



**ADIB Investor presentation**  
**31<sup>st</sup> March 2021 results**  
2<sup>nd</sup> May 2021

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Macroeconomic Overview

Key Highlights

Q1 2021 performance

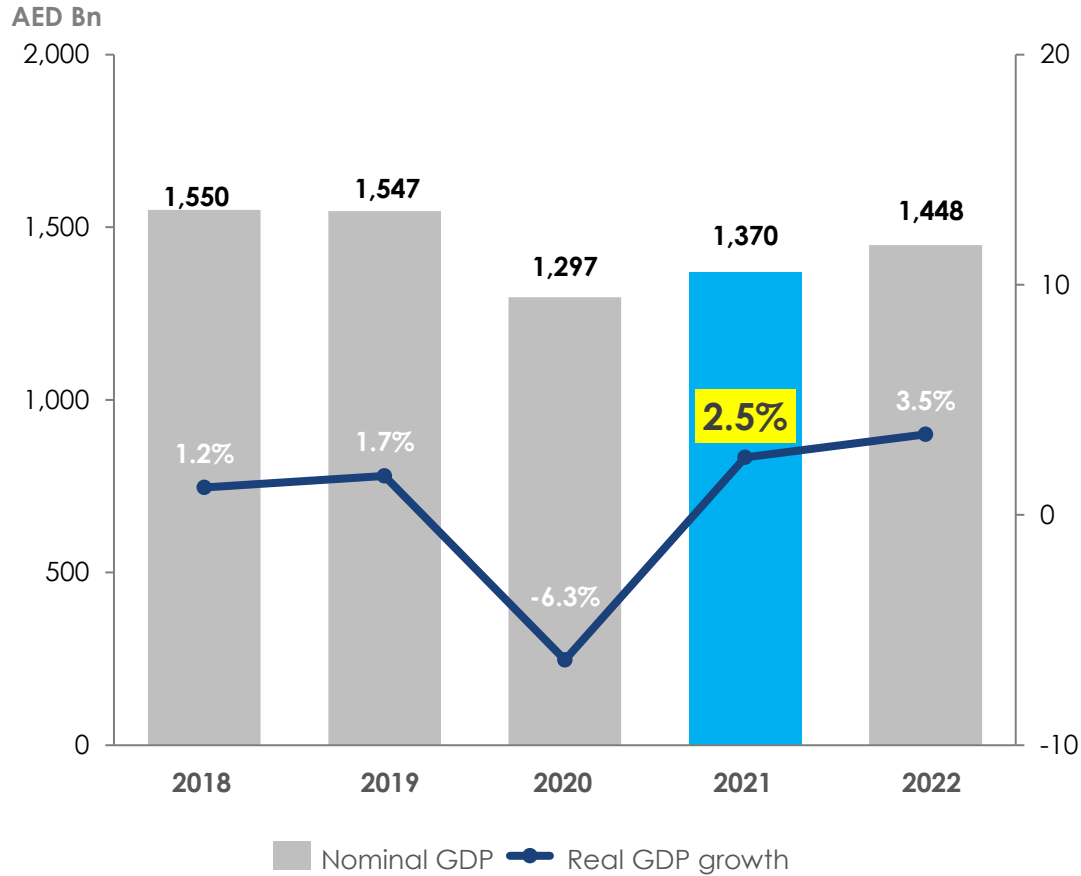
Divisional Performance

Appendix

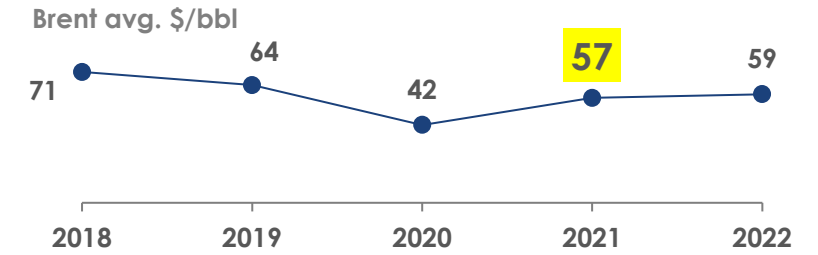
# Macroeconomic overview

# Economy to restore growth in 2021-2022 given fast rollout of vaccination and strengthening of oil price

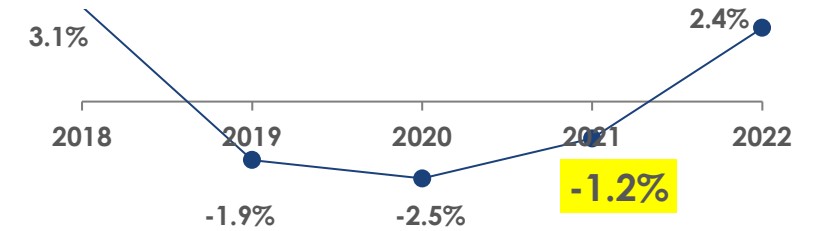
## Real GDP growth driven by rising oil prices, domestic consumption and liquidity



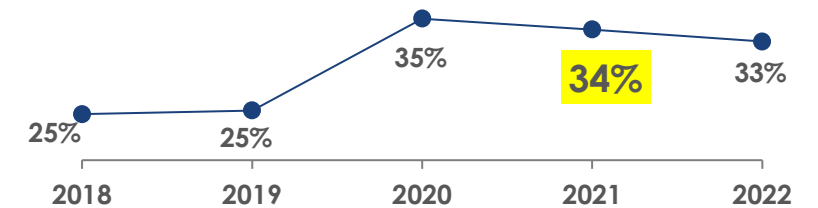
## Rising oil prices to improve economic outlook



## Return from deflation to inflation by 2022



## Govn. expenditure to GDP expected to remain at 2020 levels



# Key Highlights

**1** **125%** growth in net income in Q1 2021 vs Q1 2020; **26%** growth vs Q4 2020.

**2** **3%** growth in revenue due to a growth of 30% in Fees & Investment income.

**3** **7%** decrease in expenses due to efficiency efforts and the successful of digital strategy with cost to income ratio improving by 482 basis points

**4** **Balance sheet growth** with 6.5% growth in total assets supported by 5% growth in customer financing and 4% growth in deposits

**5** **5 years Strategy** to lay the foundations for a sustained growth

**6** ADIB Ranked **number 1** Bank in UAE on the Forbes list of World's Best Banks 2021

# Strong Rebound in Q1 driven by a Strong Underlying Performance



Income statement

Key indicator (YoY)	Q1 21
Revenue growth	3%
Net revenue from funding	-10%
Revenue from non funding	30%
Expenses	-7%
Provisions	-65%
Net profit	125%



Profitability

ROE	14.9%
ROA	1.9%



Balance sheet & Asset quality

Key Indicator (YoY)	Q1 21
Total asset growth	7%
Customer financing growth	5%
Customer deposit growth	4%
Net interest Margin	3.15%
Non-performing assets	8.9%
Coverage ratio with collaterals	112%



Capital

CAR	19.2%
CET 1 ratio	13.3%



# We Continued with the growth momentum in Q1 2021

(AED Mn, %)	Q4 20	Q1 21	QoQ
Revenue	1,426	1,336	-6%
Revenue from funding activities	828	784	-5%
Revenue from non funding	598	551	-8%
Expenses	578	592	+2%
Operating Profit	847	744	-12%
Provisions and impairments	360	134	-63%
Net Profit	483	608	+26%

# We Continued to forge ahead with digital banking

Growth Y-o-Y

**Users**

**78%** digitally active customers

23%

**Transactions**

**98%** of payment is on Digital

1.2%

**Finance**

**30%** of personal finance is on Digital

32%

**Account opening**

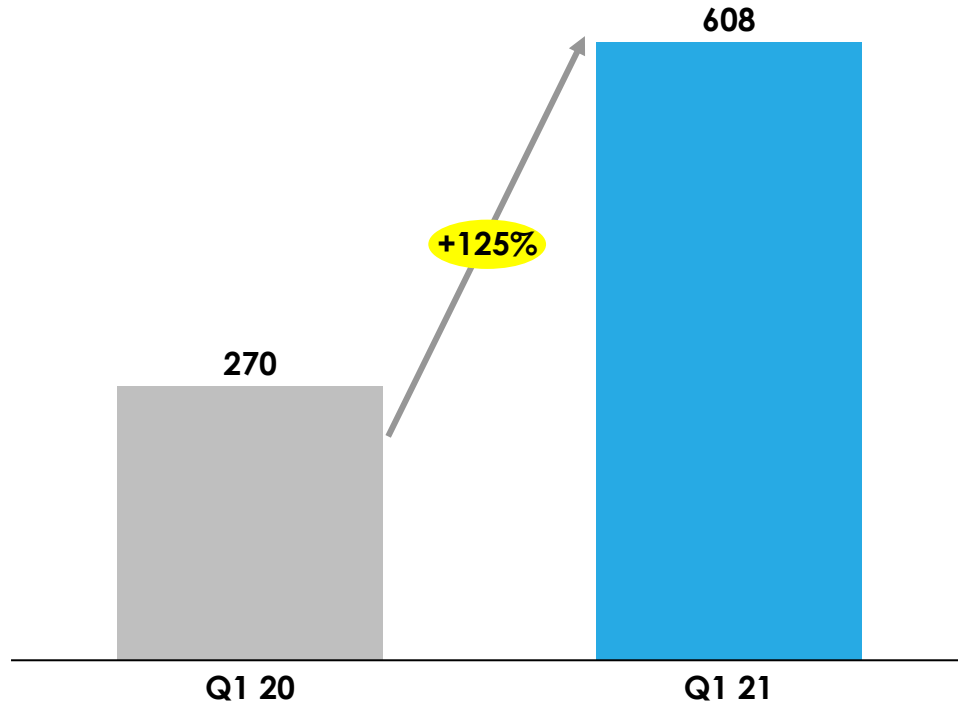
**52%** of new ADIB customers opened their accounts digitally

