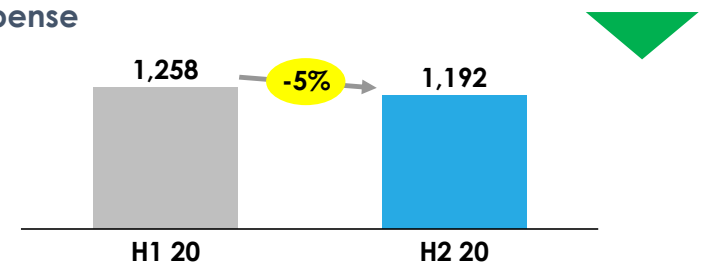
Key Highlights

- A resurgent financial performance in H2 2020 with a growth of 73% in net profit compared to H1 2020.
- The rebound in UAE economic activity and an improvement in business momentum lifted revenues by 9.6% in H2 2020 vs H1 2020.

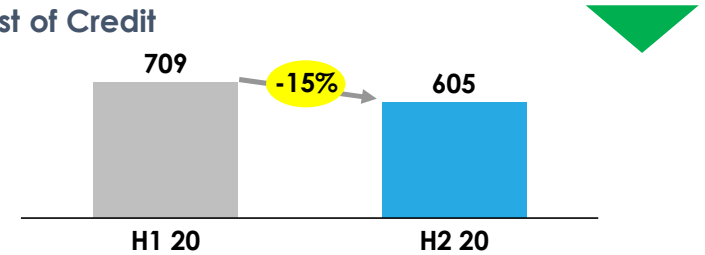
Revenue



Expense



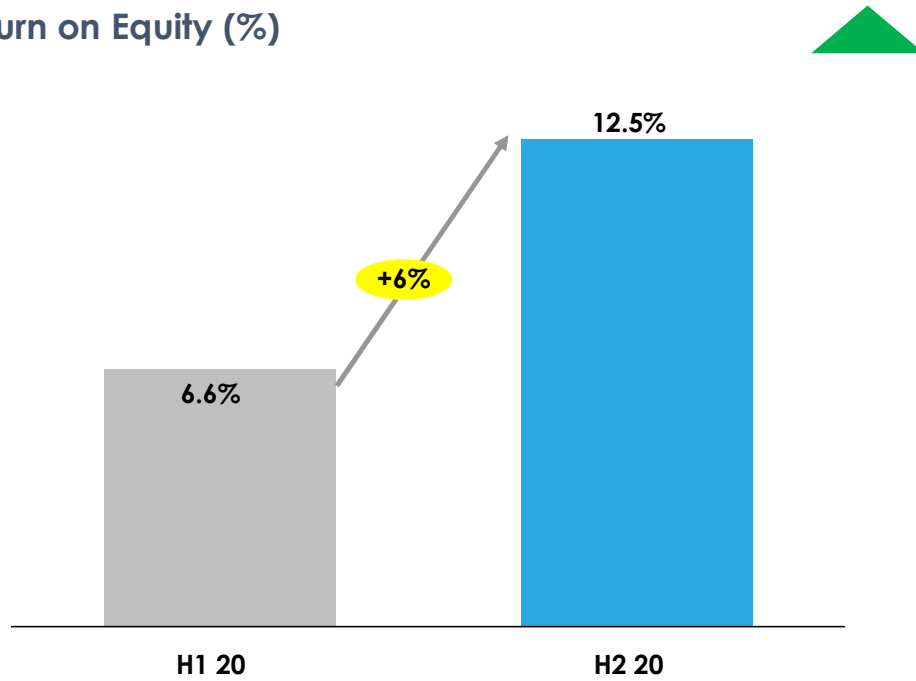
Cost of Credit



Business momentum picking up

All figures in AED Mn

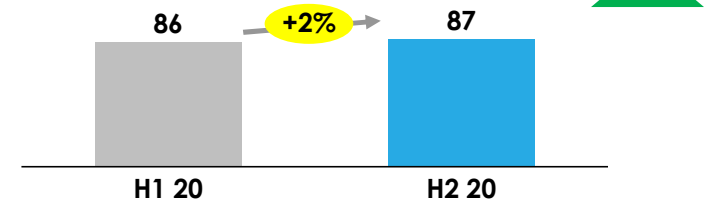
Return on Equity (%)



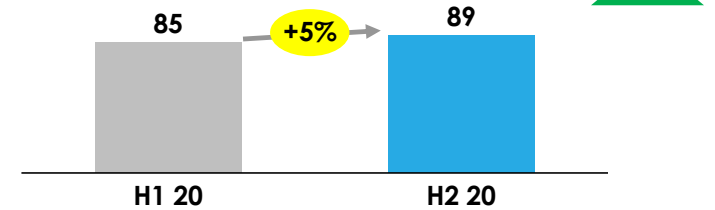
Key Highlights

- 6% growth in ROE in H2 versus H1.
- Cost to income ratio improved by 7% in H2 versus H1 driven by cost efficiencies initiatives.

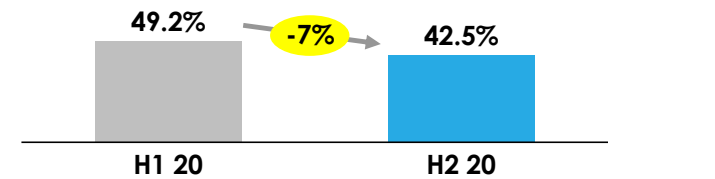
Gross Financing



CASA and STI



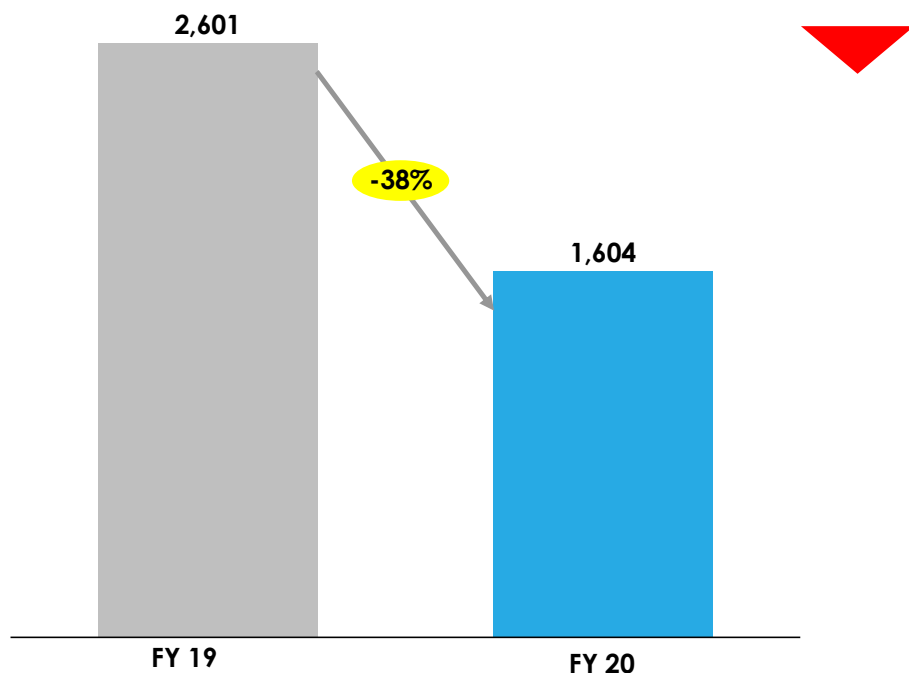
Cost to Income ratio (%)



