

Investor Presentation

30 September 2019 results

Abu Dhabi: November 2019



Table of Content



Introduction



Financial Review



Business Review



Appendix

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 30 Sept 2019)

Market Cap (Price @ AED 5.09)	AED 18.5 bn (US\$ 5.0 bn)
Diluted EPS / share (AED) – Annualised	0.641
PE Ratio	8 times
Price / Book Ratio	1.36
Shares Issued (@ AED 1)	3.6 Bn

Presence

- Domestic - 83 Branches and 680 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.
- **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** – Welcomed 1,000,000th customer.
- **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

Table of Content



Introduction



Financial Review



Business Review

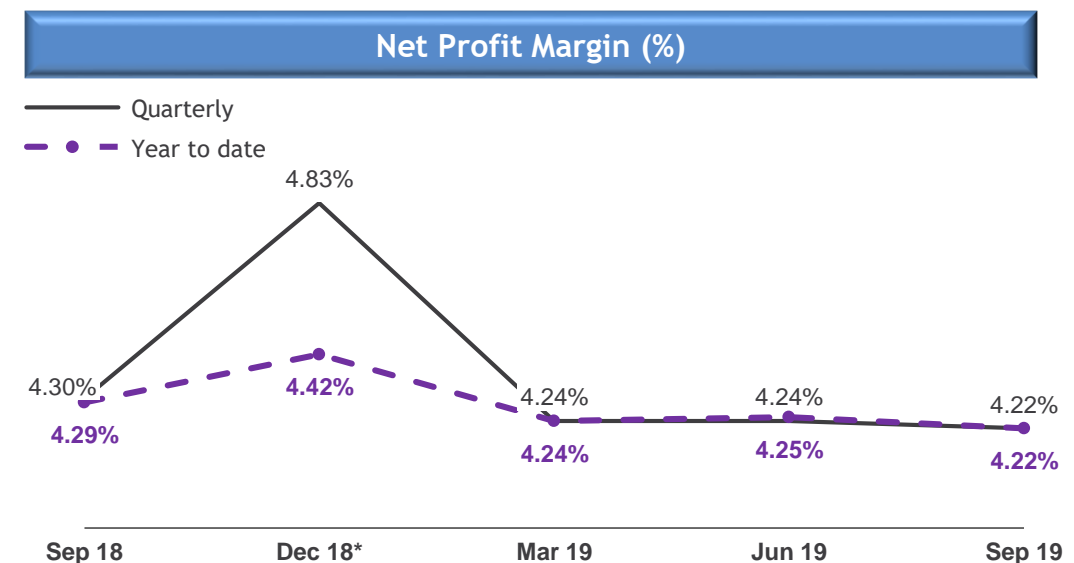
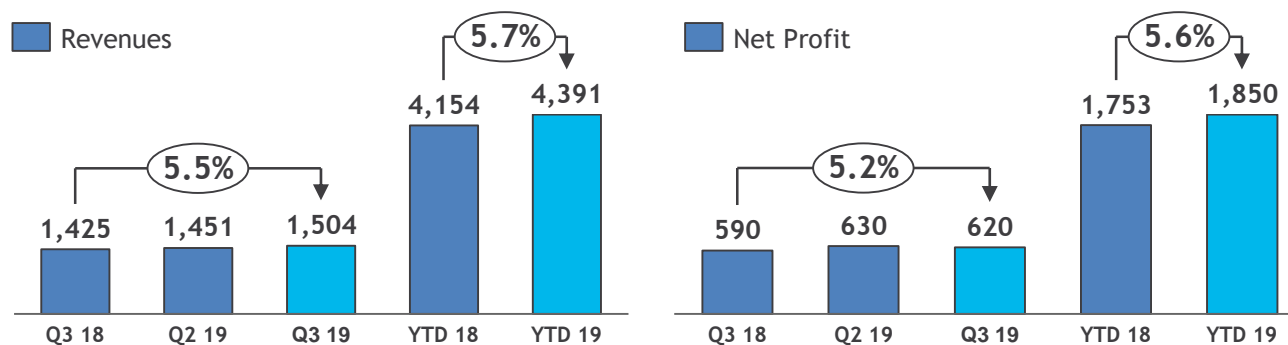


Appendix

Q3 / YTD 2019 – Key financial highlights – Income statement

AED Mn	Q3 18	Q3 19	Change %	YTD 18	YTD 19	Change %
Net Revenue from funds	951.1	948.2	-0.3%	2,828.6	2,865.2	1.3%
Fees and commission	266.4	280.0	5.1%	744.2	747.7	0.5%
FX income	78.5	79.2	0.9%	197.9	228.7	15.6%
Investment income	122.7	195.0	58.9%	364.2	542.2	48.9%
Others	6.6	1.3	-79.5%	19.2	7.0	-63.4%
Operating income	1,425.3	1,503.7	5.5%	4,154.1	4,390.9	5.7%
Expenses	662.6	674.8	1.8%	1,910.8	1,985.5	3.9%
Operating profit	762.7	828.9	8.7%	2,243.4	2,405.4	7.2%
Provision for impairment	171.7	207.5	20.8%	487.0	552.5	13.4%
Zakat & tax	1.5	1.4	-6.3%	3.9	2.4	-38.2
Net profit	589.5	620.0	5.2%	1,752.5	1,850.5	5.6%

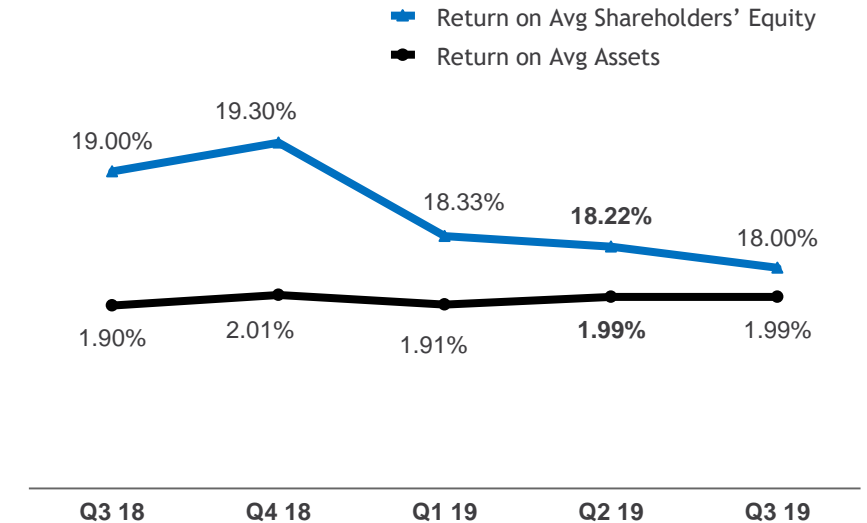
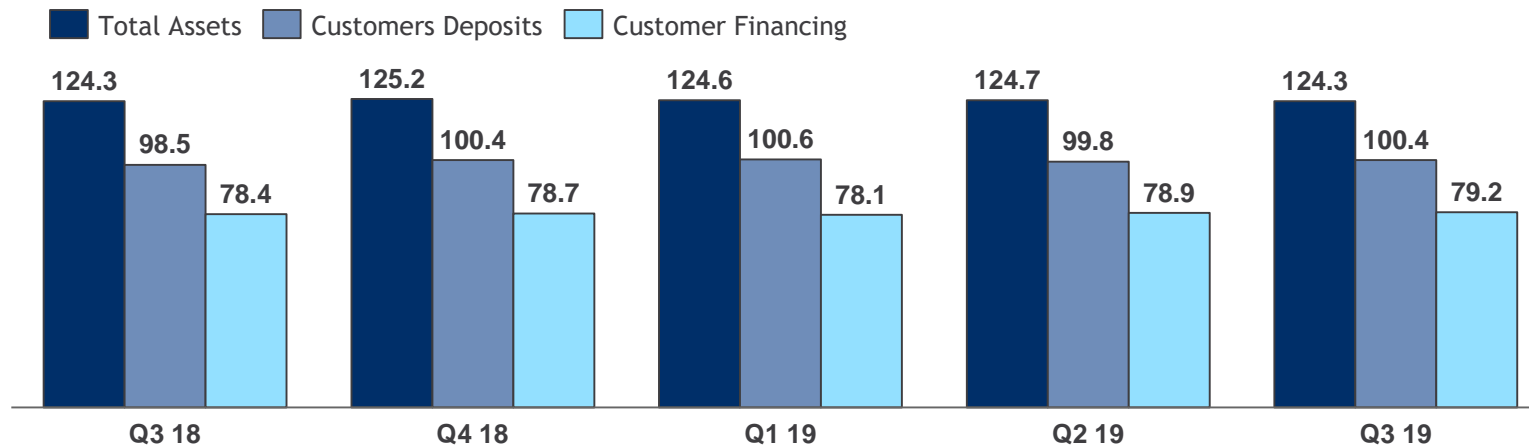
- Net revenue from Funds (NRFF) increased 1.3%, driven by growth in customer financing of 1% which is partially offset by higher cost of funds.
- Non-profit income increased by 15.1% mainly due to higher investment income, foreign exchange income and property income.
- Expenses increased mainly due to investments in new digital and strategic initiatives that was done in order to support future business growth. However, cost discipline initiatives saw the cost to income ratio decrease by 0.8% year on year despite these investments.
- Provision for impairment. YTD 2019 increased by 13.4% to AED 552.5 million with cost of risk increasing to an annualised 101 bps.
- Net profit up by 5.6% mainly due to revenue growth of 5.7% driven by higher NRFF income, investment income, foreign exchange income and property income. This increase is despite growth in expenses and impairment.



30 Sep 2019 – Key financial highlights – Balance sheet

AED Bn	Sep 18	Sep 19	Change %	Dec 18	Change %
Total assets	124.3	124.3	0.01%	125.2	-0.7%
Net customer financing	78.4	79.2	1.0%	78.7	0.7%
Investments	14.1	13.8	-2.2%	14.7	-7.2%
Customers' deposits	98.5	100.4	1.9%	100.4	-0.04%
Total equity	16.2	18.4	13.7%	17.7	3.8%

- Customer financing increased by 1.0% from Q3 2018 to reach AED 79.2 Bn, primarily due to growth in Personal banking 0.5% and Wholesale banking 0.9%.
- Customer deposits increased by 1.9% over Q3 2018, however, Financing to Deposit ratio remains healthy at 78.9% and Advances to Stable Funds Ratio at 83.7%.
- Capital adequacy ratio - Basel III at 30 Sep 2019 Total CAR was 18.85%, Tier 1 ratio was 17.76% and CET 1 ratio was 13.05% well above the minimum requirements prescribed by Central Bank of UAE.