58%

# Q1 Financial Performance

# Diversified business model and cost discipline program delivered strong performance in Q1 2021

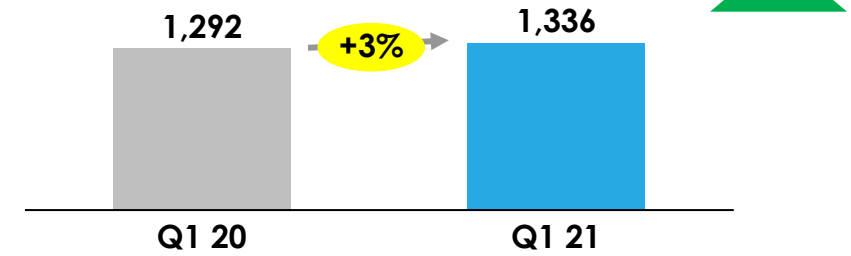
## Net Income



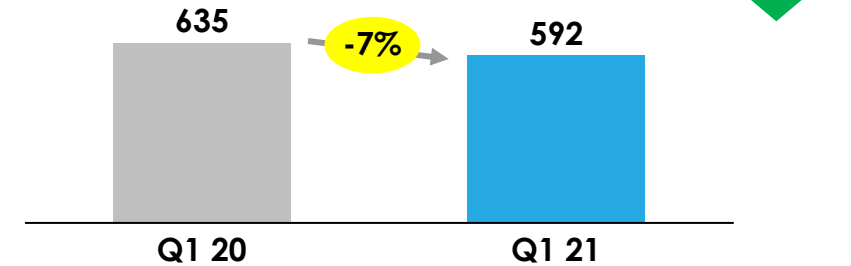
### Key Highlights

- A resurgent financial performance in Q1 2021 with a growth of 125% in net profit compared to Q1 2020 on the back of cost efficiencies and strong revenue growth
- The rebound in UAE economic activity and an improvement in business momentum lifted revenues by 3.3% in Q1 2021 vs Q1 2020.

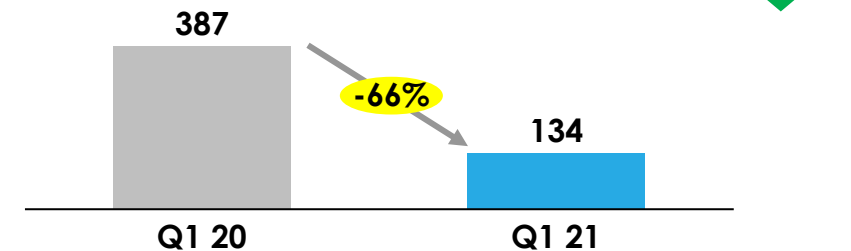
## Revenues



## Expenses



## Cost of Credit

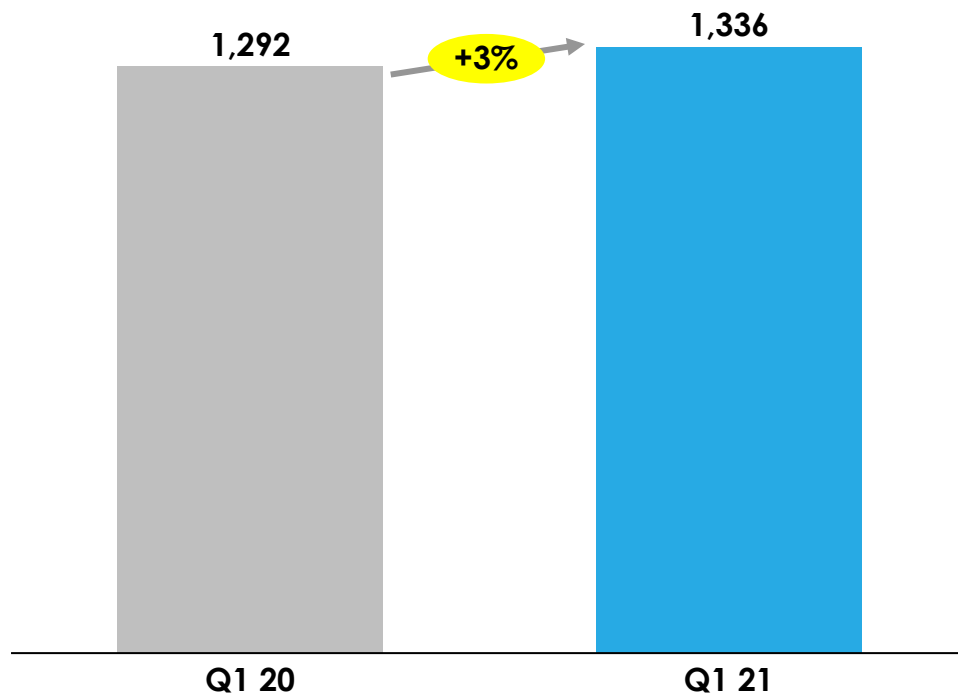


All figures in AED Mn

Source: Derived from published financial statements

# Revenues growth driven by a rebound in fee income and gains in investment portfolio

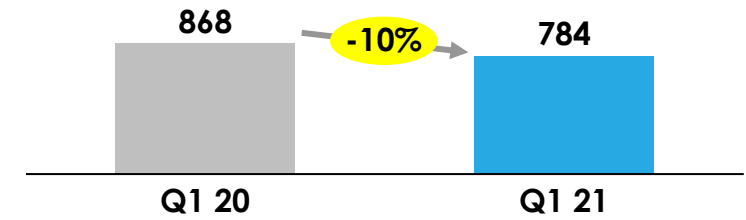
## Total Revenues (net)



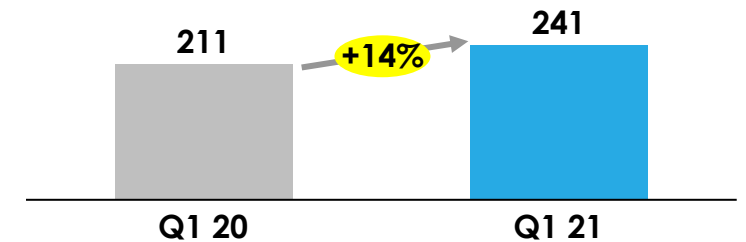
### Key Highlights

- Income from financing activities in Q1 2021 down 10% from Q1 2020 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 63% and Fees & commission income by 14%