Significant headwinds partly offset by a diversified business model, and a cost discipline program

All figures in AED Mn

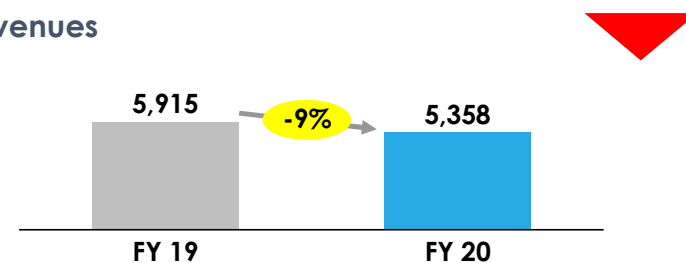
Net Income



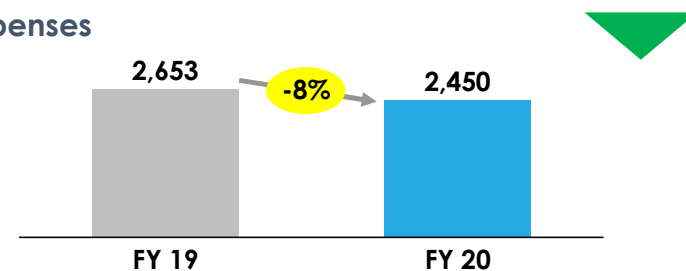
Key Highlights

- Profitability was lower year-on-year reflecting unprecedented market conditions, record low rates and the pandemic-driven economic slowdown.
- A rigorous approach to cost resulted in a reduction of 7.7% year on year in operating expenses; achieved by the successful implementation of technology-led initiatives

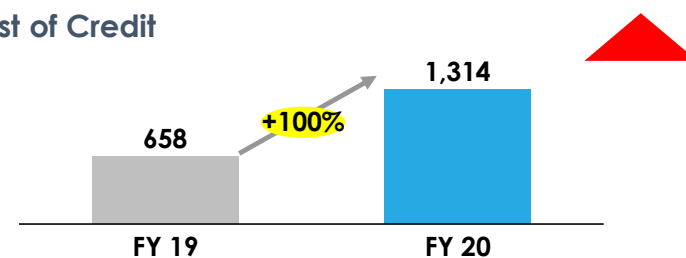
Revenues



Expenses



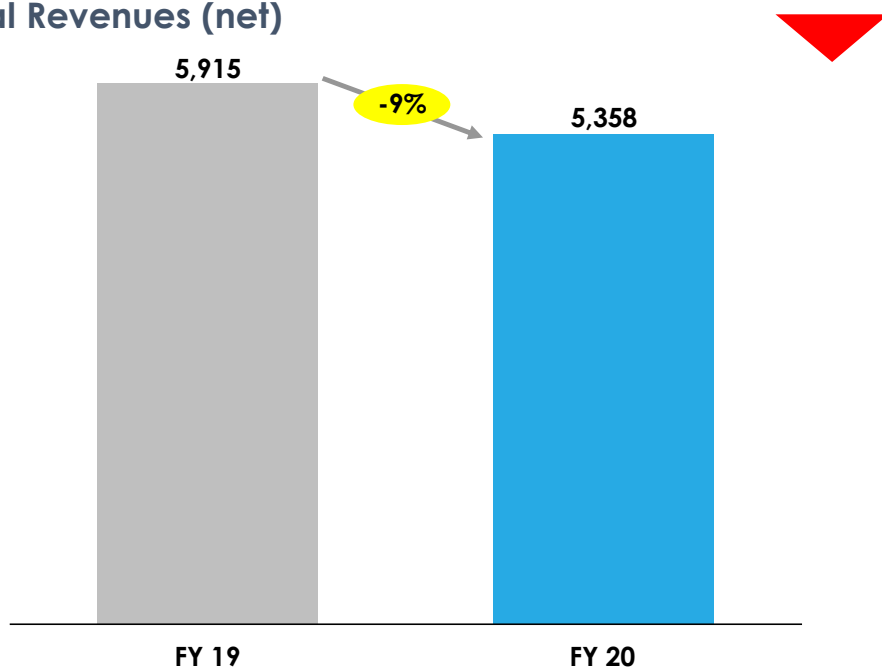
Cost of Credit



Revenues reflect economic slowdown & low rate environment

All figures in AED Mn

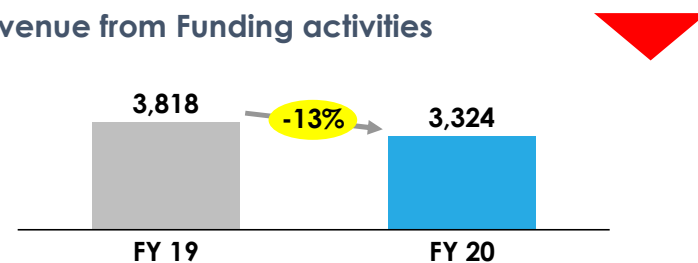
Total Revenues (net)



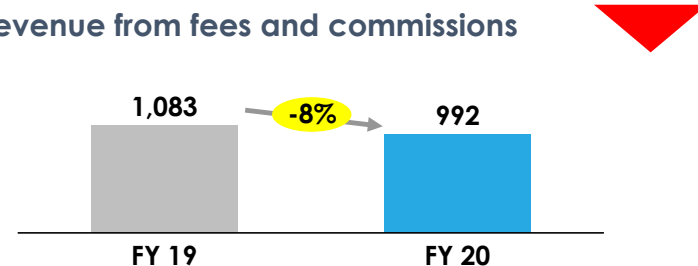
Key Highlights

- Income from financing activities in 2020 was AED 3.32 billion, down 13% from FY2019 primarily due to a balance sheet repricing driven by the impact of a low-rate environment.
- This was offset by a growth in investment income by 15%.