Key ratios

Ratios		Sep 2018	Dec 2018	Sep 2019
Efficiency	Diluted Earnings per share (EPS in AED)	0.475	0.637	0.440
	Return on Average Shareholders' Equity (excluding - Tier 1 capital)	18.4% ¹	19.3%	18.0 ¹
	Net profit margin (%)	4.29% ¹	4.42%	4.22% ¹
	Cost of funds (%)	0.63% ¹	0.69%	0.81% ¹
	Cost / income ratio	46.0%	45.8%	45.2%
Liquidity	Percentage lent (Financing / Total Assets)	63.1%	62.8%	63.8%
	Financing to Deposits ratio	79.6%	78.4%	78.9%
	Advances to Stable funds ratio	85.4%	82.9%	83.9%
	Liquid Assets to Total Assets ratio	19.0%	19.2%	18.8%
Solvency	Capital Adequacy – Basel II / Basel III	16.5%	17.2%	18.8%
	Tier -1 ratio – Basel II / Basel III	15.4%	16.1%	17.7%
	Common Equity Tier -1 ratio (CET 1) – Basel II / Basel III	10.6%	11.3%	13.0%
	Leverage ratio (Assets / Equity)	768%	706%	675%

¹ Annualised.

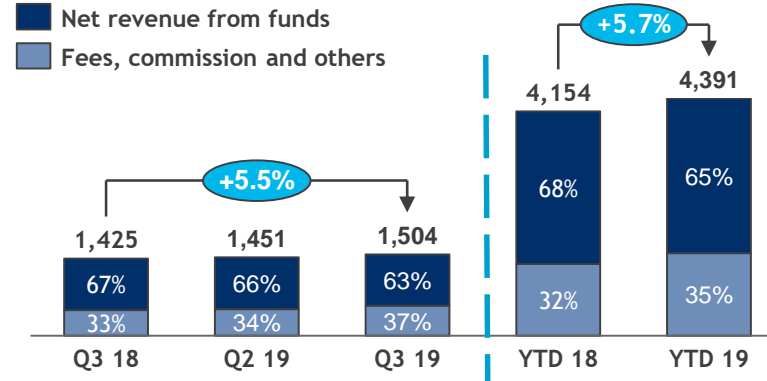
Source: Derived from published financial statements

Operating Performance – Net profit income

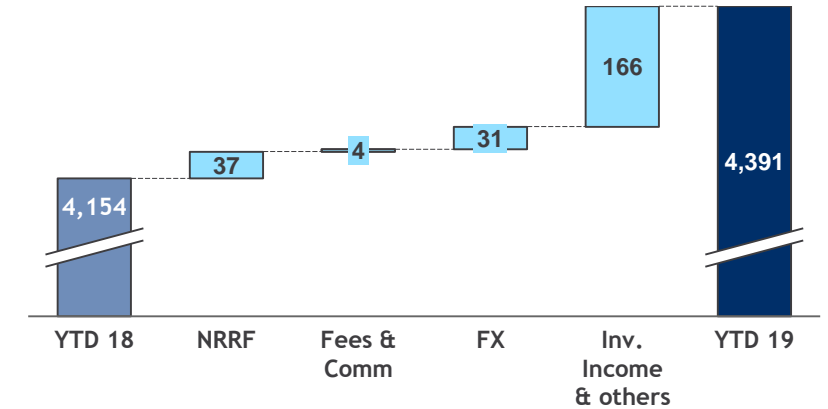
Highlights (YTD 2019 vs. YTD 2018)

- Net revenue from Funds (NRFF) 1.3% higher, driven by growth in customer financing volumes by 1.0% (mainly Wholesale banking 1.0% and Personal banking 0.5%).
- Cost of funds remains one of the best among the peer banks, despite an increase of 18 bps vs. Q3 2018 due to drop in benchmark rates and decrease in average customer deposits.

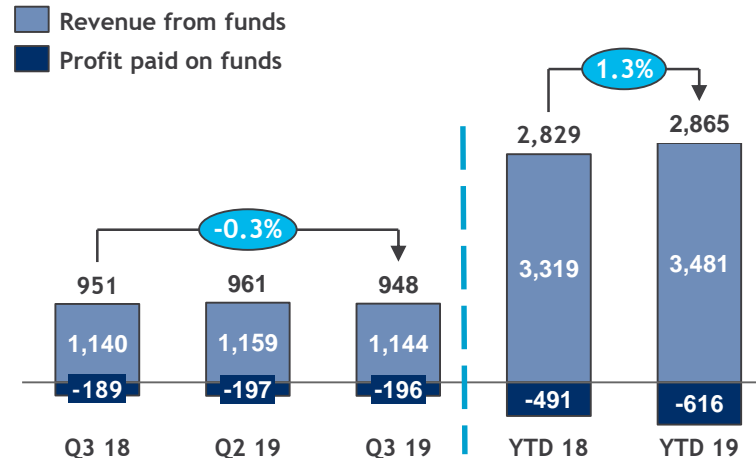
Revenues (AED Mn)



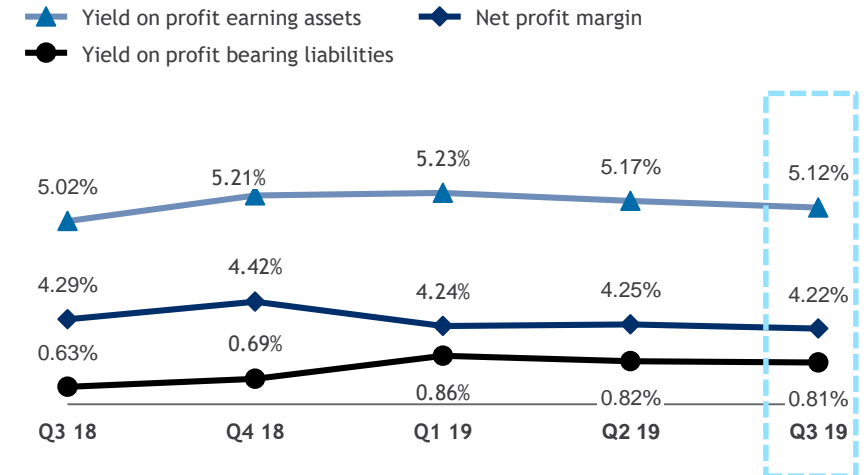
Key movements in Revenues (AED Mn)



Net Revenue from Funds (AED Mn)



Evolution of Yields (%)

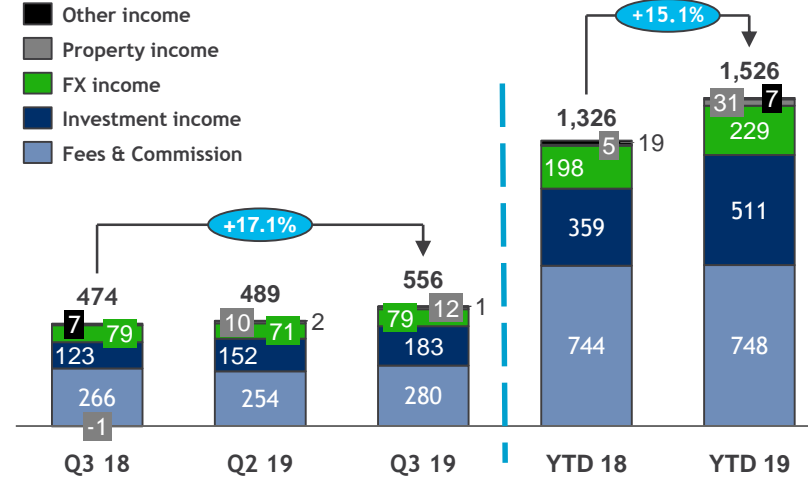


Operating Performance – Non-profit income

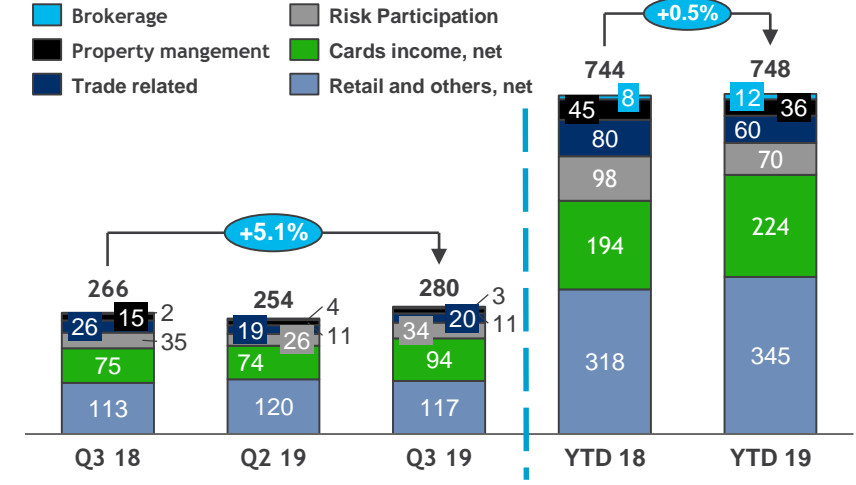
Highlights (YTD 2019 vs. YTD2018)

- Non-profit income higher by 15.1% at AED 1,525.7 Mn, now comprised 34.7% of total revenue compared to 31.9% in YTD 18.
- Increase of 15.1% mainly driven by higher investment income, foreign exchange income, income from properties, partially off-set by lower income from associates.
- Investment income higher by 48.9% 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 15.6% at AED 228.7 Mn, due to markets recovery which led to strong performance across businesses.