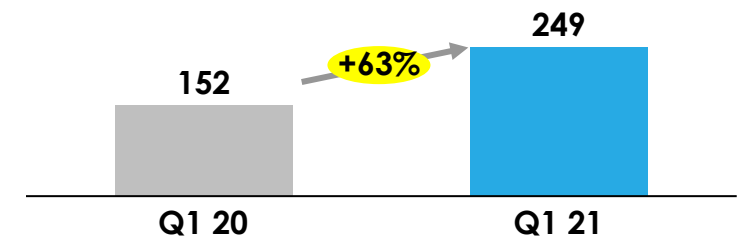
## Revenue from Funding activities



## Revenue from fees and commissions



## Investment income

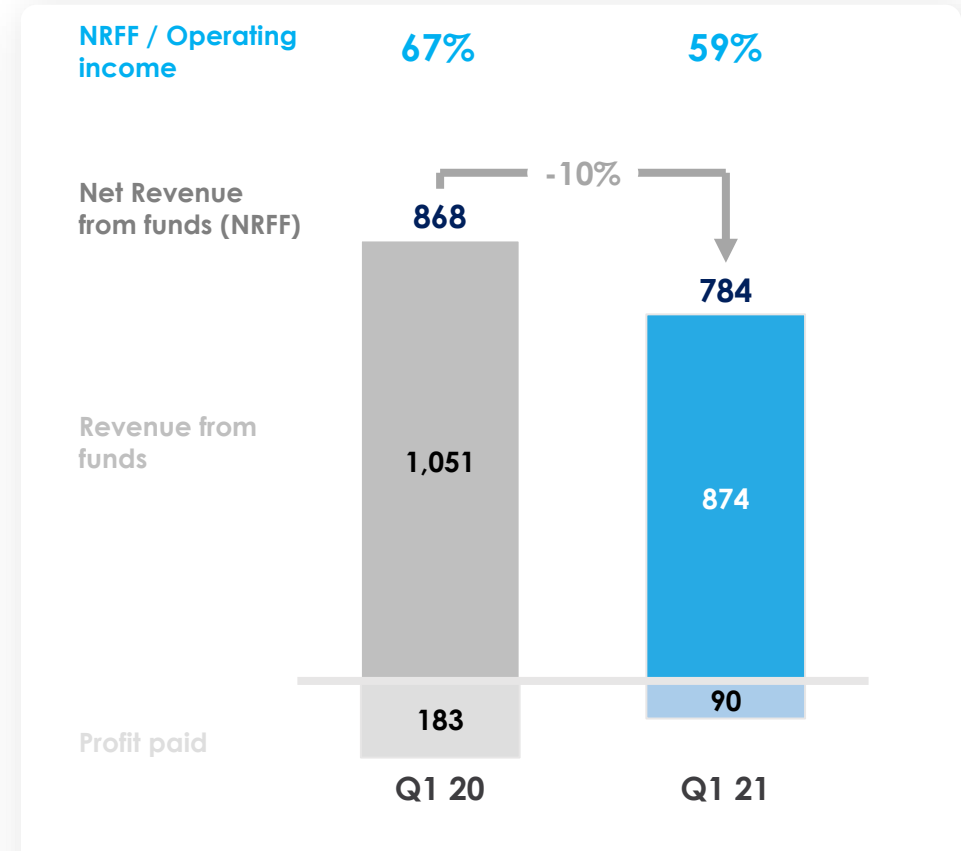
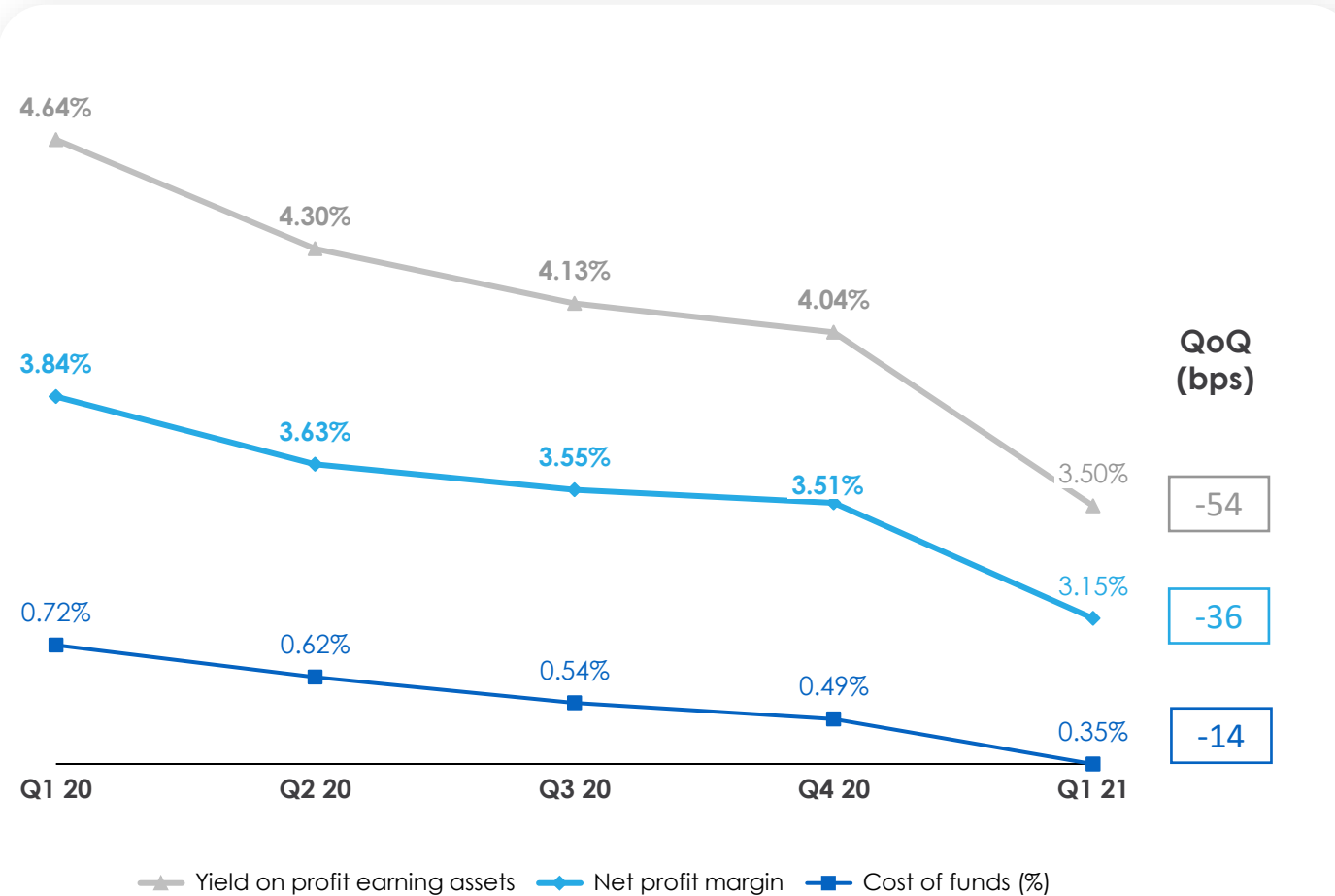


All figures in AED Mn

Source: Derived from published financial statements

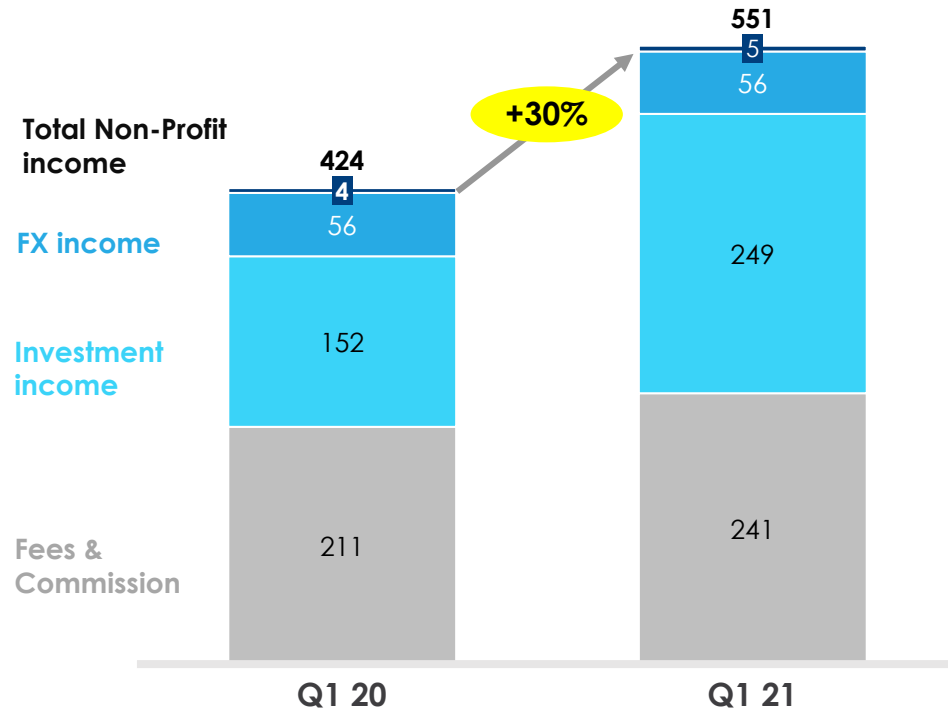
# Net Profit Margin Remained Amongst the Highest In The Market Supported by optimal funding mix

Yield and Net profit Margin (%)

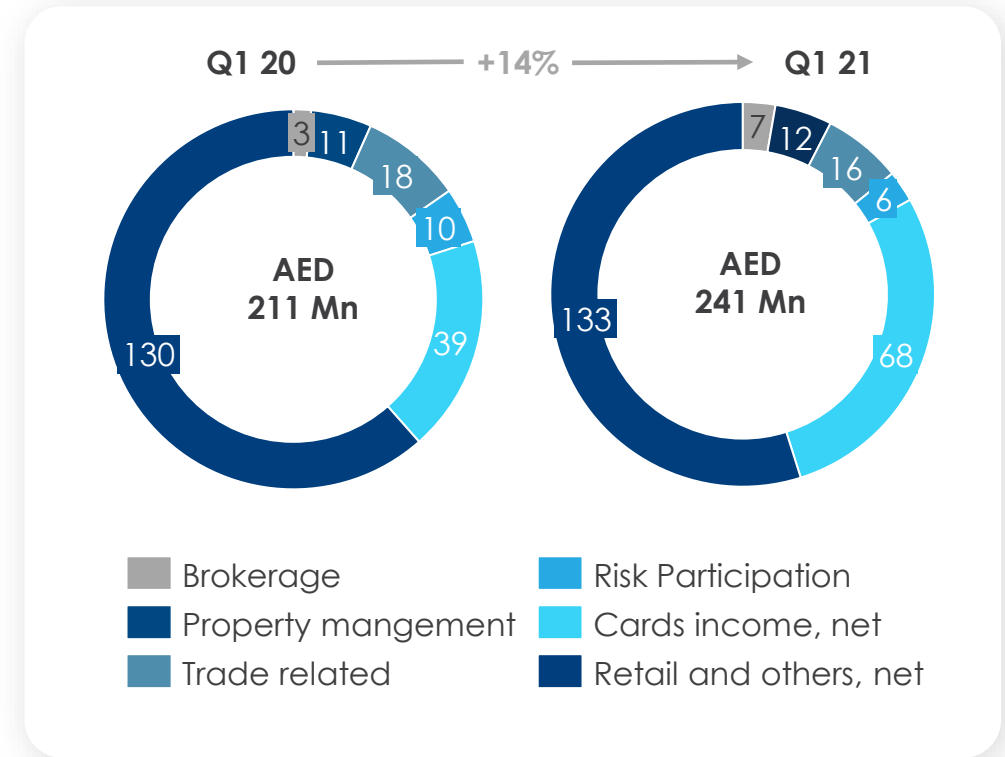


One of the lowest cost of funds supported by optimal funding mix

# 30% growth in Income from non funding activities which is now 41% of total revenues



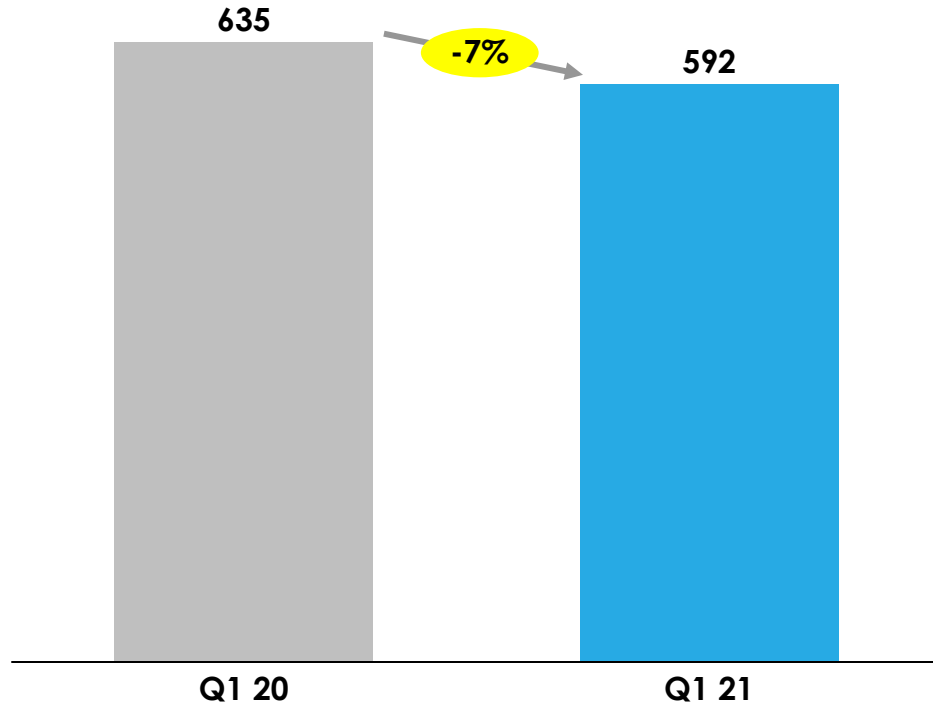
## Fees and Commission, net



- Non-profit income up by 30% at AED 551 Mn, now comprises **41% of total revenue compared to 37% in Q1 2020**.
- Increase of 30% mainly driven by higher fees and commissions and Investment income.
- Fees and commissions higher by 14% primarily due to higher card income.
- Investment income higher by 63% to reach AED 249 Mn.