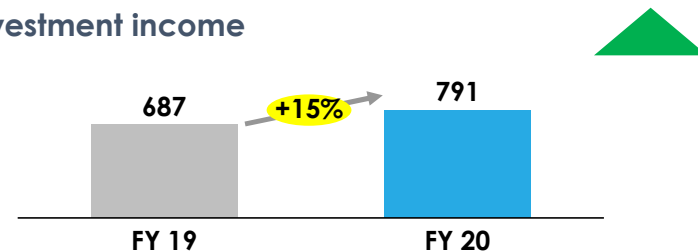
Revenue from Funding activities



Revenue from fees and commissions



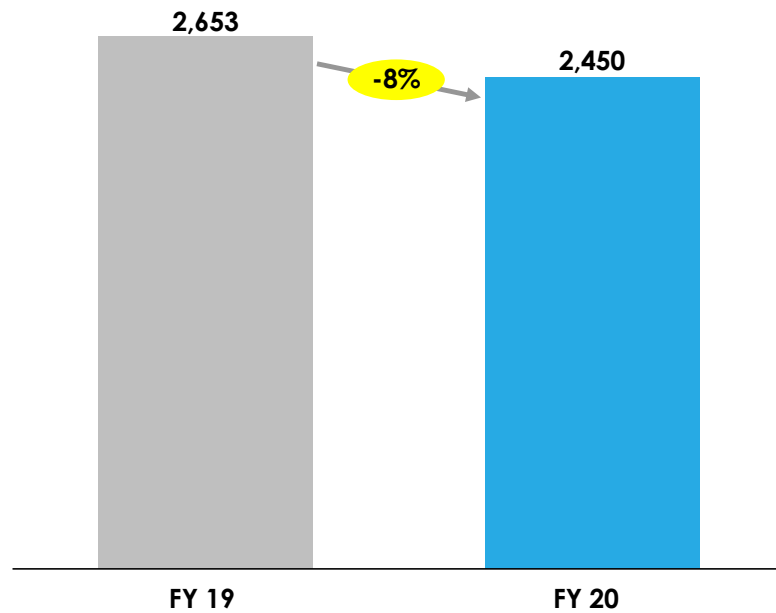
Investment income



Efficiencies Yielding results – 8% YoY Cost reduction

All figures in AED Mn

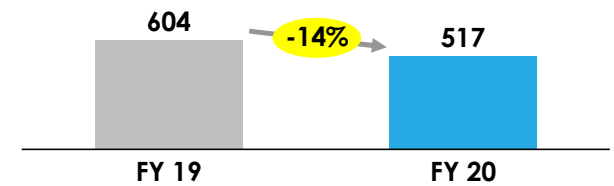
Expenses



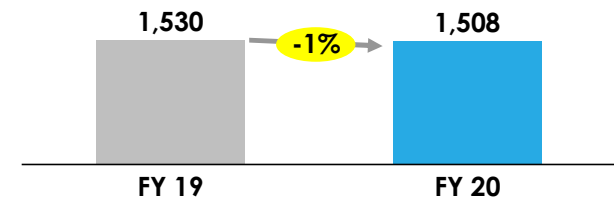
Key Highlights

- Amid ongoing investments in key strategic and digital initiatives, expenses decreased 8% year-on-year as a result of the successful implementation of cost initiatives and the efficacy of the digital strategy.

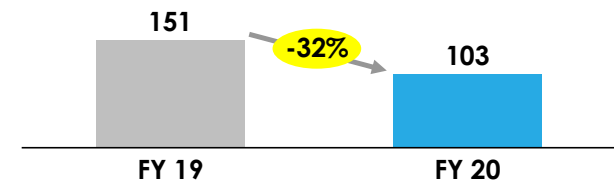
Operating expenses



Staff expenses

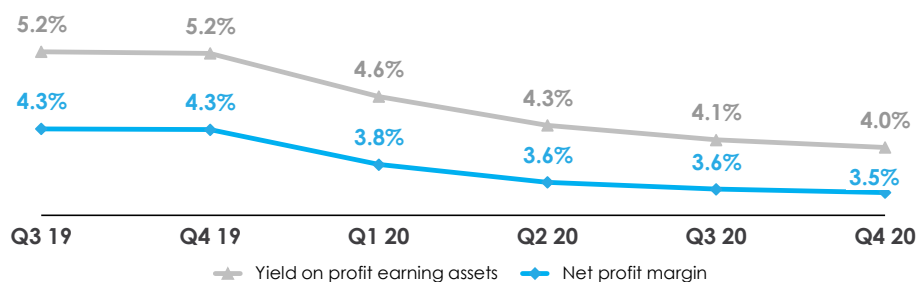


Premises expenses

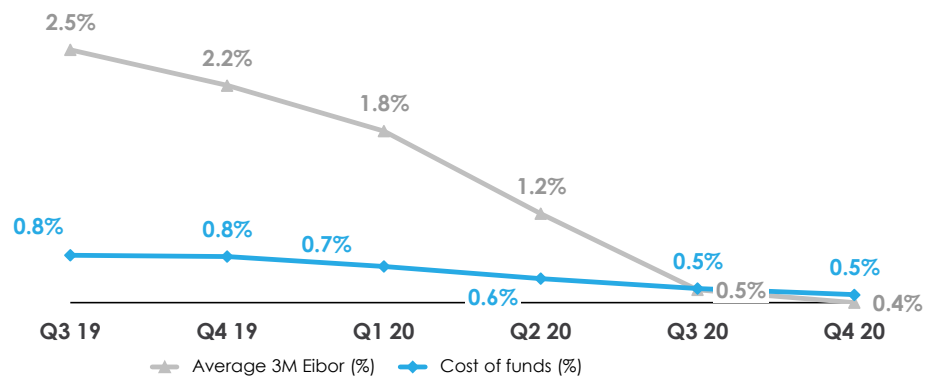


Net Profit Margin Remained Amongst the Highest In The Market

Yield and Net profit Margin (%)



Eibor and Cost of Funds curves (%)



NRFF / Operating income

65% 62%

60% 58%

Net Revenue from funds (NRFF)

3,818 -13%
3,324

827 0%
828

Revenue from funds

4,631
3,827

923
922

Profit paid

813
502

96
95

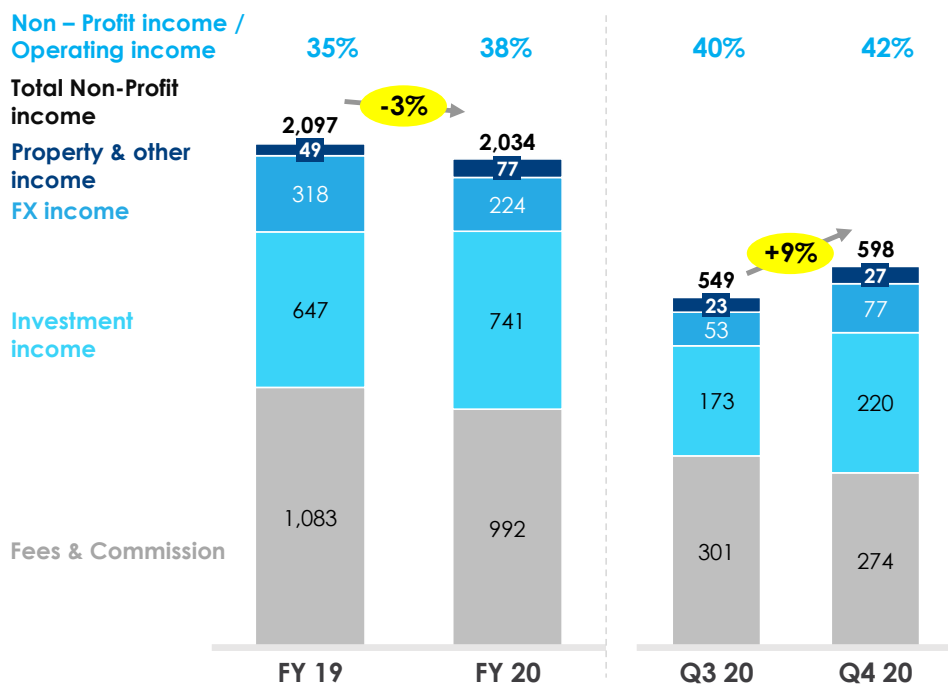
FY 19 FY 20

Q3 20 Q4 20

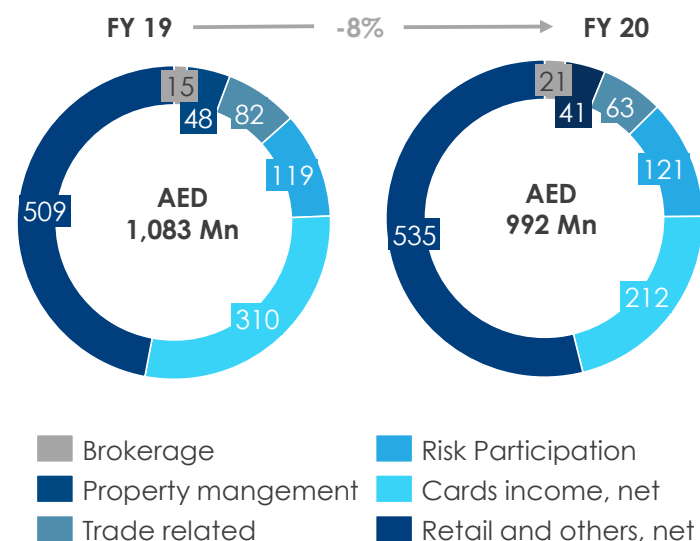
One of the lowest cost of funds supported by optimal funding mix