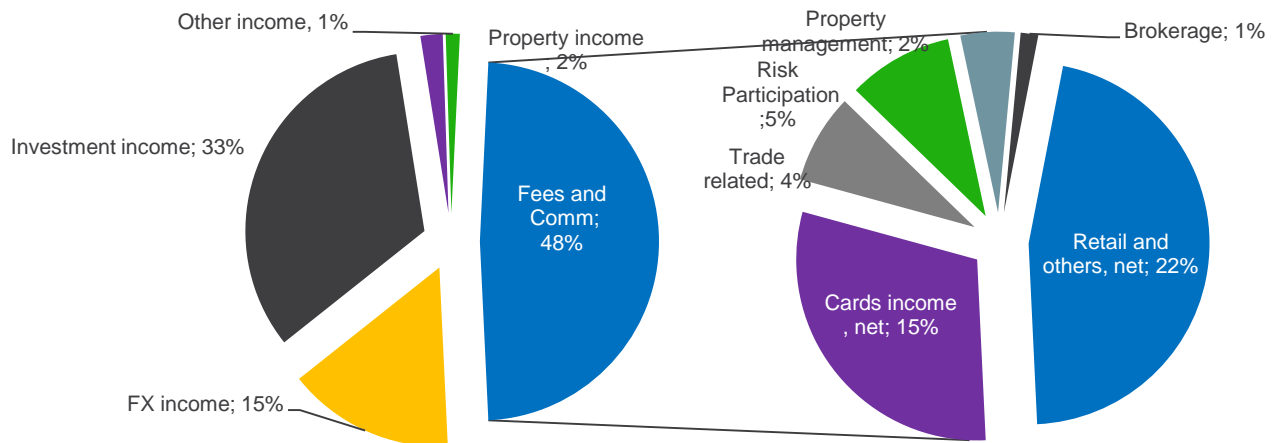
Non-profit income (AED Mn)



Composition of Fees & commission (AED Mn)



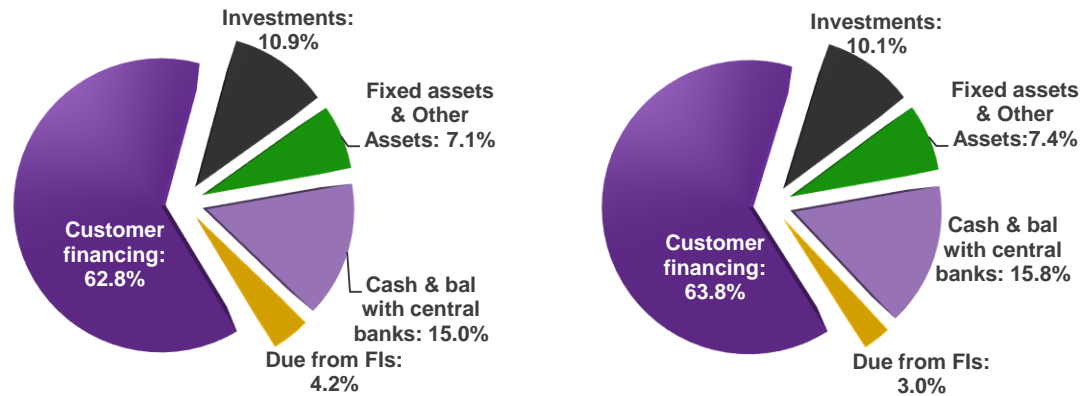
Non-profit income Revenue breakdown



Balance Sheet Strength and Customer Financing

Gross Customer Portfolio increased 0.6% vs. Sept 18 (and 0.9% vs Dec18), mainly due to Personal banking up by 0.1% and WBG up by 0.9%.

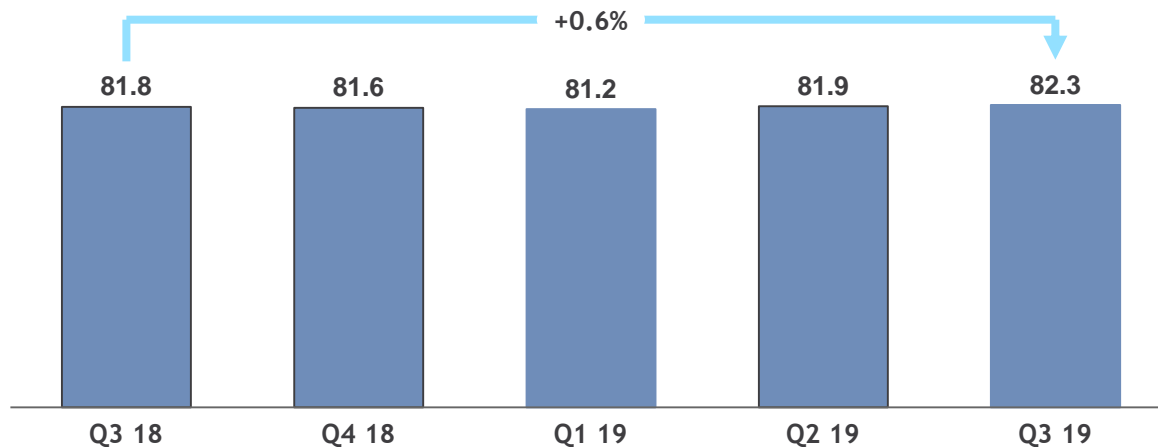
Composition of Total Assets – AED Bn



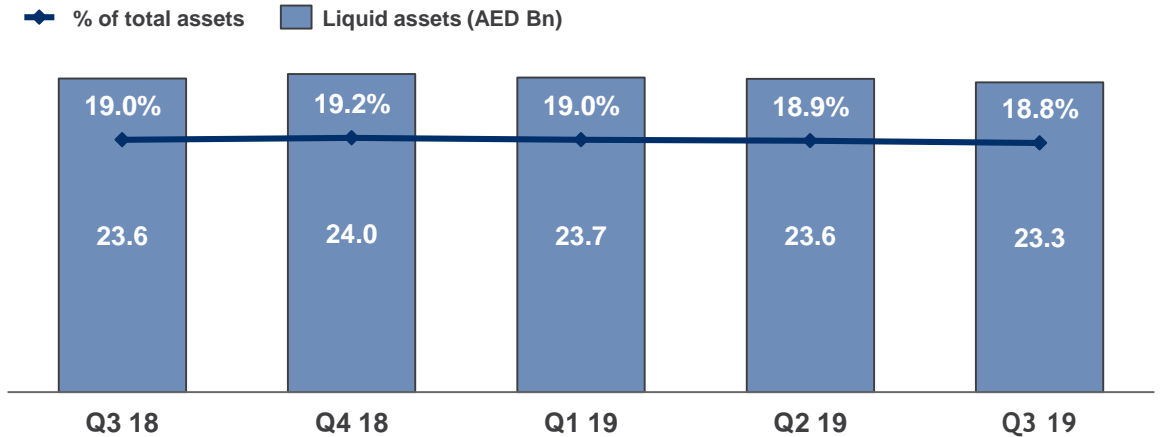
31 Dec 2018 – AED 125.2 Bn

30 Sept 2019 – AED 124.3 Bn

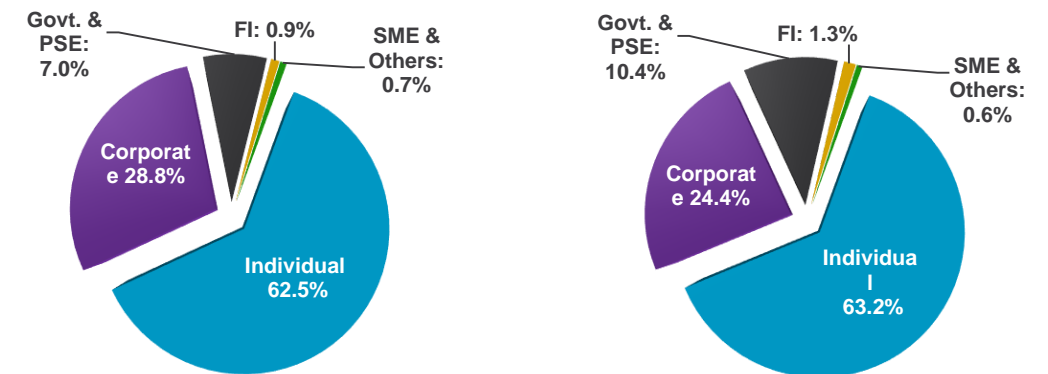
Gross Customer Financing by Segment



Liquidity ratio* (%)



Gross Customer Financing by Customer Segment



31 Dec 2018 – AED 81.6 Bn

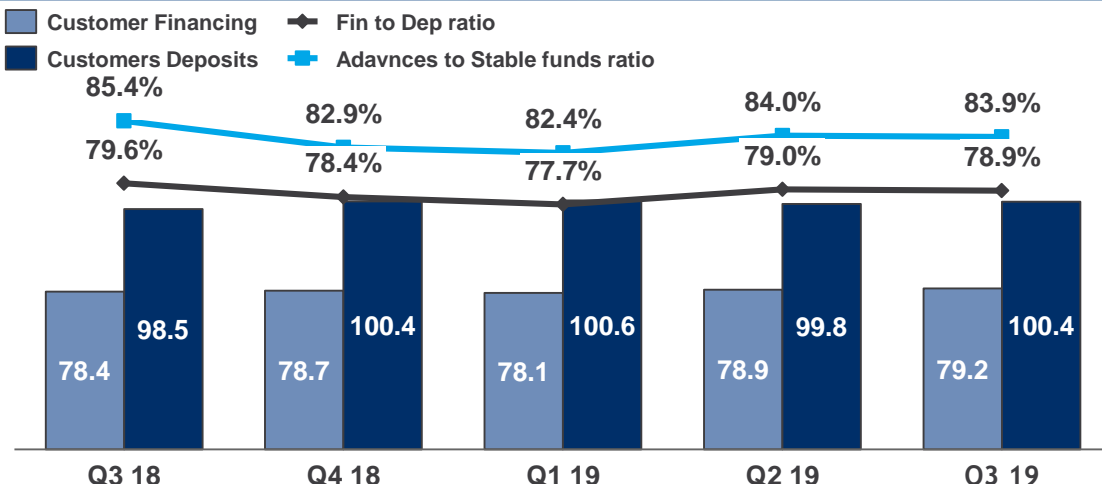
30 Sept 2019 – AED 82.3 Bn

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

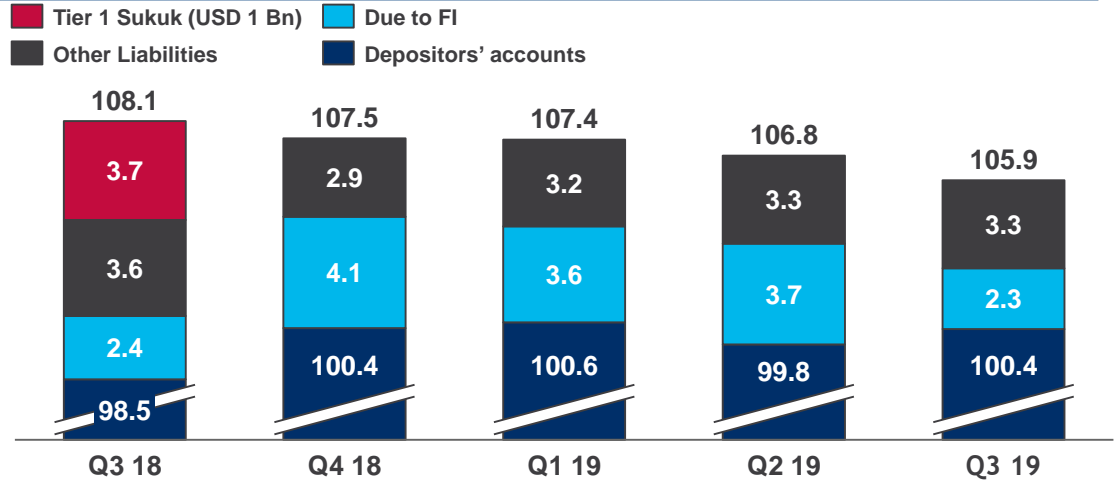
Funding Profile

Healthy Financing to Deposit ratio of 78.9%.