# 7% YoY Cost reduction Reflects a tight control on expenses and early benefits of digital strategy

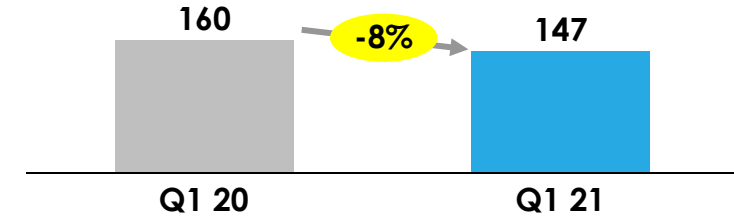
## Expenses



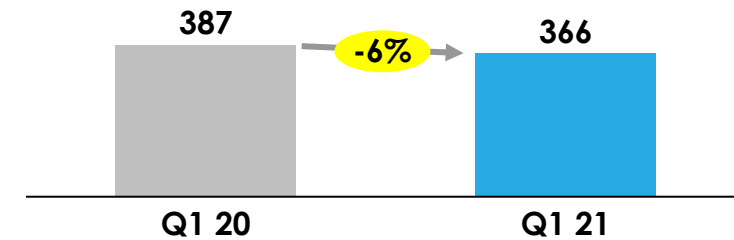
### Key Highlights

- Expenses decreased 7% year on year as a result of the successful implementation of cost initiatives and the efficacy of the digital strategy.

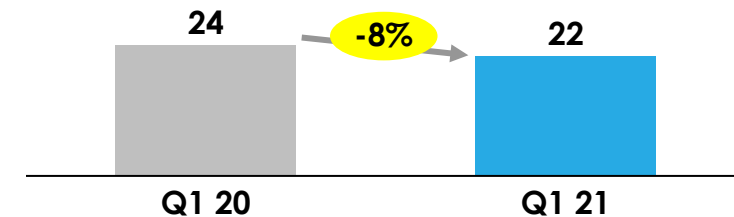
## Operating expenses



## Staff expenses



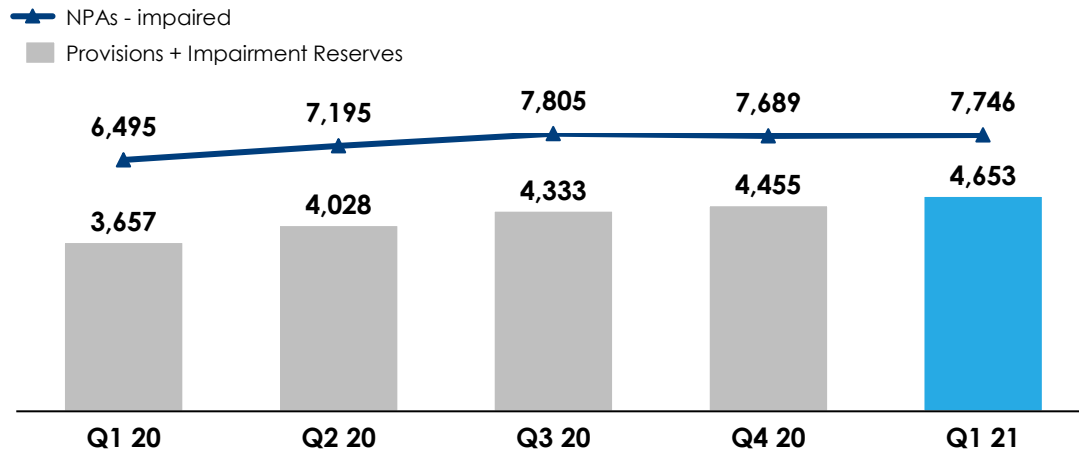
## Premises expenses



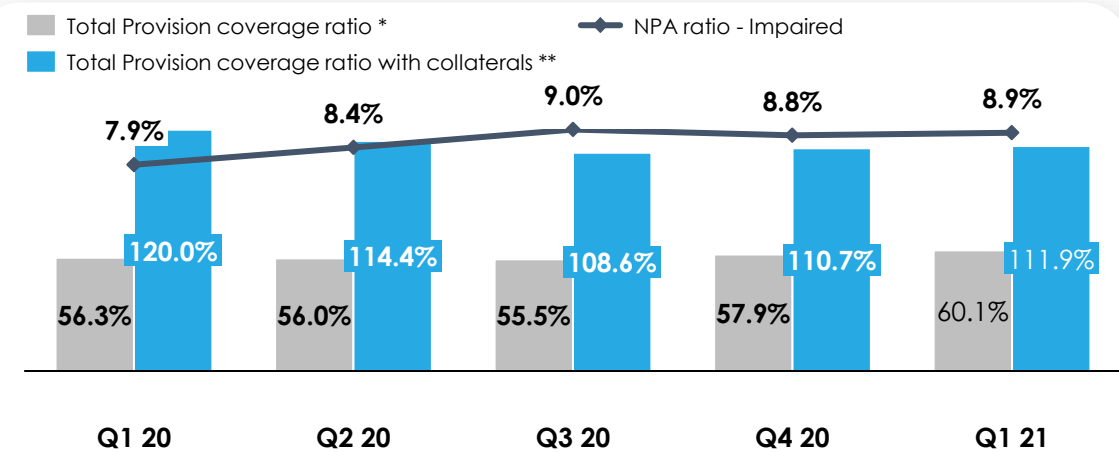


# Provisions decline by 66% from Q1 2020

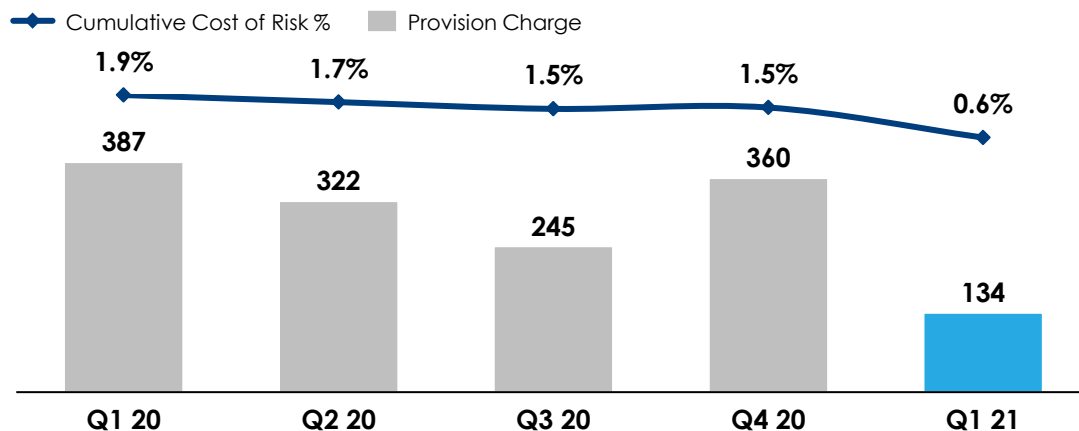
## Provisions and NPAs



## NPA ratio and Provision Coverage ratio



## Provisions charge



## Key points

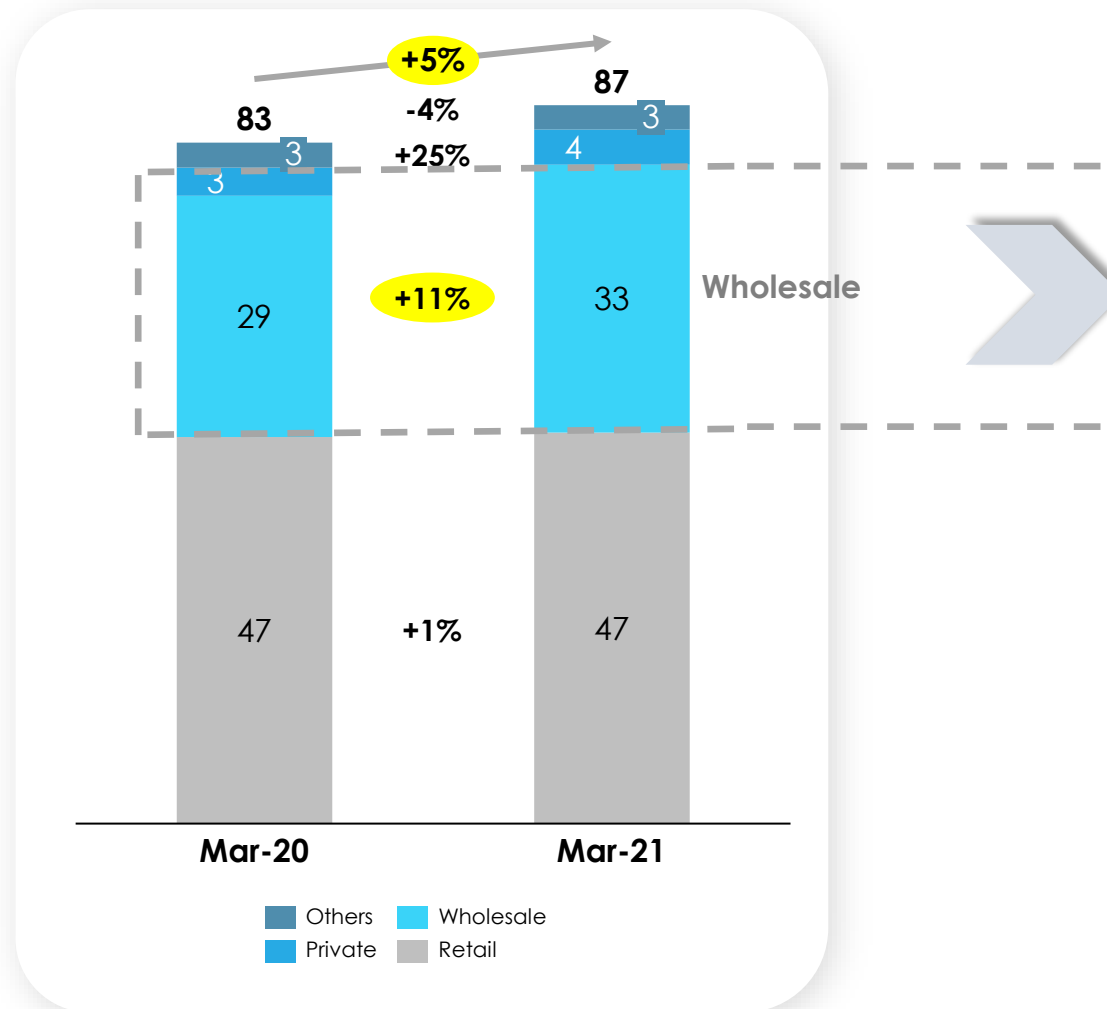
- Total impaired NPAs increased by AED 57 Mn during Q1 21 to reach AED 7,746 Mn. (31 Dec 20: AED 7,689 Mn).
- Impaired NPAs ratio at 8.9% as at 31 Mar 2021 (8.8% at 31 Dec 2020) with coverage of 60.1% (31 Dec 2020: 57.9%). Including Collateral for stage 3, coverage is 111.9%.
- Total financing provisions (excluding Impairment Reserves) of AED 4,125 Mn represents 4.73% (31 Dec 2020: 4.57%) of Gross Financing portfolio.