All figures in AED Mn

Non Profit Income is now 38% of total revenues



Fees and Commission, net



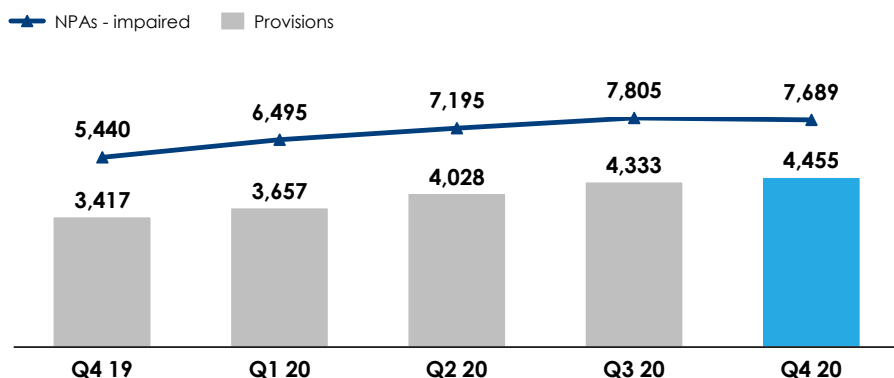
Key Highlights

- Non-profit income lower by 3% at AED 2,034 Mn, now comprises **38% of total revenue compared to 35% in 2019**.
- Decrease of 3% mainly driven by lower fees and commissions, foreign exchange income and income from associates.
- Fees and commissions lower by 8% primarily due to lower card income due to current scenario.
- FX income lower by 30% to reach AED 224 Mn.

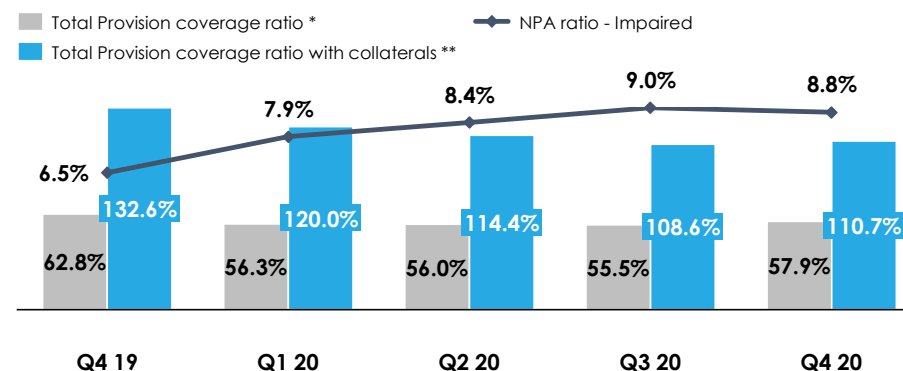
All figures in AED Mn

Increase in provisioning to reflect the challenging macro-economic environment

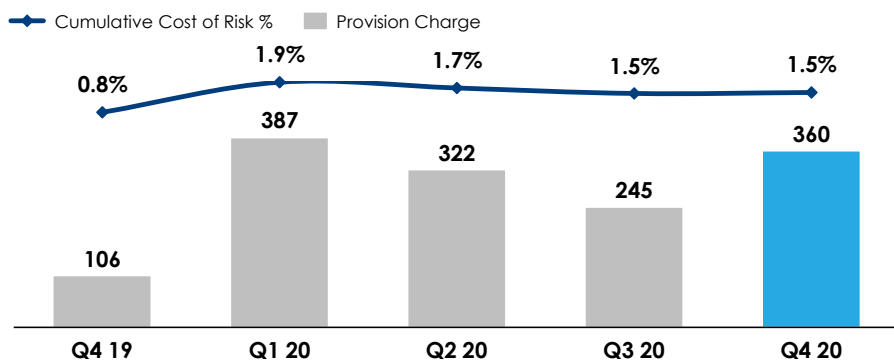
Provisions and NPAs



NPA ratio and Provision Coverage ratio



Provisions charge



Key Highlights

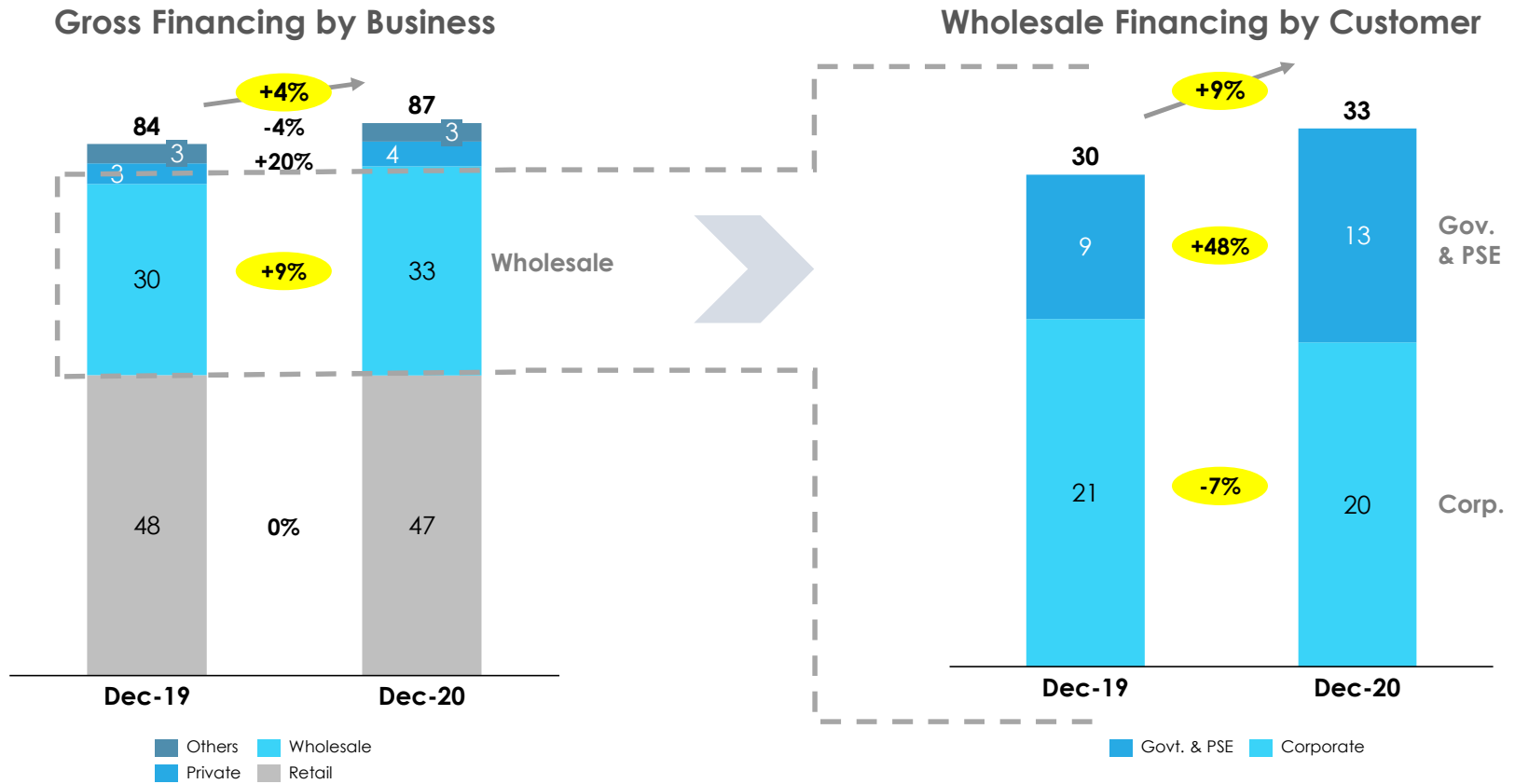
- Total impaired NPAs increased by AED 2,249 Mn during 2020 to reach AED 7,689 Mn. (31 Dec 19: AED 5,440 Mn).
- Impaired NPAs ratio at 8.8% as at 31 Dec 2020 (6.5% at 31 Dec 2019) with coverage of 57.9% (31 Dec 2019: 62.8%). Including Collateral for stage 3, coverage is 110.7%.
- Total financing provisions (excluding Impairment Reserves) of AED 3,997 Mn represents 4.57% (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" is defined as "total provisions + impairment reserve + collaterals / impaired NPAs".