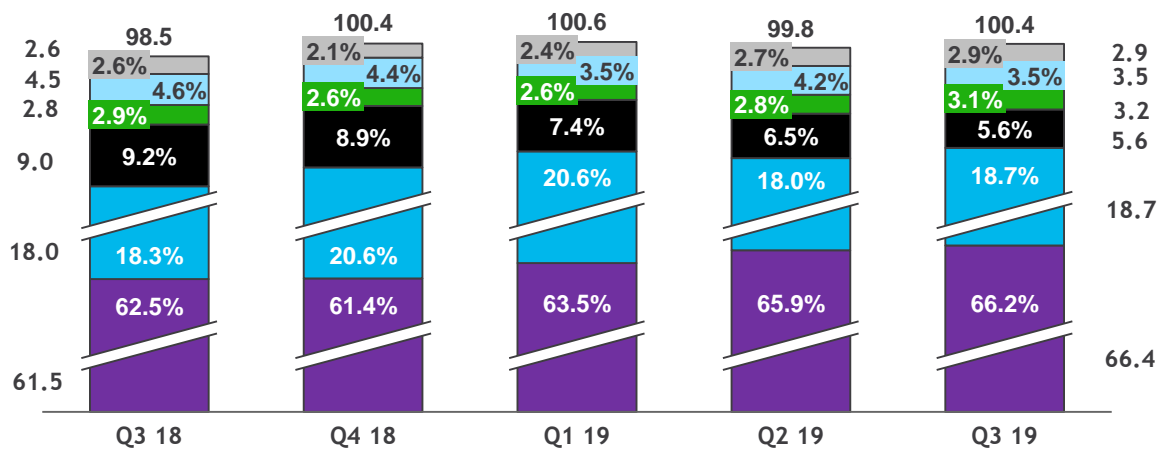
Net Customer Financing & Customers' Deposits (AED Bn)



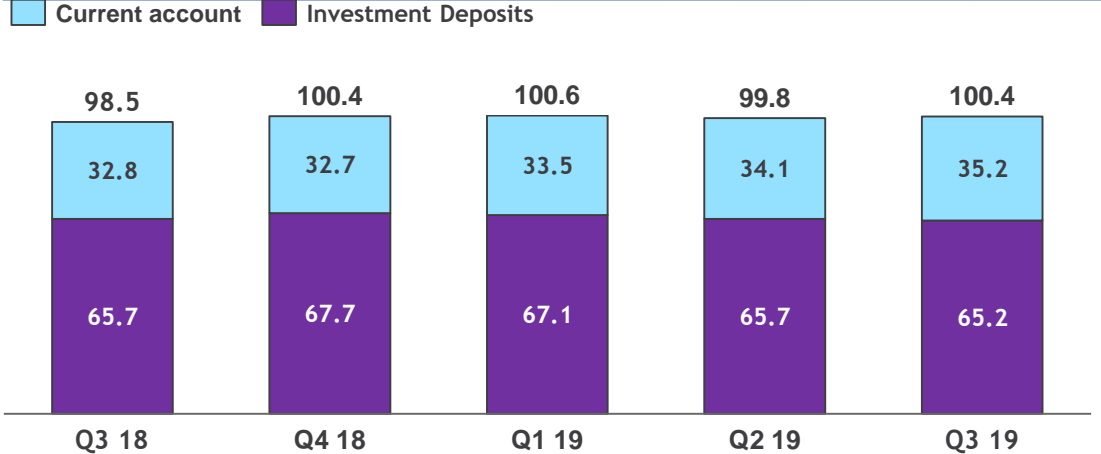
Composition of Liabilities (AED Bn)



Customers' Deposits by Segment (AED Bn)



Customers' Deposits by Type (AED Bn)

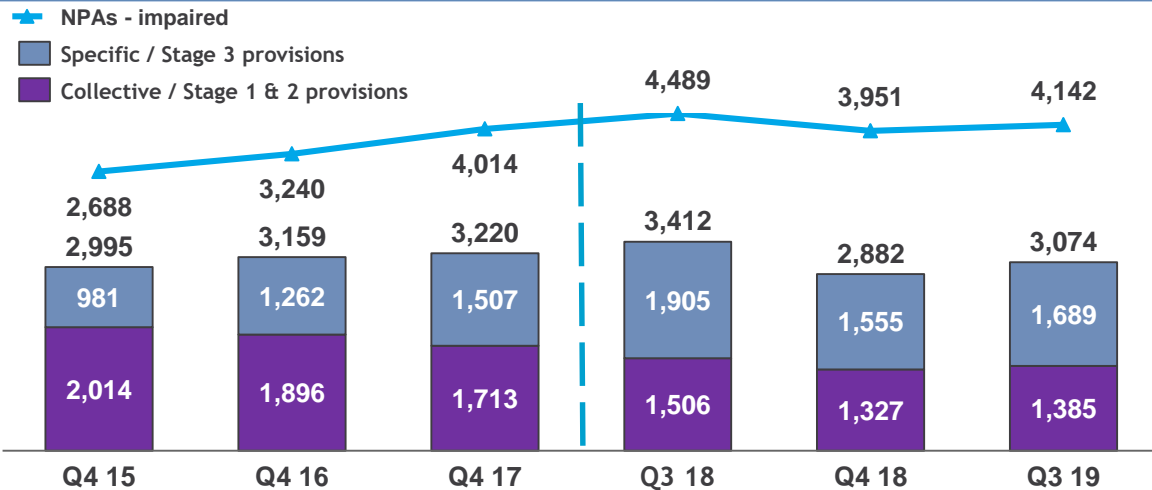


Others IBG & FI Private Treasury Wholesale Retail

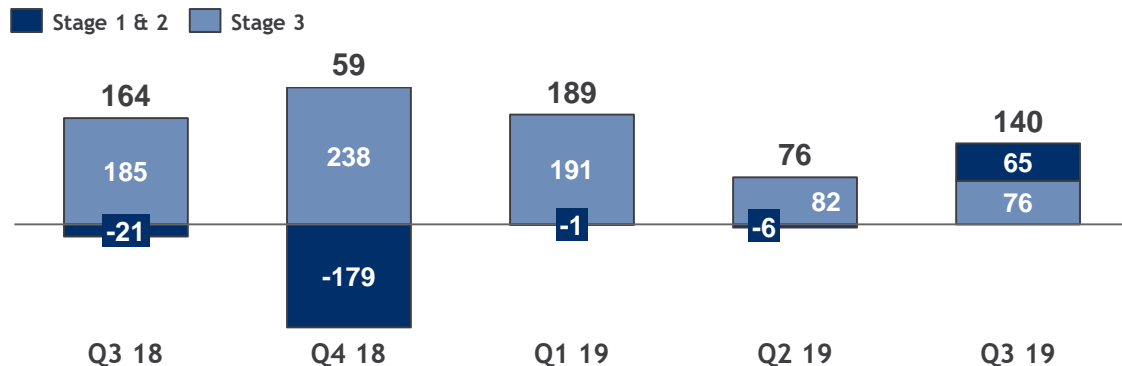
Asset quality – Customer financing assets only

Provisioning now calculated in accordance with IFRS 9.

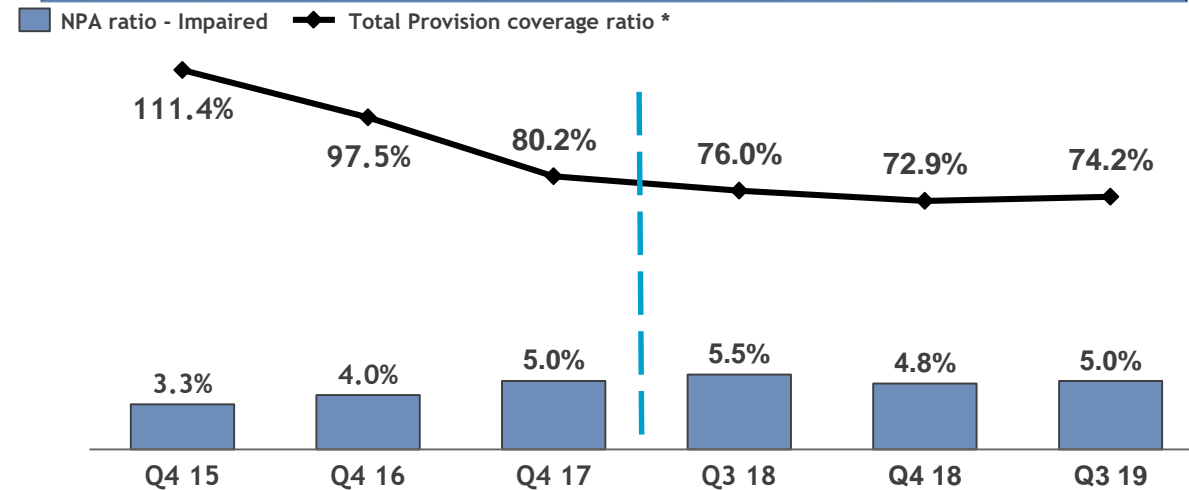
Provisions and NPAs - Customer financing (AED Mn)



Provisions charge - Customer financing assets only (AED Mn)



NPA ratio and Provision Coverage ratio



Key points

- Total impaired NPAs increased by AED 191 Mn during 9 month of 2019 to reach AED 4,142 Mn (31 Dec 18: AED 3,951 Mn).
- Impaired NPAs ratio at 5.0% as at 30 Sept 2019 (4.8% at 31 Dec 2018) with coverage of 74.2% (31 Dec 2018: 72.9%). Including Collateral after hair cut for stage 3, coverage is 117.1%
- Stage 1 & 2 financing provisions now stand AED 1,385 Mn at end of Sept 2019 represents 1.57% of total Credit RWAs (31 Dec 2018: 1.52%).
- Stage 3 financing provisions of AED 1,689 Mn at 40.8% of impaired NPAs at end of Sept 2019 (31 Dec 2018: 39.3%). Including stage 3 post haircut collateral value (50%), this ratio improves to 83.6%.
- Total financing provisions of AED 3,074 Mn represents 3.73% (31 Dec 2018: 3.53%) of Gross Financing portfolio.