\* "Provision coverage ratio" is defined as "total provisions + impairment reserve / impaired NPAs."

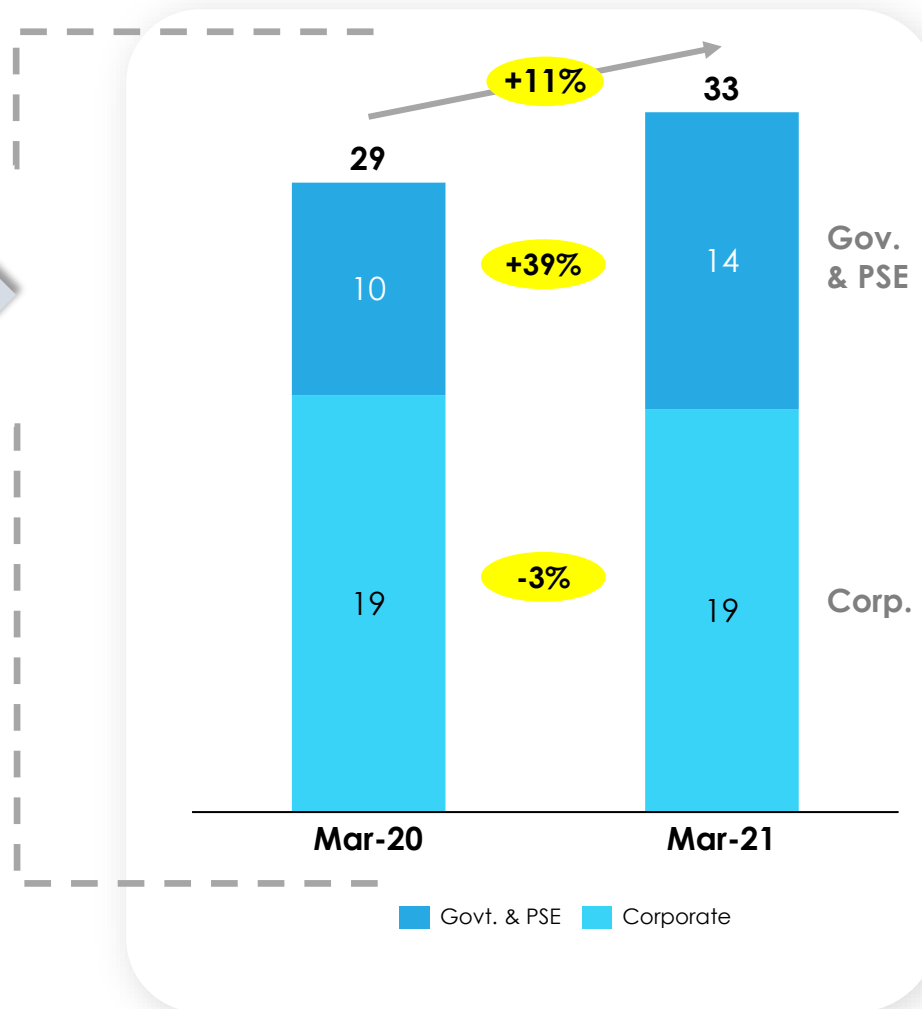
\*\* "Provision coverage ratio with collaterals" is defined as "total provisions + impairment reserve + collaterals / impaired NPAs".

# Financing growth driven by 11% YoY growth in corporate financing on the back of strong deal origination

### Gross Financing by Business

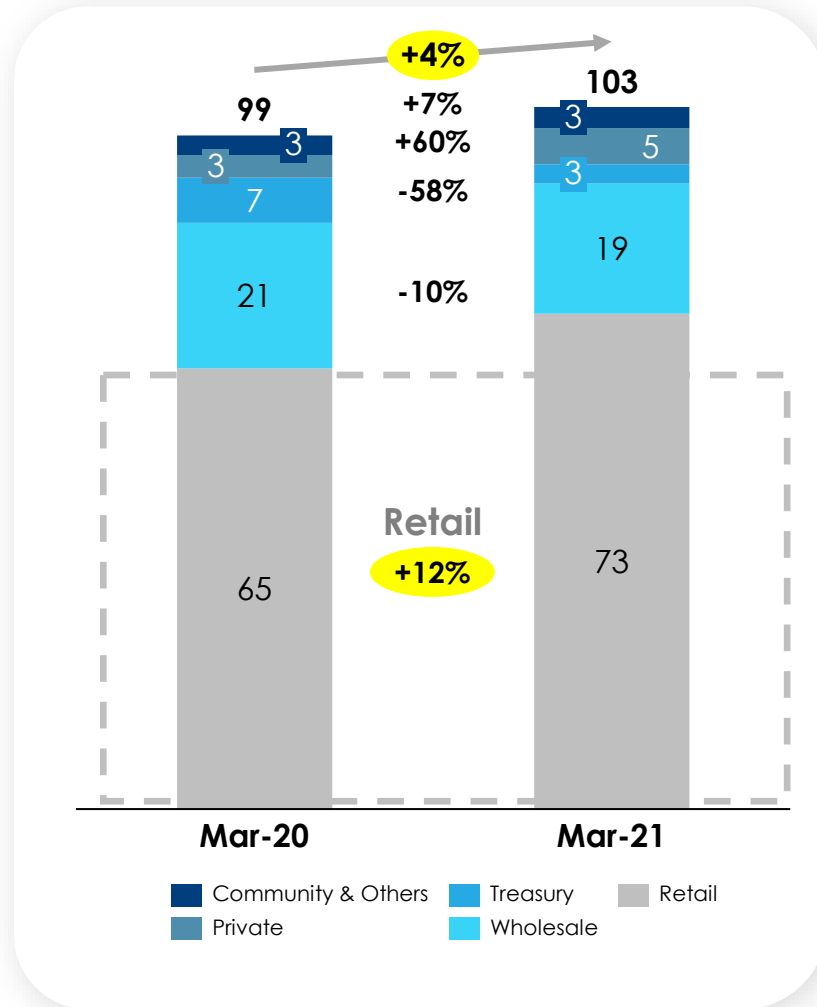


### Wholesale Financing by Customer

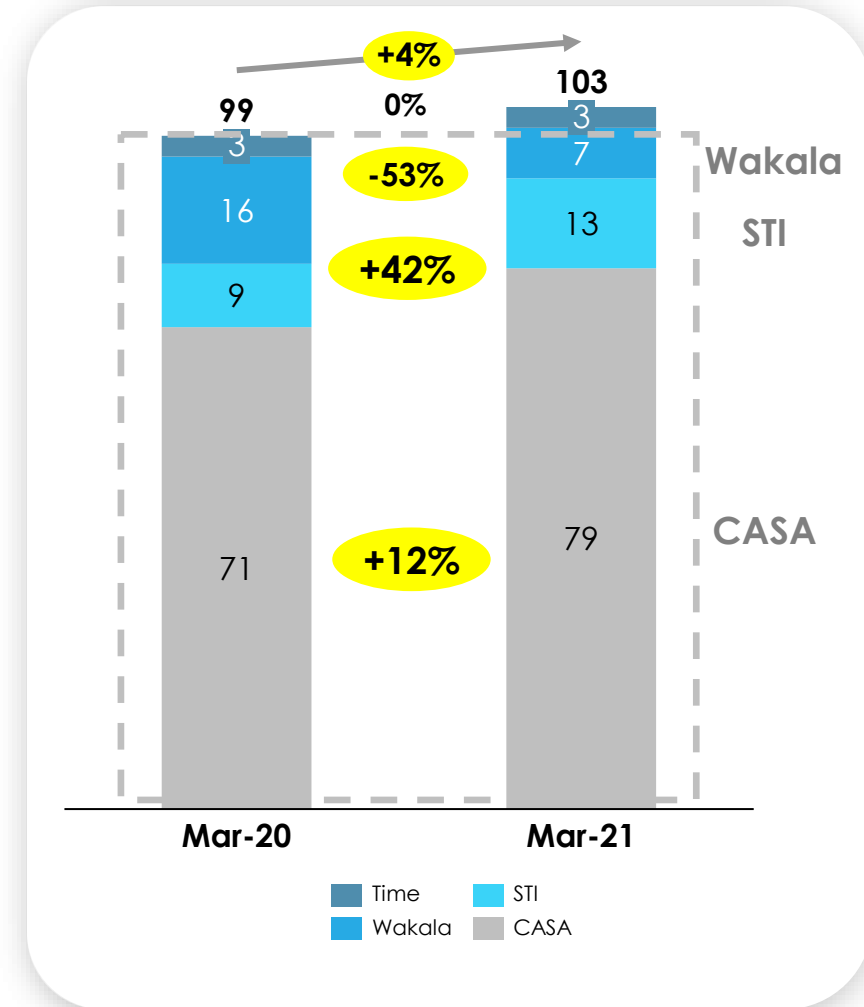


# Funding mix continued to improve with CASA & STI comprising 90% of total deposits; Ample liquidity to deploy for growth