All figures in AED Bn

Financing growth driven by 9% YoY growth in corporate financing on the back of strong deal origination

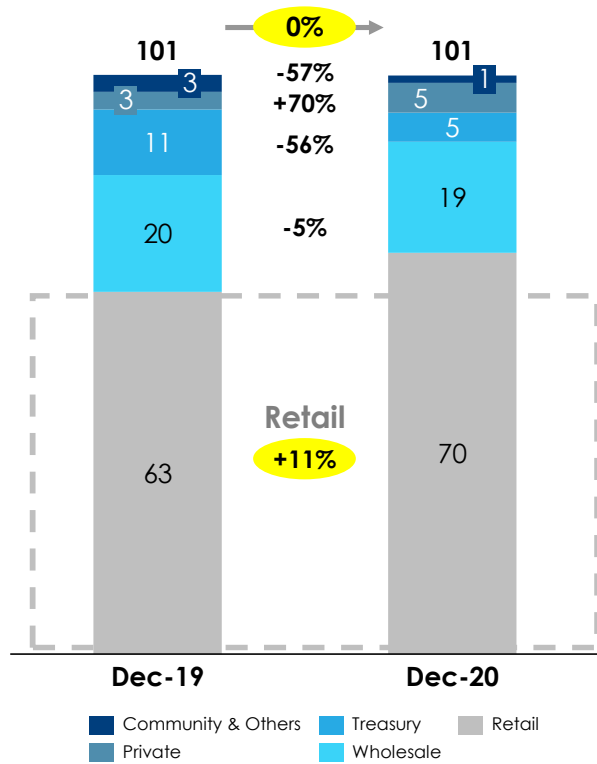


All figures in AED Bn

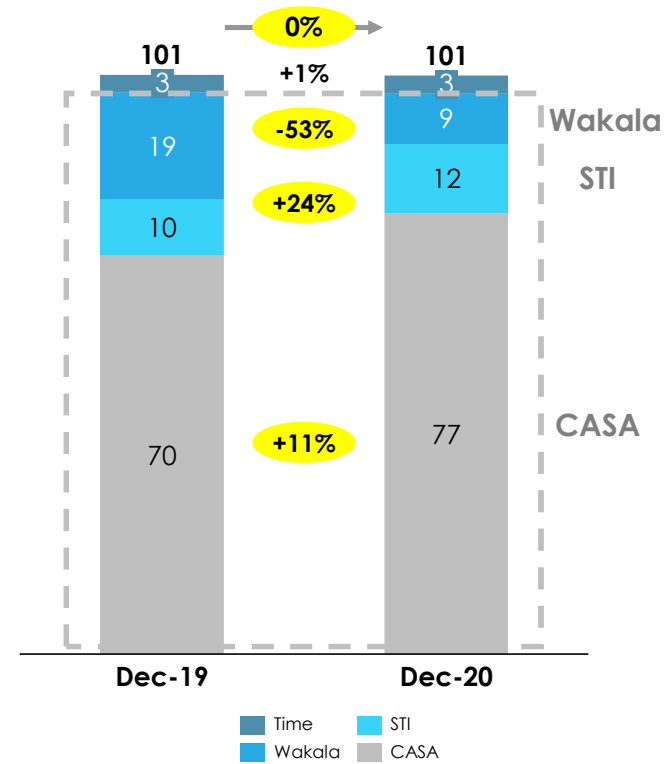
Funding mix continued to improve with CASA comprising 76% of total deposits; Ample liquidity to deploy for growth

All figures in AED Bn

Customers' Deposits by Segment

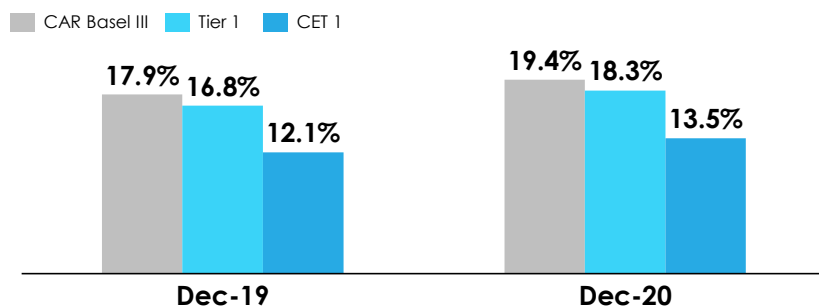


Customers' Deposits by Type

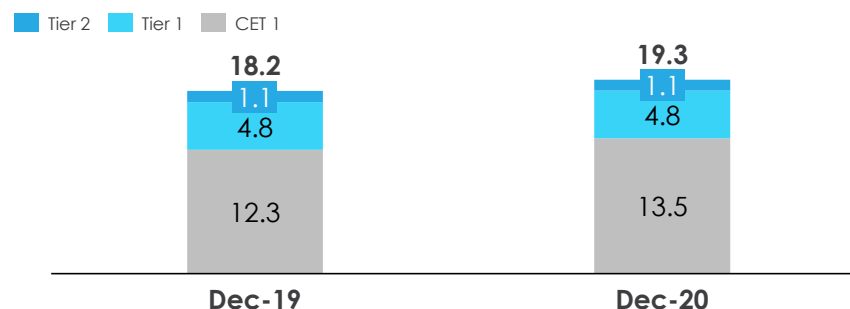


We remain well capitalized with CET1 ratio above regulatory requirement

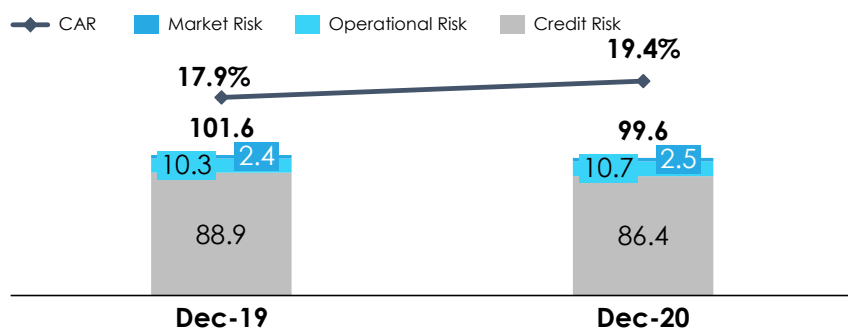
Capital Adequacy Ratio* (%)