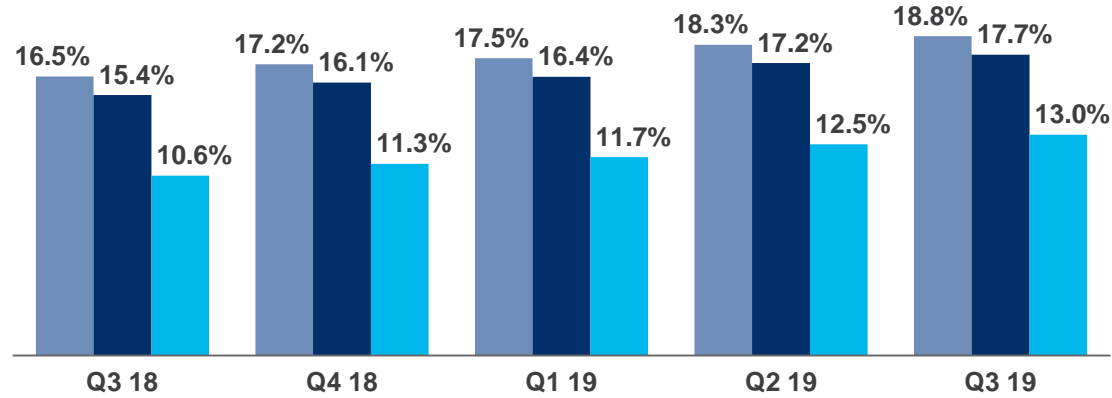
* "Provision coverage ratio" is defined as "total provisions / impaired NPAs".

Capital Adequacy Ratio (CAR)

Well above the Regulatory thresholds

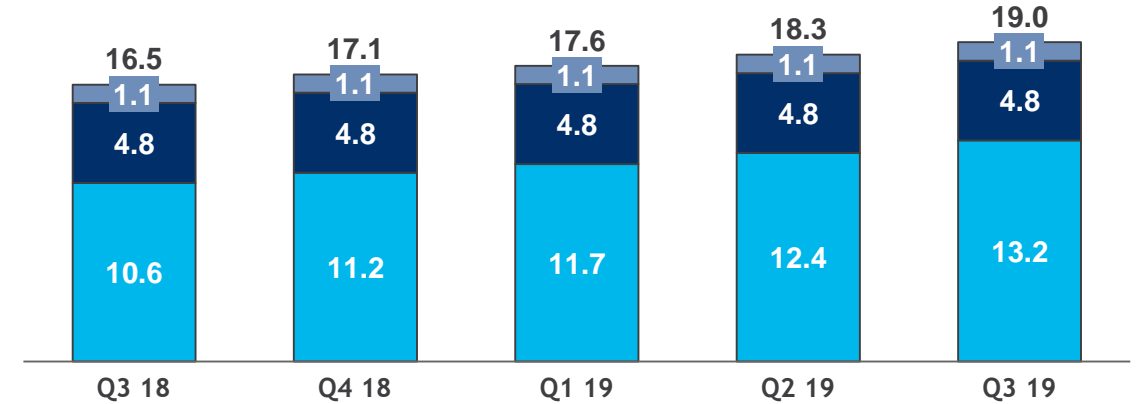
Capital Adequacy Ratio (%)

CAR Basel III Tier 1 CET 1



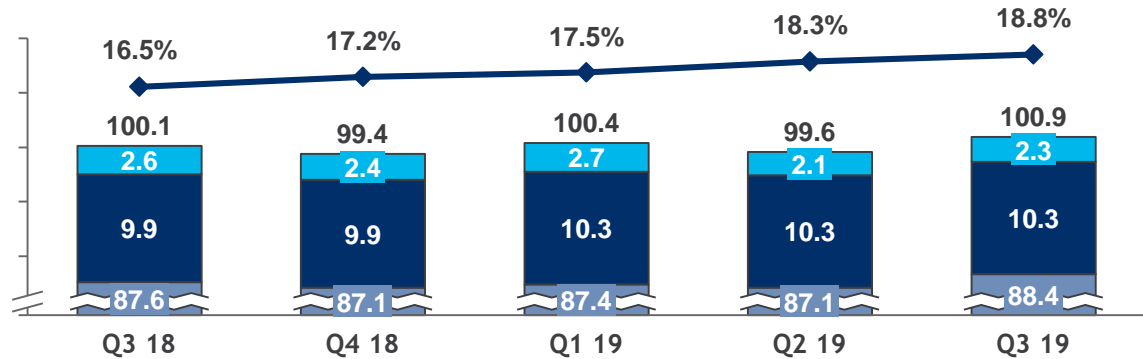
Capital base - CET 1, Tier 1 and Tier 2 - AED Bn

Tier 2 Tier 1 CET 1



Total Capital Adequacy Ratio and RWA

Total CAR Market risk Operational risk Credit risk



Highlights

- Basel III Total Capital Adequacy ratio at end of Sep 2019 at 18.84% well above the regulatory requirement of 13.0%. (31 Dec 18: 17.18%).
- Basel III Tier I ratio at 17.74% at the end of Sep 19 well above the regulatory requirement of 11.0%. (31 Dec 18: 16.09%).
- Basel III CET1 ratio at 13.03% at the end of Sep 2019 above the regulatory requirement of 9.5%. (31 Dec 18: 11.31%).

Table of Content



Introduction



Financial Review



Business Review



Appendix

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.

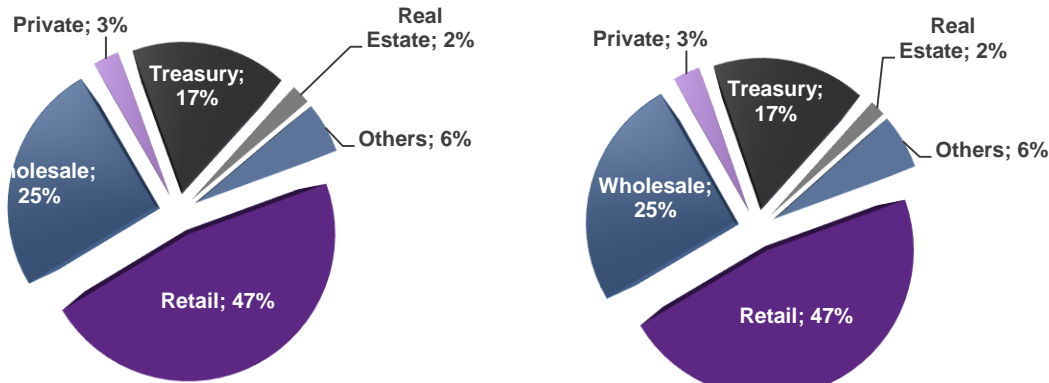
4

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

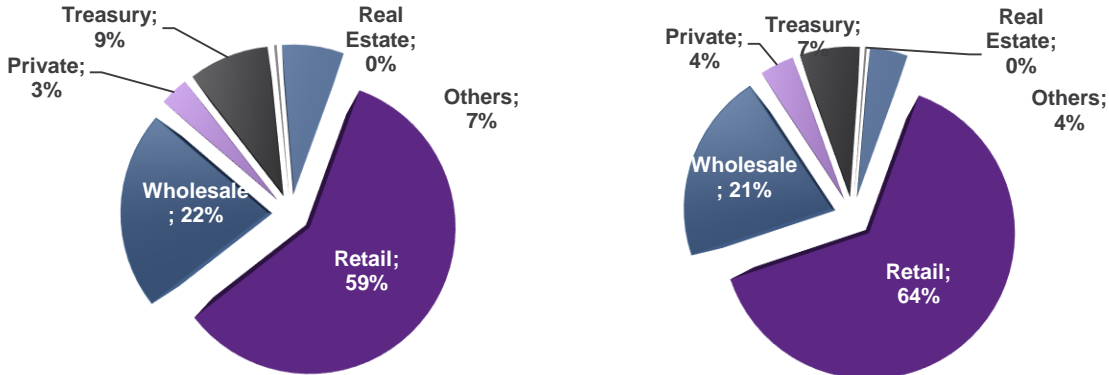
Composition of Total Assets - AED Bn



30 Sep 2018 – AED 124.3 Bn

30 Sep 2019 – AED 124.3 Bn

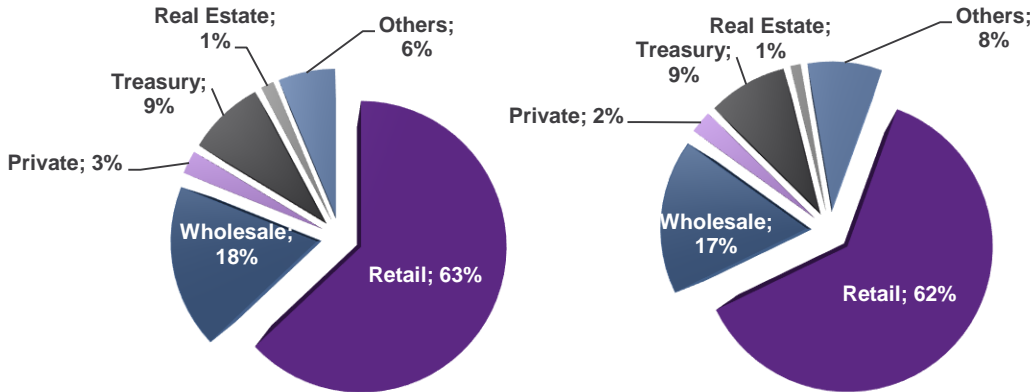
Composition of Total Liabilities - AED Bn



30 Sep 2018 – AED 108.1 Bn

30 Sep 2019 – AED 105.9 Bn

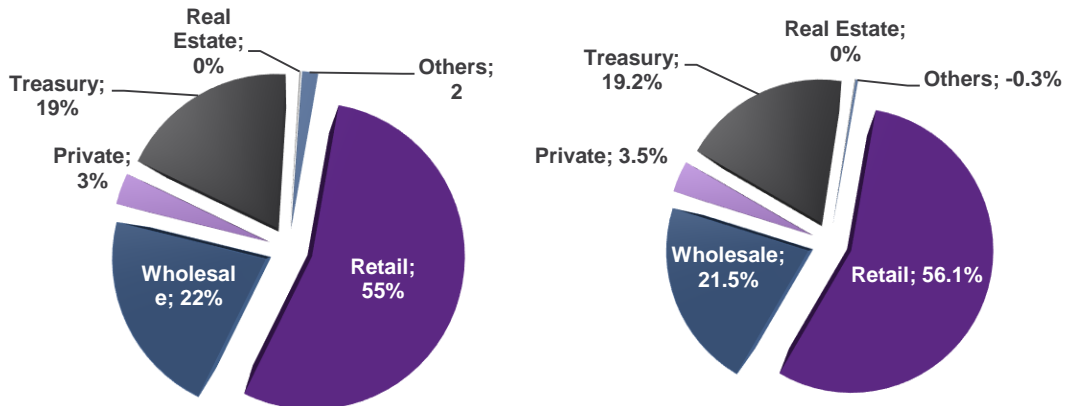
Composition of Revenues - AED Mn



YTD 2018 – AED 4,154.1 Mn

YTD 2019 – AED 4,390.9 Mn

Composition of Net profit - AED Mn



YTD 2018 – AED 1,752.5 Mn

YTD 2019 – AED 1,850.5 Mn

Source: Derived from published financial statements

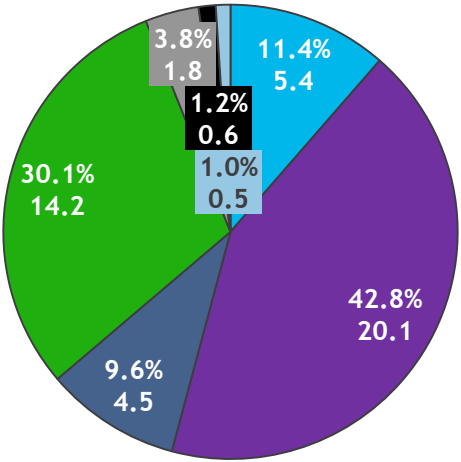
Global Retail Banking overview

Global Retail Banking contributes 62% of Net Revenues:

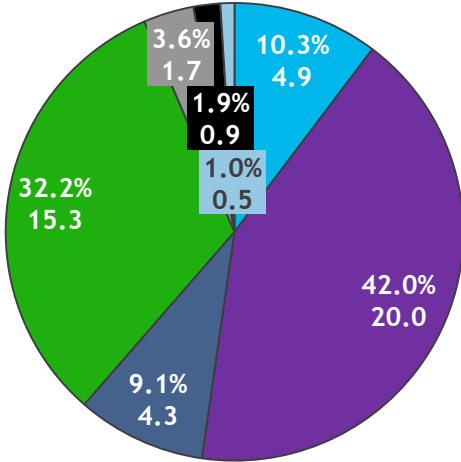
- Personal Banking Division provides services for individuals clients, while the Business Banking Division services the needs of SMEs.
- These services include a variety of Shari'a compliant financing.

Gross Retail Financing Portfolio

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

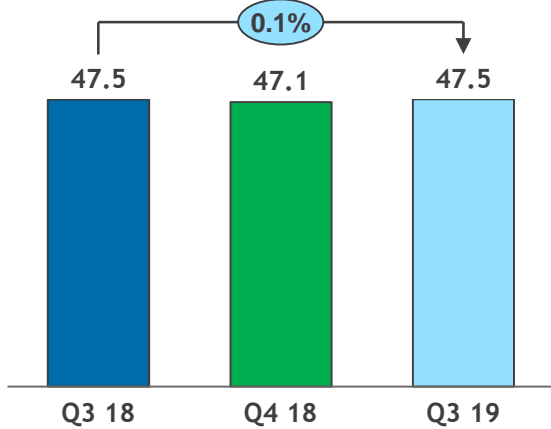


31 Dec 2018 - AED 47.1 Bn

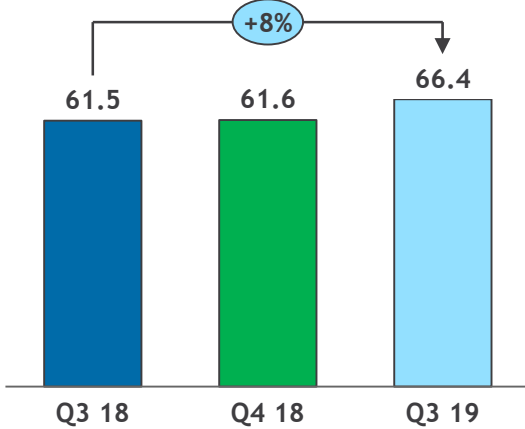


30 Sep 2019 - AED 47.5 Bn

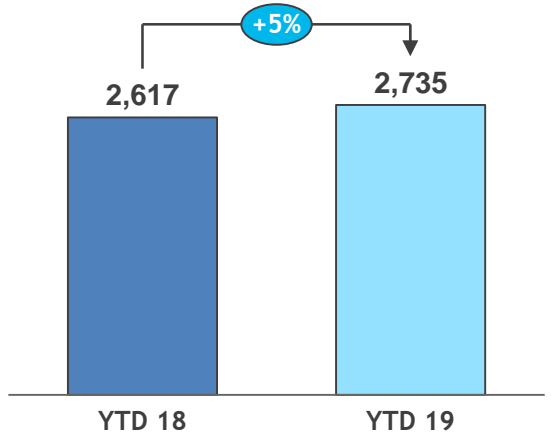
Financing Assets (AED Bn)



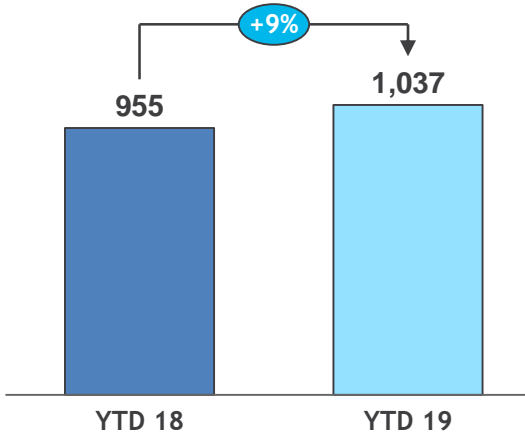
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



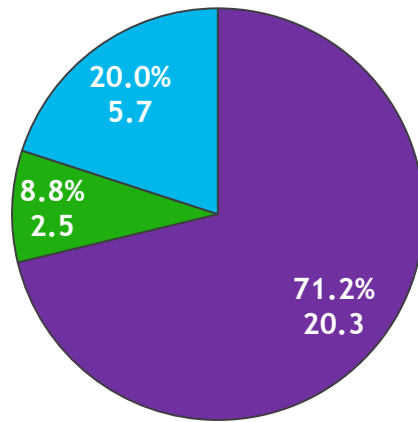
Global Wholesale Banking overview

Global Wholesale Banking contributes 17% of Net Revenues:

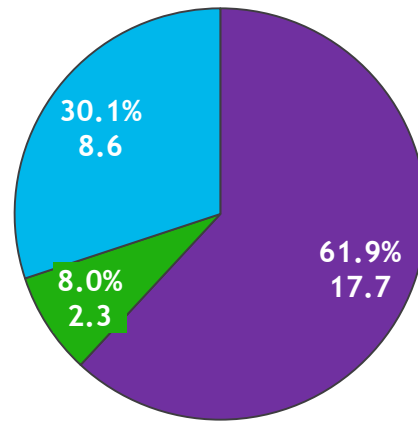
- Global Wholesale Banking encompasses the large corporates, emerging corporates and financial institutions divisions of the Bank. The array of services includes Transaction Banking and Corporate Finance and Investment Banking.

Gross Wholesale Financing Portfolio

■ Corporates
 ■ FI & IBG
 ■ Government and Public sector

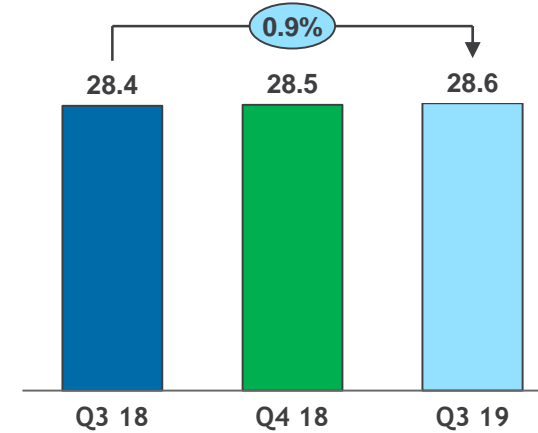


31 Dec 2018 - AED 28.5 Bn

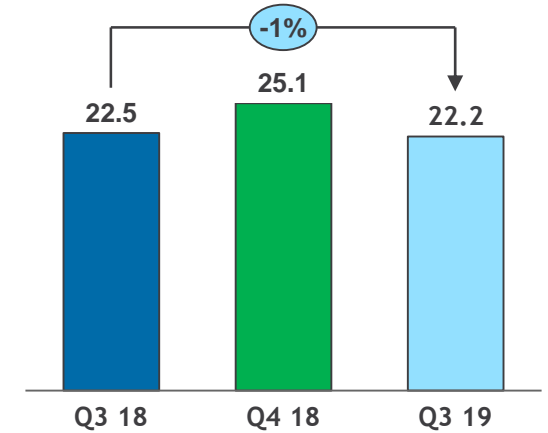


30 Sep 2019 - AED 28.6 Bn

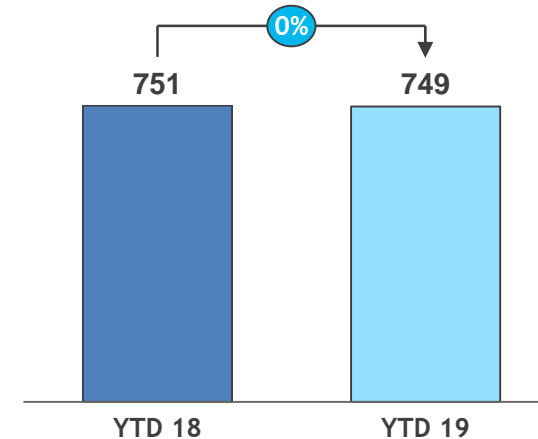
Financing Assets (AED Bn)



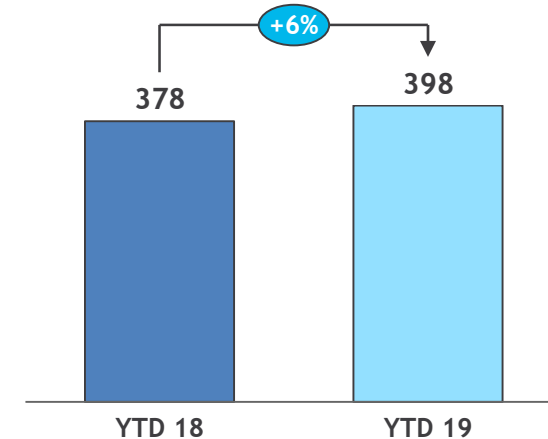
Deposits (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)