### Customers' Deposits by Segment

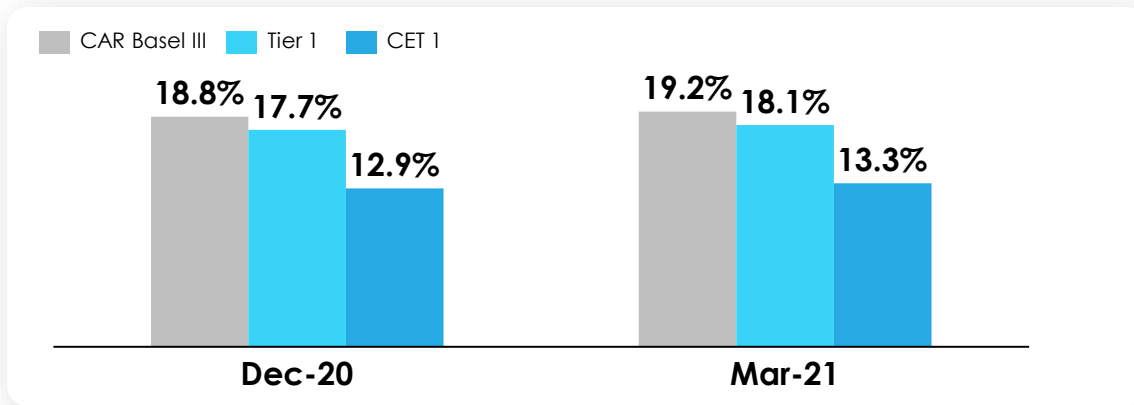


### Customers' Deposits by Type

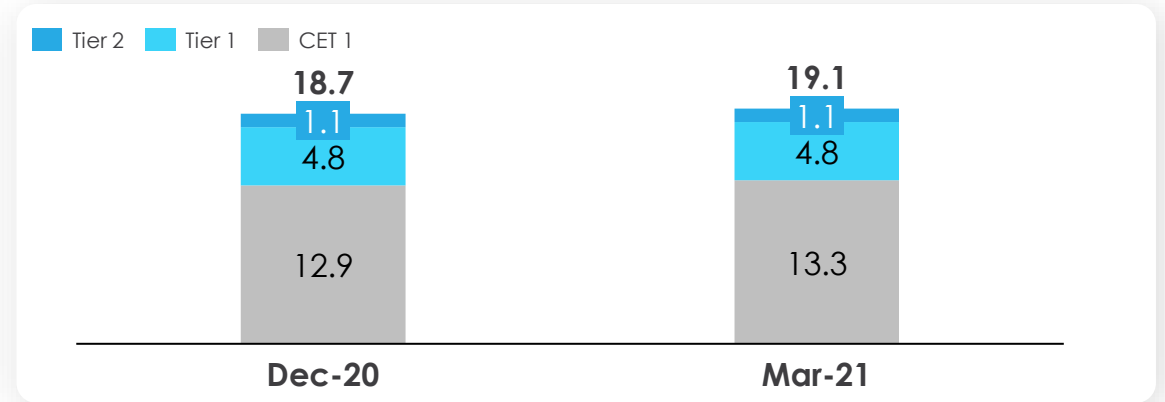


# We remain well capitalized with CET1 ratio above regulatory requirement

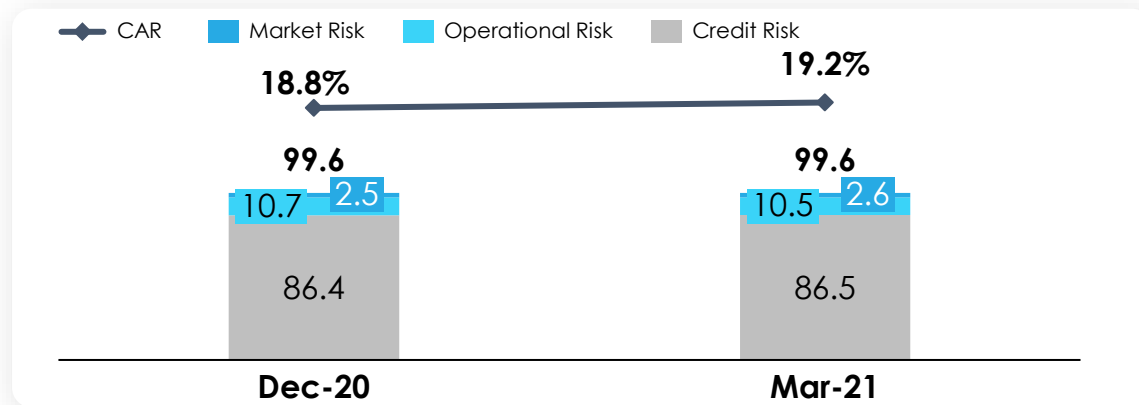
## Capital Adequacy Ratio (%)



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



## Total Capital Adequacy Ratio and RWA



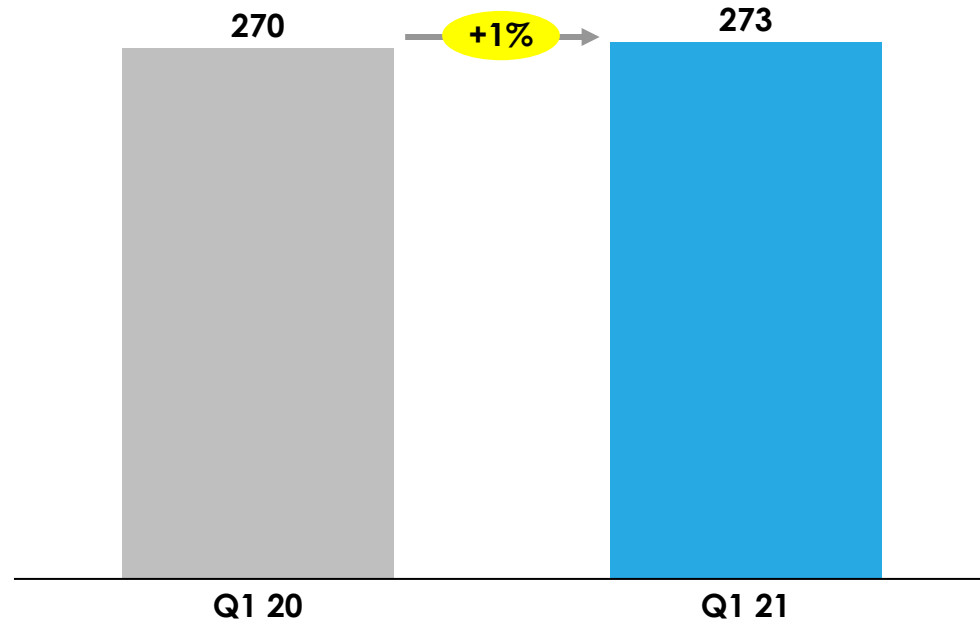
## Highlights

- Basel III Total Capital Adequacy ratio at end of Mar 2021 at 19.2% well above the regulatory requirement of 11.5%. (31 Dec 20: 18.8%).
- Basel III Tier I ratio at 18.1% at the end of Mar 2021 well above the regulatory requirement of 9.5%. (31 Dec 20: 17.7%).
- Basel III CET1 ratio at 13.3% at the end of Mar 2021 above the regulatory requirement of 8.0%. (31 Dec 20: 12.9%).

# Divisional Performance

# Divisional Performance – Retail Banking Group

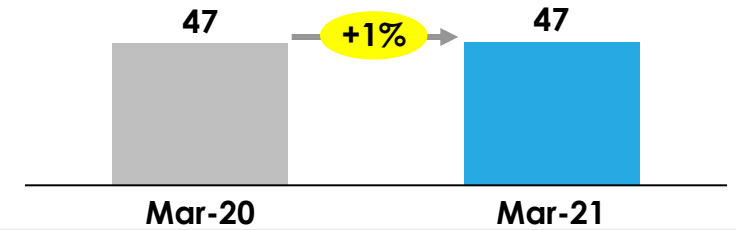
## Net Income (AED Mn)



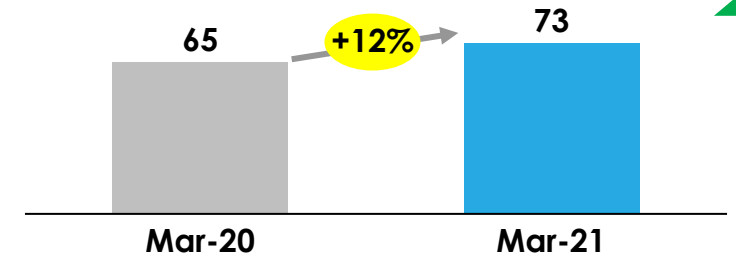
## Key Highlights

- Net profit up by 1% vs Q1 20
- Deposits up by 12% on back of CASA growth
- Expenses declined by 8% due to network rationalization

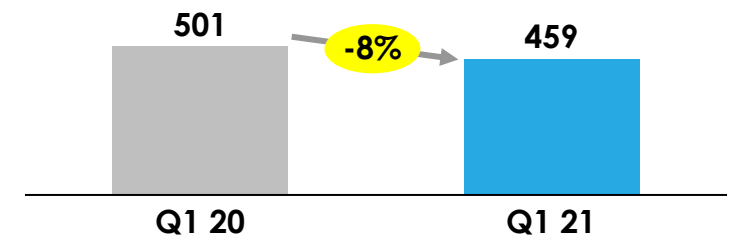
## Gross Financing (AED Bn)