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



Total Capital Adequacy Ratio and RWA



Key Highlights

- Basel III Total Capital Adequacy ratio at end of Dec 2020 at 19.4% well above the regulatory requirement of 11.5%. (31 Dec 19: 17.9%).
- Basel III Tier I ratio at 18.3% at the end of Dec 2020 well above the regulatory requirement of 9.5%. (31 Dec 19: 16.8%).
- Basel III CET1 ratio at 13.5% at the end of Dec 2020 above the regulatory requirement of 8.0%. (31 Dec 19: 12.1%).

Resilient performance despite challenging conditions

Balance Sheet

	Dec 19	Dec 20	Change % Dec 20 vs Dec 19
Total assets	125,987	127,816	1%
Gross financing	84,121	87,407	4%
Investments	12,940	13,809	7%
Deposits	101,404	101,276	0%
Total CASA & STI	79,522	89,324	12%
Total Equity	19,103	19,162	0%

Income Statement

	FY 19	FY 20	Change % FY 20 vs FY 19
Revenues	5,915	5,358	-9%
Expenses	2,653	2,450	-8%
Operating margin	3,262	2,908	-11%
Credit loss provisions	521	1,210	132%
Impairment	137	104	-24%
Net Income	2,601	1,604	-38%

Key Ratios

	Dec 19	Dec 20
Net Financing to Deposit	80.0%	82.4%
Total capital adequacy*	17.9%	19.4%
CET 1*	12.1%	13.5%
ROE	18.6%	9.6%
ROA	2.1%	1.3%
Net profit margin	4.25%	3.51%
Cost to Income ratio	44.9%	45.7%

Key Highlights FY 20 vs FY 19

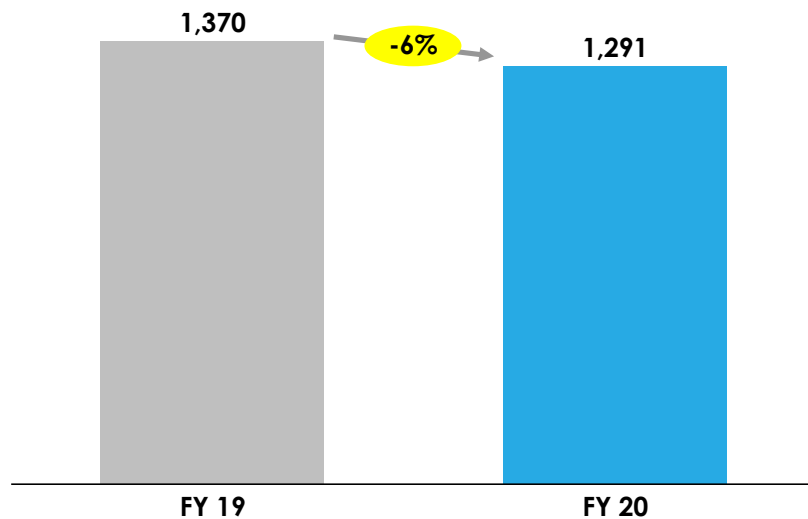
- **Revenue down 9%** (AED 557 Mn) predominantly driven by stressed external environment due to global pandemic and margin compression.
- **Expense reduction of 203Mn** (8% y-o-y) as cost efficiency actions continue to create investment capacity.
- **Credit loss provisions up 132%** driven by specific impairment provisions in WBG.
- **Resilient Balance Sheet** efficient funding mix and well capitalized

All figures in AED Mn

Divisional Performance

Divisional Performance – Retail Banking Group

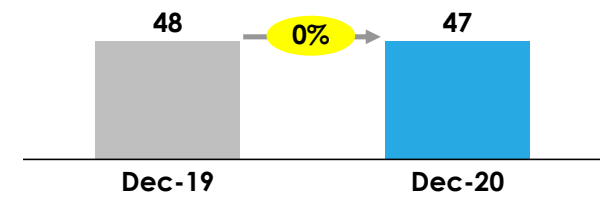
Net Income (AED Mn)



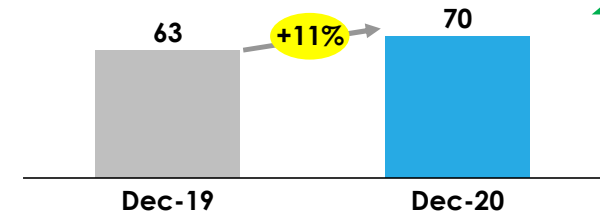
Key Highlights

- Net profit up 42% in H2 2020 versus H1 2020
- Revenues up 4% in H2 2020 versus H1 2020

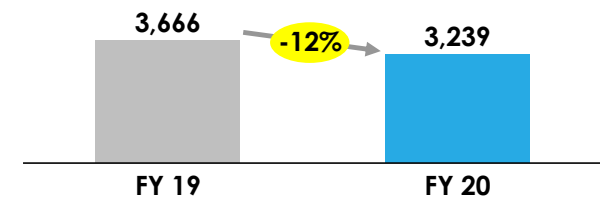
Gross Financing (AED Bn)



Deposits (AED Bn)

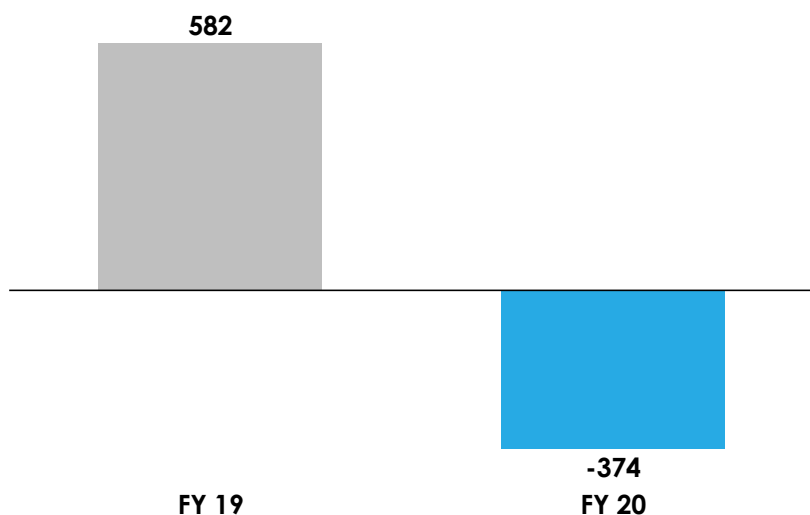


Revenue (AED Mn)