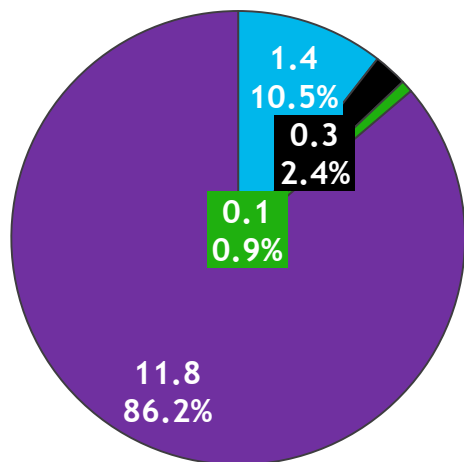
Treasury overview

Treasury contributes 9% of Net Revenues

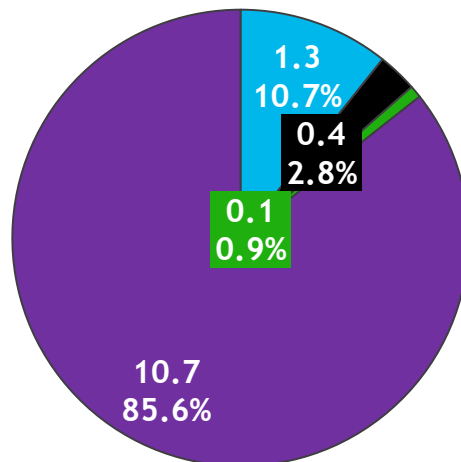
- Treasury principally handles money market brokerage, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Investments

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

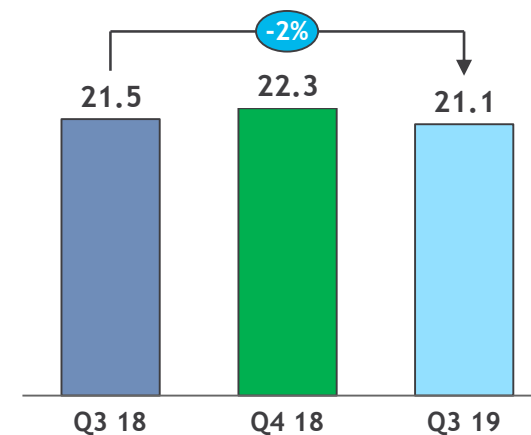


31 Dec 2018 - AED 13.7 Bn

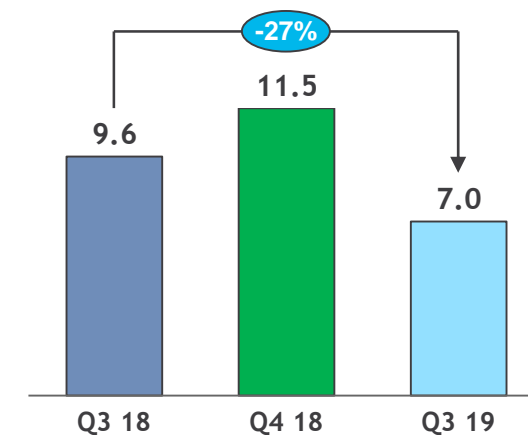


30 Sep 2019 - AED 12.5 Bn

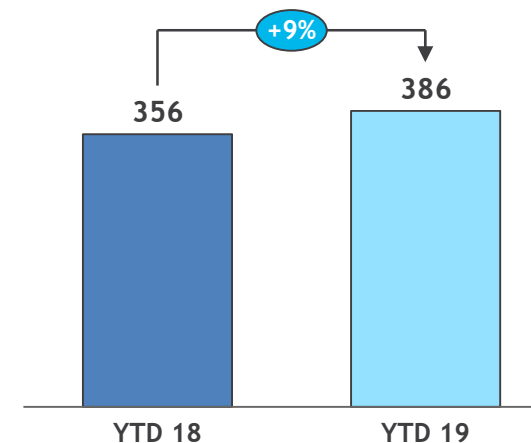
Assets (AED Bn)



Liabilities (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

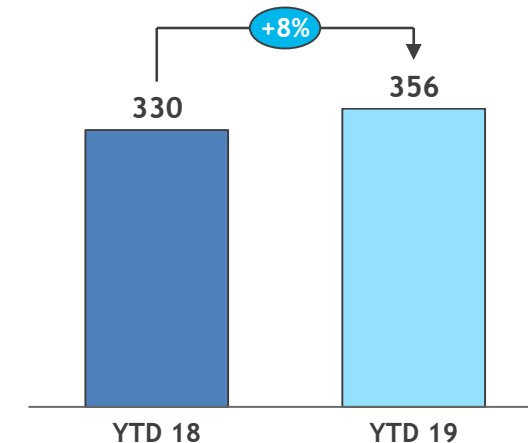


Table of Content



Introduction



Financial Review



Business Review



Appendix

Consolidated Statement of Income

AED Mn	Q3 18	Q2 19	Q3 19	% chg Q3 19 vs Q3 18	% chg Q3 19 vs Q2 19	YTD 18	YTD 19	% chg YTD 19 vs YTD 18
Revenues	1,425.3	1,450.5	1,503.7	5.5%	3.7%	4,154.1	4,390.9	5.7%
Net Revenue from Funds	951.1	961.3	948.2	-0.3%	-2.7%	2,828.6	2,865.2	1.3%
Fees & commission	266.4	253.9	280.0	5.1%	15.2%	744.2	747.7	0.5%
Investment income	122.7	161.9	195.0	58.9%	20.4%	364.2	542.2	48.9%
Foreign Exchange	78.5	71.1	79.2	0.9%	11.4%	197.9	228.7	15.6%
Other income	6.6	2.2	1.3	-79.5%	-39.8%	19.2	7.0	-63.4%
Expenses	662.6	660.8	674.8	1.8%	2.1%	1,910.8	1,985.5	3.9%
Employee cost	387.0	382.1	401.9	3.8%	5.2%	1,111.3	1,150.9	3.6%
Premises	57.5	40.9	35.0	-39.1%	-14.4%	197.0	119.1	-39.5%
Depreciation	78.8	92.5	84.6	7.4%	-8.6%	208.4	264.7	27.0%
Other Operating expenses	139.4	145.2	153.4	10.1%	5.6%	394.1	450.9	14.4%
Operating Profit - Margin	762.7	789.7	828.9	8.7%	5.0%	2,243.4	2,405.4	7.2%
Provision for impairment	171.7	158.6	207.5	20.8%	17.9%	487.0	552.5	13.4%
Net profit before zakat & tax	591.0	631.1	621.4	5.2%	1.7%	1,756.4	1,852.9	5.5%
Zakat & Tax	1.5	1.0	1.4	-6.3%	41.0%	3.9	2.4	-38.2%
Net Profit after zakat & tax	589.5	630.1	620.0	5.2%	1.7%	1,752.5	1,850.5	5.6%

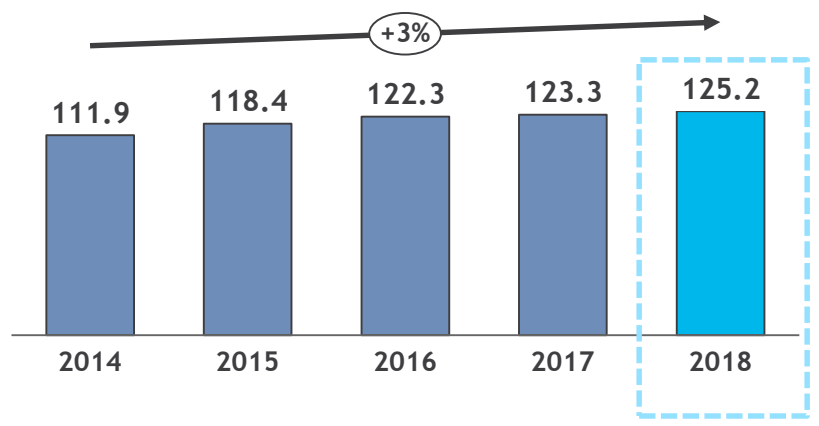
Consolidated Balance Sheet

AED Mn	30 Sep 2018	31 Dec 2018	30 Sep 2019	% chg 30 Sep 2019 vs 30 Sept 2018	% chg 30 Sep 2019 vs 31 Dec 2018
Cash and balances with Central Banks	17,035	18,731	19,581	14.9%	4.5%
Due from financial institutions	6,612	5,250	3,769	-43.0%	-28.2%
Net Customer financing	78,430	78,677	79,236	1.0%	0.7%
Investments	13,101	13,667	12,538	-4.3%	-8.3%
Investment in associates	1,012	1,206	1,262	24.7%	4.6%
Investment and development properties	1,930	2,233	2,215	14.8%	-0.8%
Other assets / fixed assets / intangibles	6,170	5,429	5,683	-7.9%	4.7%
TOTAL ASSETS	124,290	125,194	124,285	-0.004%	-0.7%
Due to financial institutions	2,354	4,138	2,270	-3.6%	-45.2%
Customers' deposits	98,503	100,404	100,364	1.9%	-0.04%
Other liabilities	3,572	2,915	3,268	-8.5%	12.1%
Tier 1 Sukuk payable	3,673	-	-	-100%	-
TOTAL LIABILITIES	108,101	107,457	105,902	-2.0%	-1.4%
Share capital	3,168	3,632	3,632	14.6%	-
Tier 1 sukuk	4,754	4,754	4,754	-	-
Proposed dividend	-	994	-	-	-100.0%
Reserves	8,267	8,356	9,997	20.9%	19.6%
TOTAL EQUITY	16,189	17,737	18,383	13.6%	3.6%
TOTAL LIABILITIES AND EQUITY	124,290	125,194	124,285	-0.004%	-0.7%

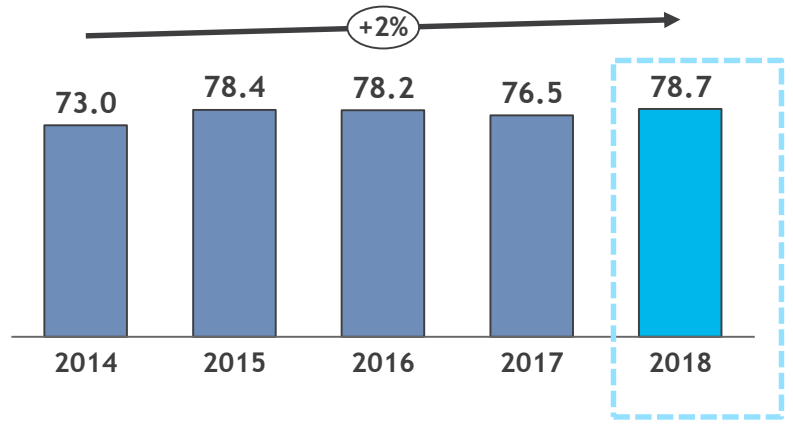
Financial Snapshot

A growth story with 5 year Net Profit CAGR 9%

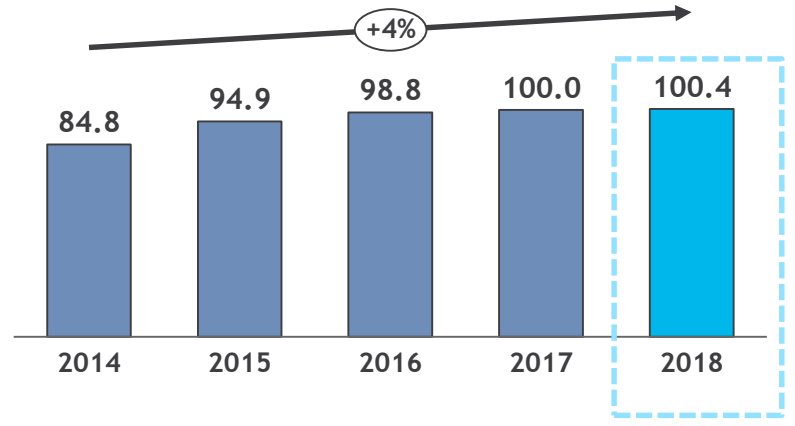
Total Assets (AED Bn)