## Deposits (AED Bn)

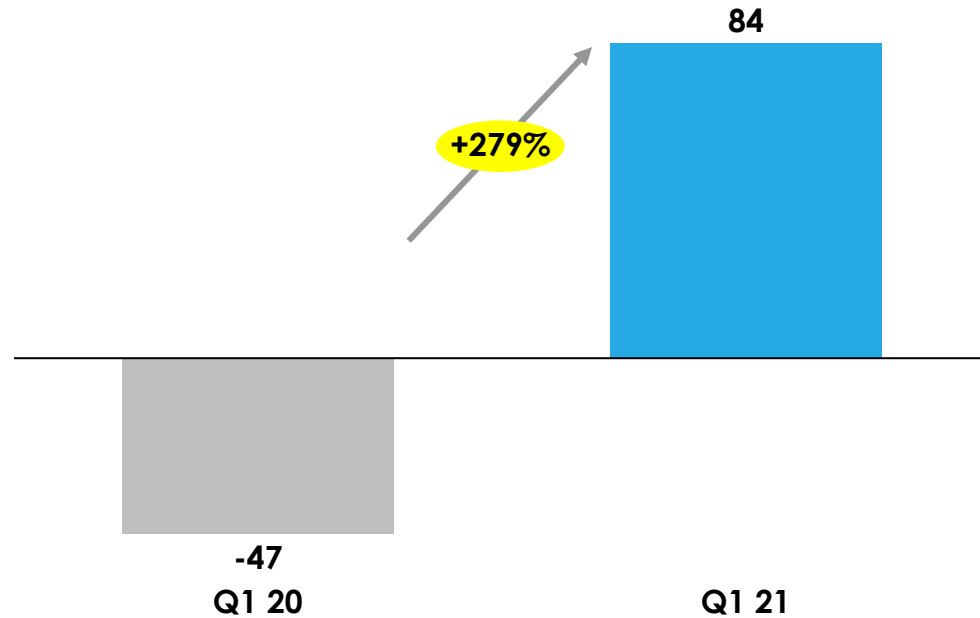


## Expenses (AED Mn)



# Divisional Performance – Wholesale Banking Group

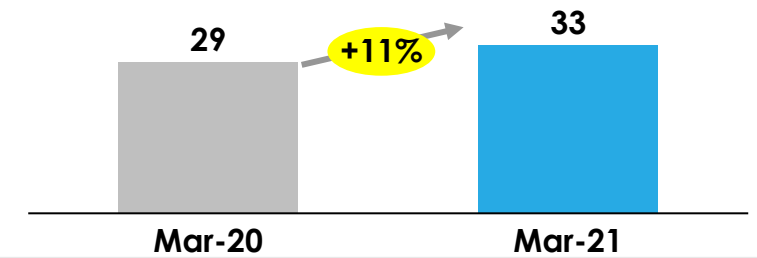
## Net Income (AED Mn)



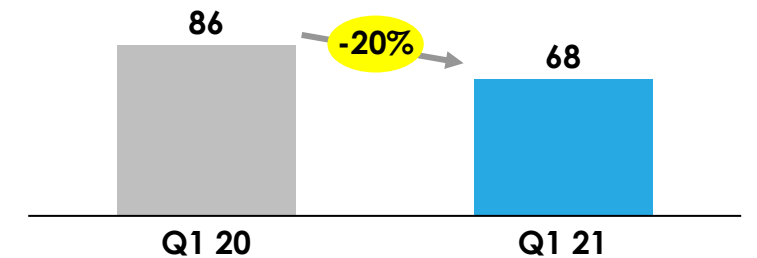
### Key Highlights

- Net profit up by 279% vs Q1 20 on back of lower Cost of Credit
- Gross financing up by 11% on the back of Govt & PSE deals
- Expenses down by 20% due to cost efficiencies efforts

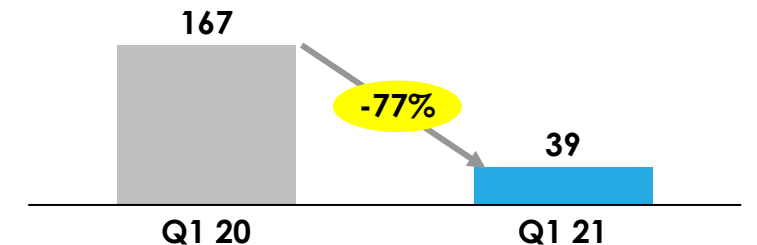
## Gross Financing (AED Bn)



## Expenses (AED Mn)

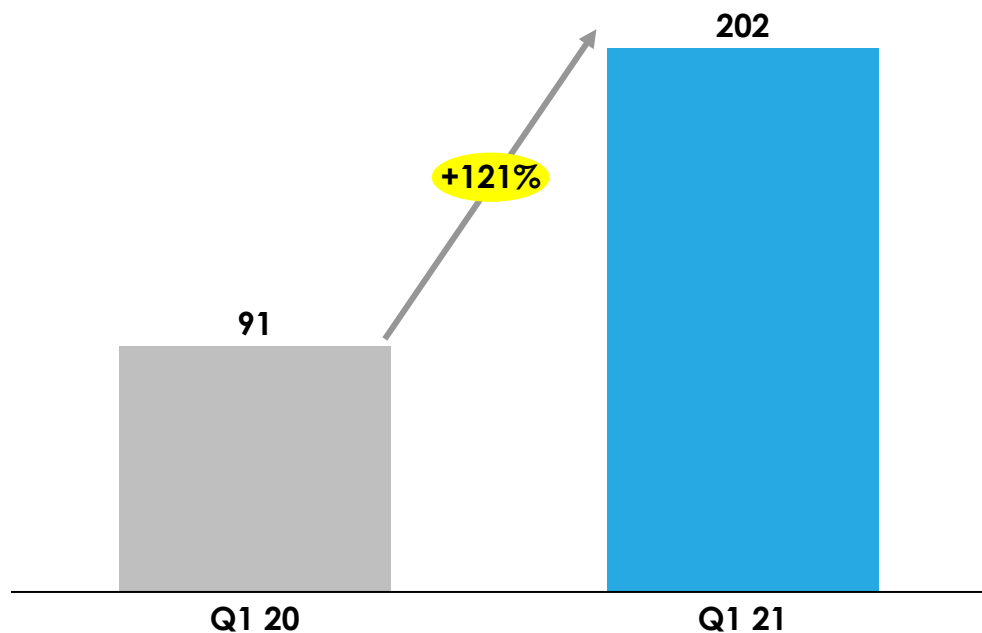


## Cost of Credit (AED Mn)



# Divisional Performance – Treasury

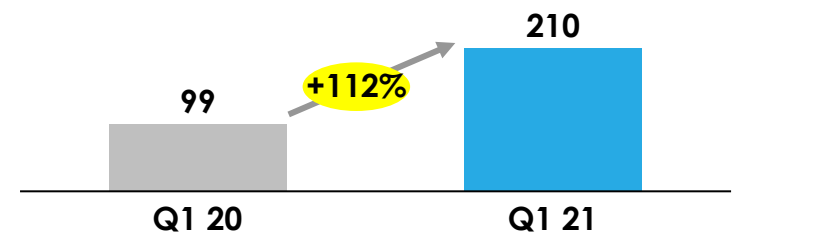
## Net Income (AED Mn)



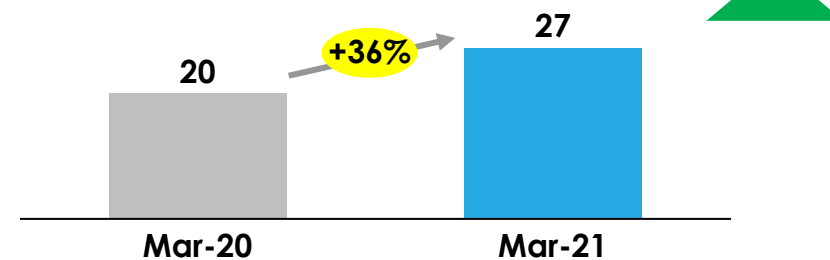
### Key Highlights

- Net profit up by 121% vs Q1 20 on back on gain in Sukuk portfolio
- Revenues down by 112% vs Q1 20
- Investment portfolio grew by 11%

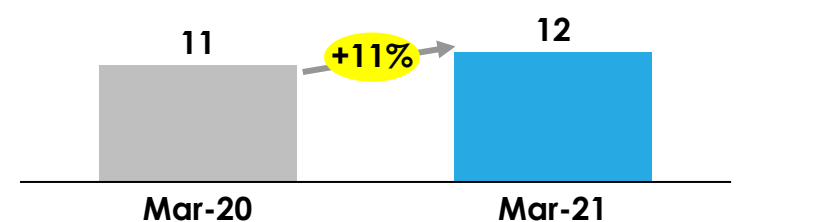
## Revenue (AED Mn)