Divisional Performance – Wholesale Banking Group

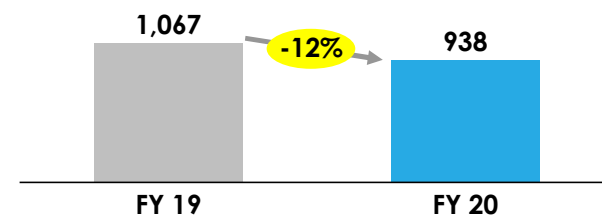
Net Income



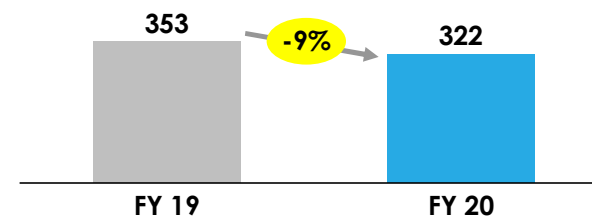
Key Highlights

- Revenues up 12% in H2 2020 versus H1 2020
- Customer financing growth of 9% on the back of strong deal origination
- Cost of credit up 659% year on year driven by specific accounts

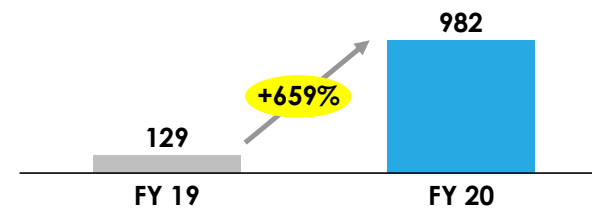
Revenue



Expense



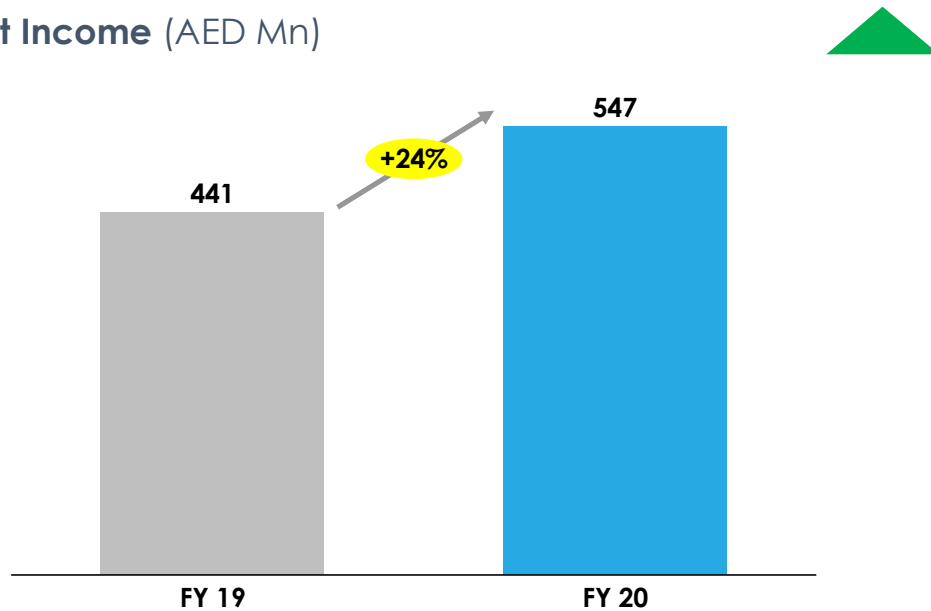
Cost of Credit



All figures in AED Mn

Divisional Performance – Treasury

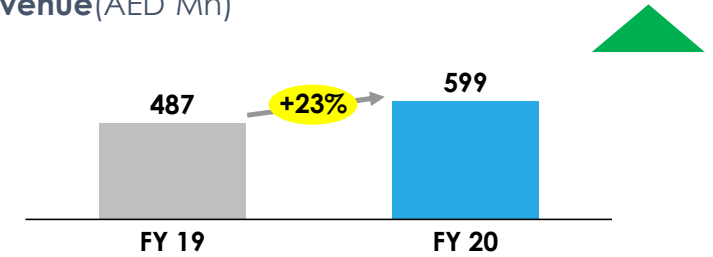
Net Income (AED Mn)



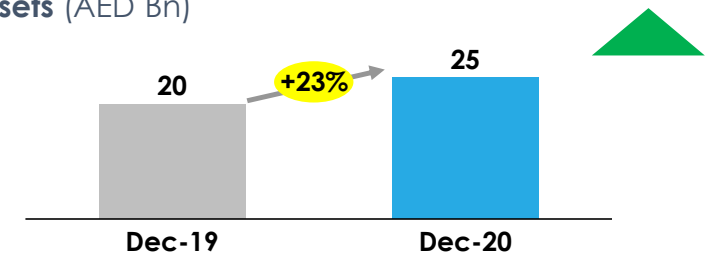
Key Highlights

- 55% growth in revenues in H2 versus H1 2020
- Full year net income grew 24%

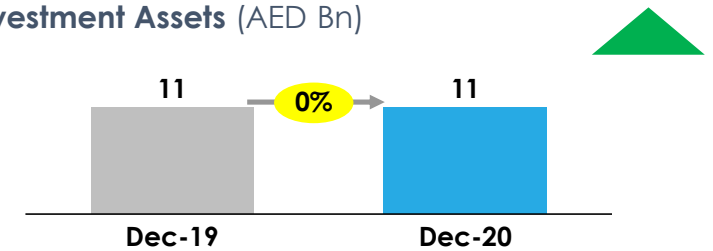
Revenue (AED Mn)



Assets (AED Bn)



Investment Assets (AED Bn)



Strategic Focus

Our 4-Pillar Strategy

1



Client Relationship

Deepening our relationships
'Stay' existing clients and attract 'New to Bank' clients

2



Revenue

Increasing our fee-based income
Introducing new revenue streams

3



Operating Efficiency

Operating efficiency across all areas
Commitment to cost discipline

4



Risk and Control

Enhancing our risk management framework
Reinforcing our governance and control culture

Staff

- 65% of staff are vaccinated
- Phased return to office
- Strict sterilization protocols
- 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 for supply chain & cash management
- Collaborated with the Abu Dhabi DoF 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

IR Contacts

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Appendix

Consolidated Statement Of Income

				Change %				Change %
	Q4 19	Q3 20	Q4 20	Q4 20 vs Q4 19	Q4 20 vs Q3 20	FY 2019	FY 2020	FY 20 vs FY 19
Revenues	1,524	1,376	1,426	-6.5%	3.6%	5,915	5,358	-9.4%
Net revenue from funds	953	827	828	-13.2%	0.1%	3,818	3,324	-12.9%
Fees & commission	336	301	274	-18.3%	-8.8%	1,083	992	-8.4%
Investment income	145	189	233	61.3%	23.7%	687	791	15.2%
Foreign Exchange income	89	53	77	-13.6%	45.9%	318	223	-29.7%
Other income	2	7	13	529.0%	91.0%	9	27	191.8%
Expenses	668	614	578	-13.4%	-5.8%	2,653	2,450	-7.7%
Employees' costs	379	371	368	-2.9%	-0.9%	1,530	1,508	-1.4%
General & administrative expenses	185	161	135	-26.8%	-16.0%	755	620	-17.9%
Depreciation & amortization	104	81	75	-28.0%	-7.9%	368	322	-12.6%
Operating profit – margin	857	762	847	-1.1%	11.1%	3,262	2,908	-10.9%
Provision for impairment	106	245	360	240.8%	46.7%	658	1,314	99.7%
Net profit before zakat & tax	751	517	487	-35.1%	-5.7%	2,604	1,594	-38.8%
Zakat & tax	1	-17	5	800.2%	-129.2%	3	-10	-435.5%
Net profit after zakat & tax	751	534	483	-35.7%	-9.6%	2,601	1,604	-38.3%