## Assets (AED Bn)



## Investment Assets (AED Bn)



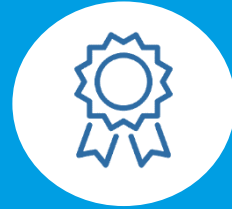


# Appendix



**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



**Customer & Performance**

**1 Mn** customers

**AED 131Bn** Total assets

**AED 18Bn** Market Cap

**Global Footprint**

**142** branches

**587** ATMS

- UAE
- Egypt
- UK
- KSA
- Iraq
- Sudan
- Qatar
- Bosnia

**Universal Bank**

**Banking**

**Broker**

**Payment**

**Insurance**

**Real Estate**

**Investments**

# Globally recognized for Islamic, digital & services



**Award  
Winning**



Moody's  
INVESTORS SERVICE

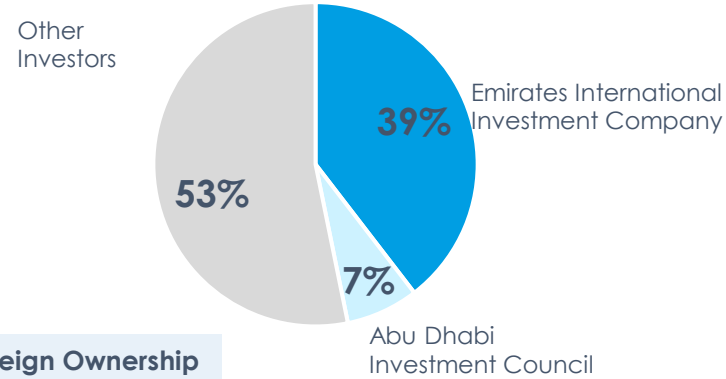
**A+**

FitchRatings

**A2**

# Full-fledged bank with 21 years of history

## Strong Ownership



Foreign Ownership capped at 40%

## Eminent Board

HE Jawaan Awaidha Al Khaili	Chairman
Faisal Sultan Naser Salem Al Shuaibi	Vice Chairman
Dhaen Mahasoon Alhameli	Member
Najib Youssef Fayyad	Member
Abdulla Ali Musleh Jumhour Al Ahbabi	Member
Khalifa Matar Khalifa Saif Almheiri	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



**National Champion**

# Consolidated Statement Of Income

				Change %	
	Q1 20	Q4 20	Q1 21	Q1 21 vs Q1 20	Q1 21 vs Q4 20
<b>Revenues</b>	<b>1,292</b>	<b>1,426</b>	<b>1,336</b>	<b>3.3%</b>	<b>-6.3%</b>
Net revenue from funds	868	828	784	-9.6%	-5.2%
Fees & commission	211	274	241	14.3%	-11.9%
Investment income	152	233	249	63.5%	6.6%
Foreign Exchange income	56	77	56	-1.3%	-27.4%
Other income	4	13	5	20.1%	-62.0%
<b>Expenses</b>	<b>635</b>	<b>578</b>	<b>592</b>	<b>-6.8%</b>	<b>2.4%</b>
Employees' costs	387	368	366	-5.6%	-0.6%
General & administrative expenses	160	135	147	-8.2%	8.6%
Depreciation & amortization	87	75	79	-9.6%	5.7%
<b>Operating profit – margin</b>	<b>657</b>	<b>847</b>	<b>744</b>	<b>13.1%</b>	<b>-12.2%</b>
<b>Provision for impairment</b>	<b>387</b>	<b>360</b>	<b>134</b>	<b>-65.5%</b>	<b>-62.9%</b>
<b>Net profit before zakat &amp; tax</b>	<b>270</b>	<b>487</b>	<b>610</b>	<b>125.8%</b>	<b>25.2%</b>
Zakat & tax	1	5	3	316.9%	-44.6%
<b>Net profit after zakat &amp; tax</b>	<b>270</b>	<b>483</b>	<b>608</b>	<b>125.3%</b>	<b>25.9%</b>

All figures in AED Mn

# Consolidated Balance Sheet

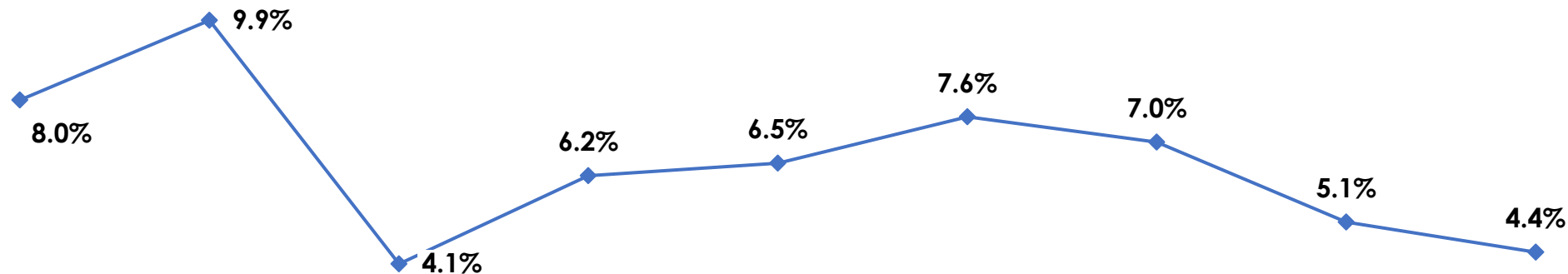
				Change %	
	31 Mar 2020	31 Dec 2020	31 Mar 2021	Mar 21 vs Mar 20	Mar 21 vs Dec 20
Cash and balances with Central Banks	17,213	19,580	19,864	15.4%	1.5%
Due from financial institutions	4,828	2,420	4,232	-12.4%	74.9%
Net Customer financing	79,371	83,409	83,082	4.7%	-0.4%
Investments	12,847	13,809	14,467	15.9%	4.8%
Investment in associates	1,302	1,302	1,337	2.7%	2.7%
Investment and development properties	2,084	2,024	2,020	-3.0%	-0.2%
Other assets / fixed assets / intangibles	5,428	5,273	5,692	4.9%	8.0%
<b>Total Assets</b>	<b>122,712</b>	<b>127,816</b>	<b>130,694</b>	<b>6.5%</b>	<b>2.3%</b>
Due to financial institutions	1,746	3,773	4,249	143.4%	12.6%
Customers' deposits	98,852	101,276	103,069	4.3%	1.8%
Other liabilities	3,942	3,605	3,541	-10.2%	-1.8%
<b>Total Liabilities</b>	<b>104,540</b>	<b>108,654</b>	<b>110,859</b>	<b>6.0%</b>	<b>2.0%</b>
Share Capital & Reserves	13,419	14,407	15,081	12.4%	4.7%
Tier 1 Sukuk	4,754	4,754	4,754	-	-
<b>Total Equity</b>	<b>18,173</b>	<b>19,162</b>	<b>19,835</b>	<b>9.1%</b>	<b>3.5%</b>
<b>Total Liabilities &amp; Equity</b>	<b>122,712</b>	<b>127,816</b>	<b>130,694</b>	<b>6.5%</b>	<b>2.3%</b>

All figures in AED Mn



# A consistent dividend distribution record with average yield of 4%

Dividend Yield (%)



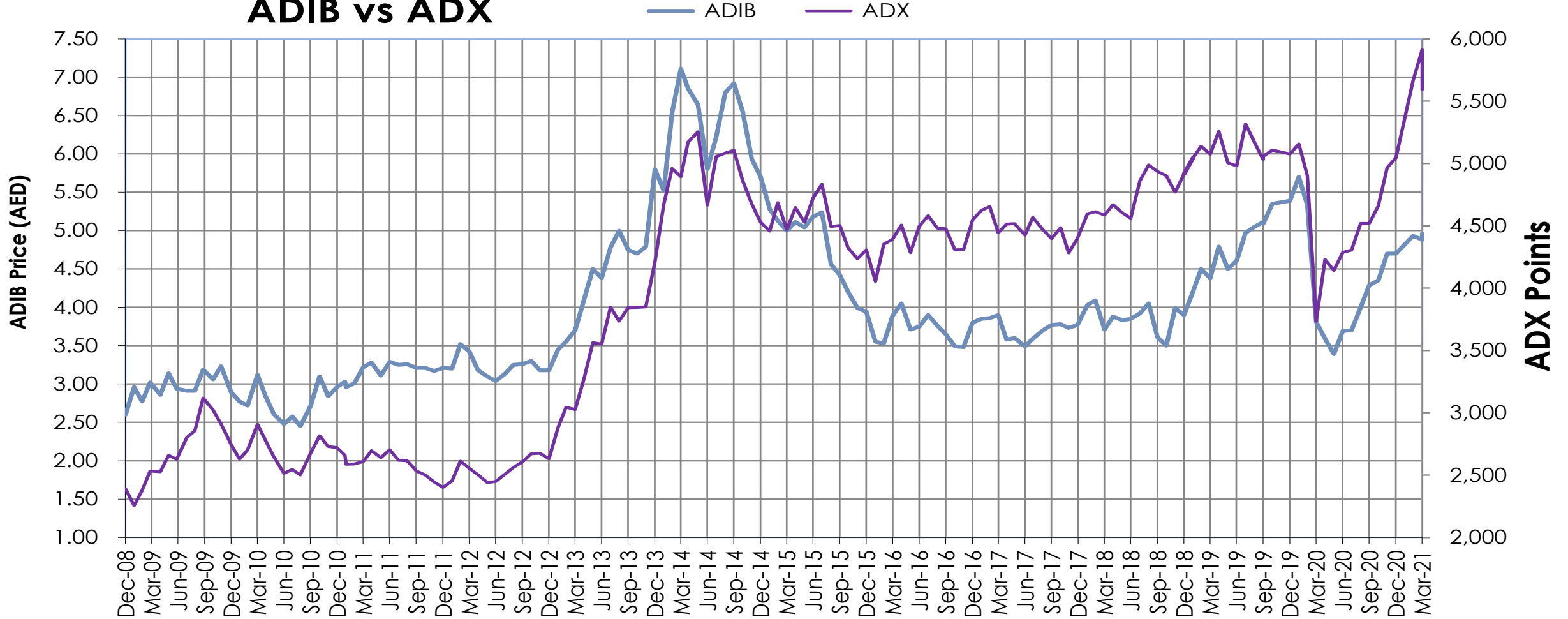
AED	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net Profit</b>	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604
<b>Cash Dividend Payout Ratio (% of Net Profit)</b>	<b>50.0%</b>	<b>50.0%</b>	<b>40.0%</b>	<b>39.8%</b>	<b>39.8%</b>	<b>39.8%</b>	<b>39.8%</b>	<b>38.2%</b>	<b>46.6%</b>
<b>Cash Dividend (% of Share Capital)</b>	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%	20.6%
<b>Cash Dividends</b>	601	725	700	769	777	915	994	994	747
<b>Bonus shares</b>	-	635.3	-	-	-	-	-	-	-
<b>Bonus Shares (% of Share Capital)</b>	-	26.9%	-	-	-	-	-	-	-

All figures in AED Mn

Source: Derived from published financial statements



## ADIB vs ADX



# Thank You

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