All figures in AED Mn

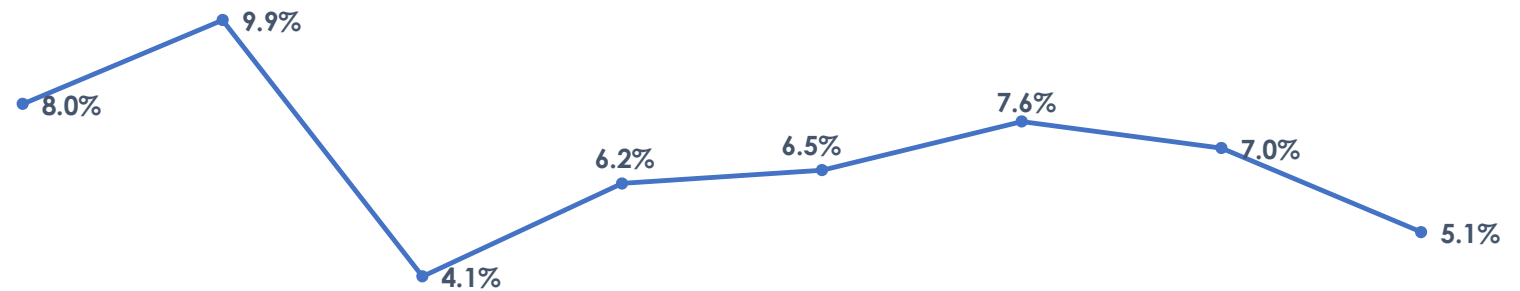
Consolidated Balance Sheet

	31 Dec 2019	30 Sep 2020	31 Dec 2020	Change %	
				Dec 20 vs Dec 19	Dec 20 vs Sept 20
Cash and balances with Central Banks	19,823	18,159	19,580	-1.2%	7.8%
Due from financial institutions	3,363	3,502	2,420	-28.0%	-30.9%
Net Customer financing	81,108	83,205	83,409	2.8%	0.2%
Investments	12,940	13,480	13,809	6.7%	2.4%
Investment in associates	1,281	1,316	1,302	1.6%	-1.1%
Investment and development properties	2,086	2,066	2,024	-3.0%	-2.0%
Other assets / fixed assets / intangibles	5,385	5,389	5,273	-2.1%	2.2%
Total Assets	125,987	127,116	127,816	1.5%	0.6%
Due to financial institutions	2,461	4,045	3,773	53.3%	-6.7%
Customers' deposits	101,404	100,722	101,276	-0.1%	0.6%
Other liabilities	3,018	3,378	3,605	19.4%	6.7%
Total Liabilities	106,884	108,144	108,654	1.7%	0.5%
Share Capital & Reserves	14,349	14,218	14,407	0.4%	1.3%
Tier 1 Sukuk	4,754	4,754	4,754	-	-
Total Equity	19,103	18,972	19,162	0.3%	1.0%
Total Liabilities & Equity	125,987	127,116	127,816	1.5%	0.6%

All figures in AED Mn

A consistent dividend distribution record with average yield of 7% **ADIB** مصرف أبوظبي الإسلامي

Dividend Yield (%)



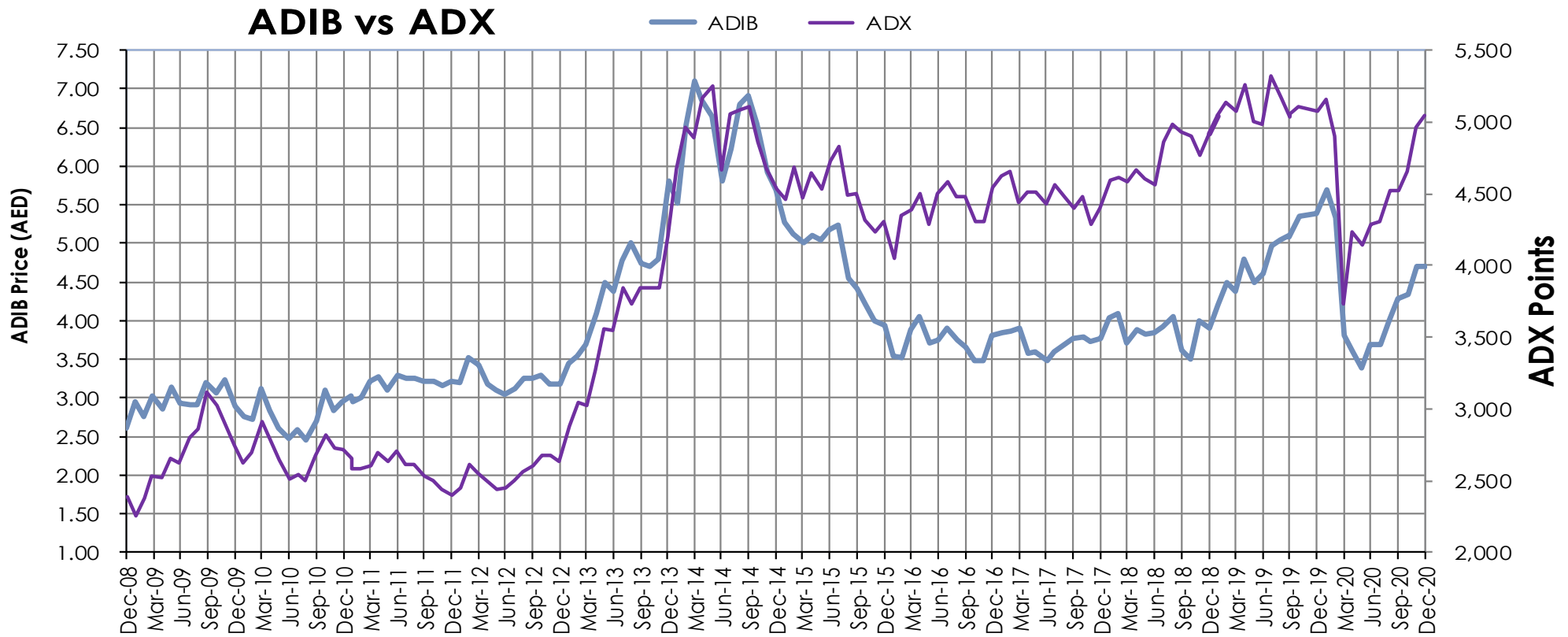
AED	2012	2013	2014	2015	2016	2017	2018	2019
Net Profit	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601
Cash Dividend Payout Ratio (% of Net Profit)	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%	38.2%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%
Cash Dividends	601	725	700	769	777	915	994	994
Bonus shares	-	635	-	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-

All figures in AED Mn

Source: Derived from published financial statements

Public

Shareholder's Return



Thank You