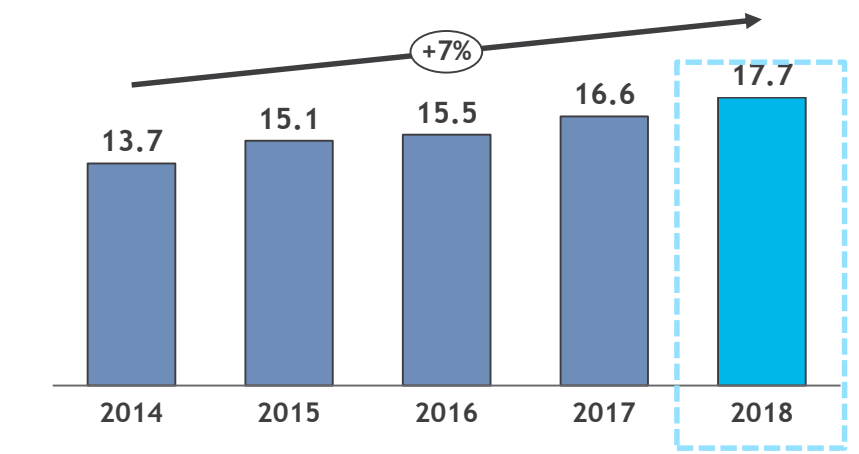
Net Customer Financing (AED Bn)



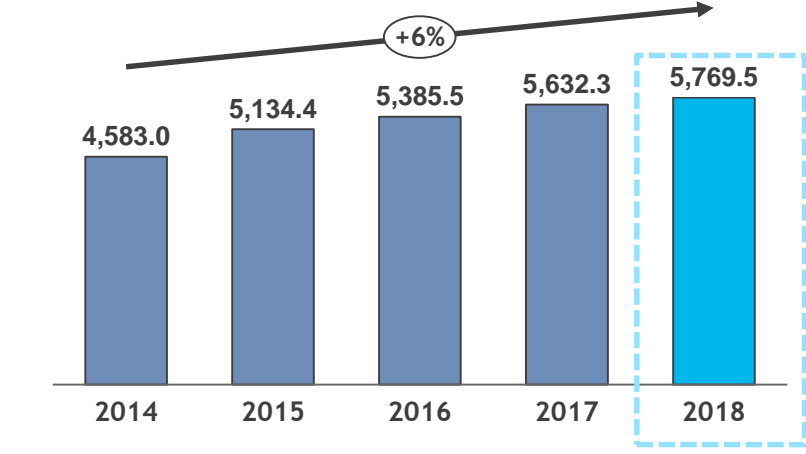
Customer Deposits (AED Bn)



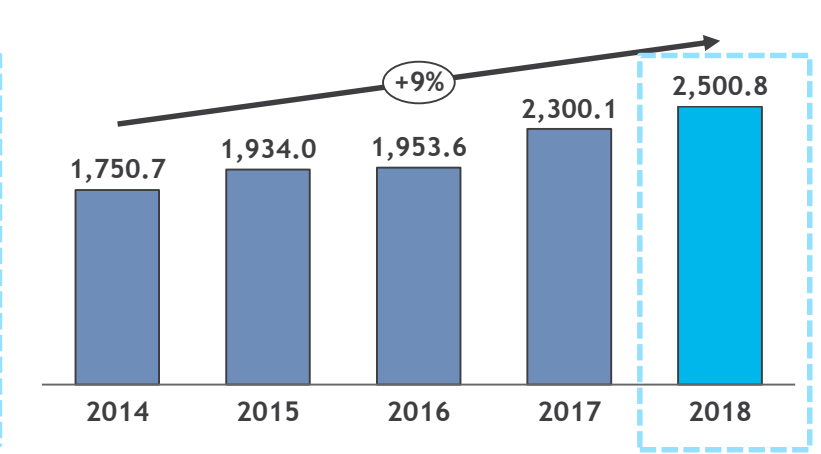
Equity (AED Bn)



Revenues (AED Mn)



Net Profit (AED Mn)

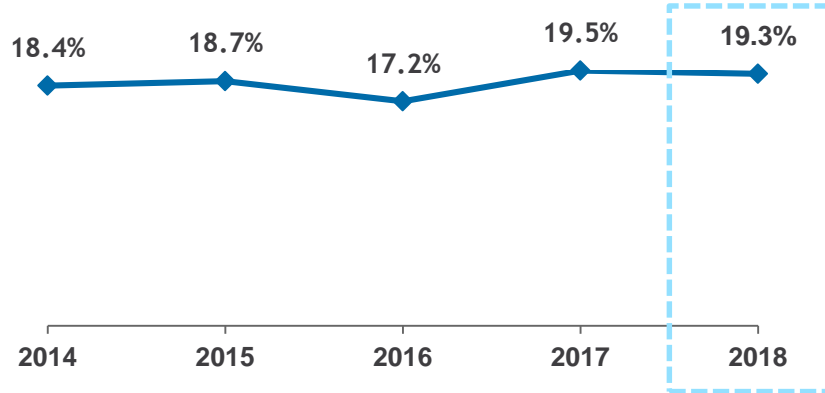


Source: Derived from published financial statements

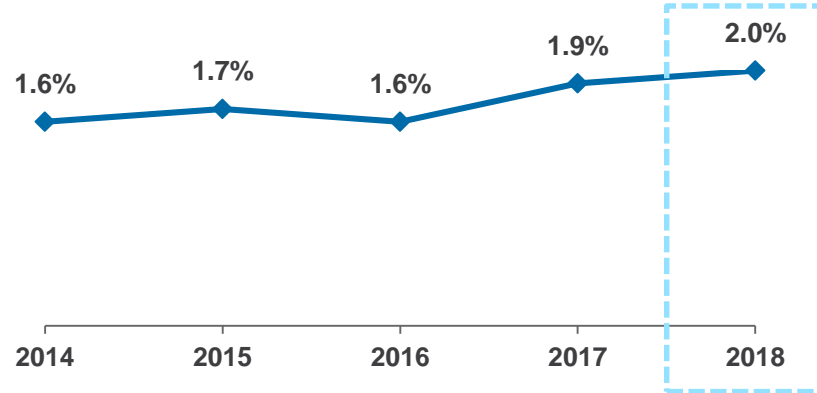
Financial Snapshot

Amongst the best and most consistent ROASE & ROA

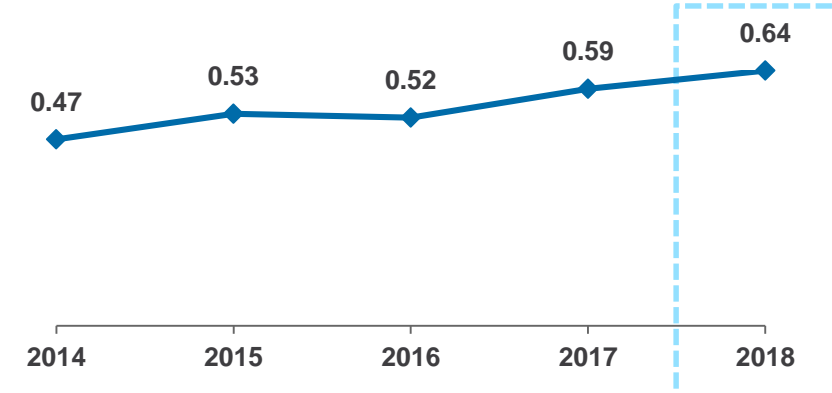
Return on Avg Shareholders' Equity (%)



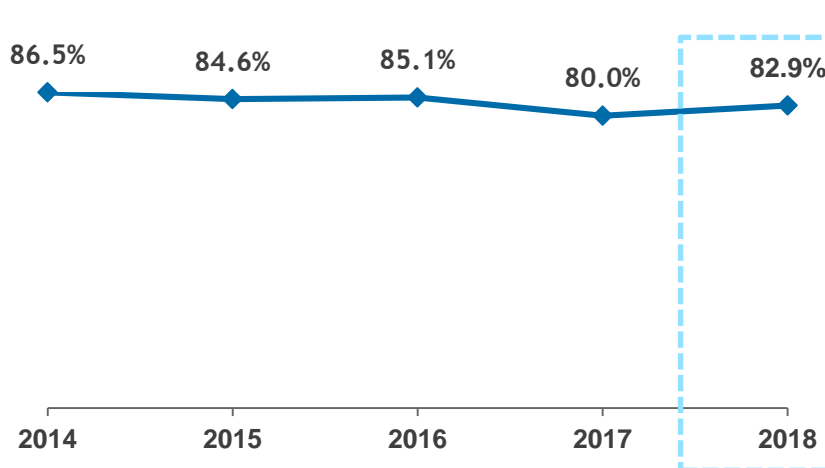
Return on Assets(%)



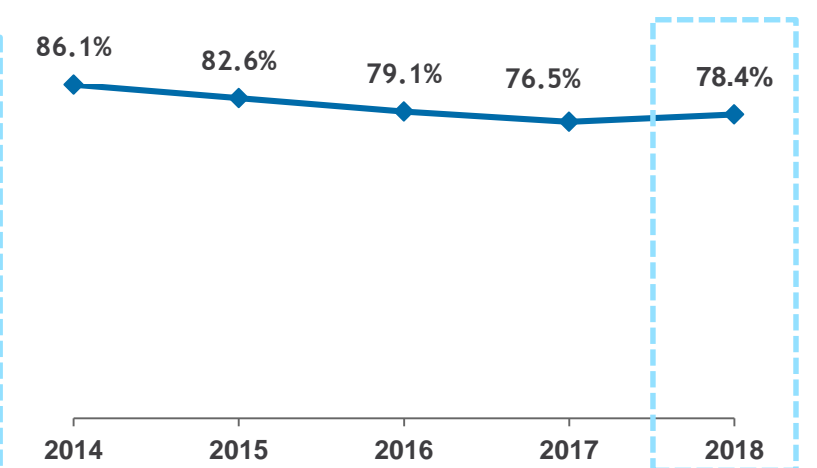
Earning per share (AED)



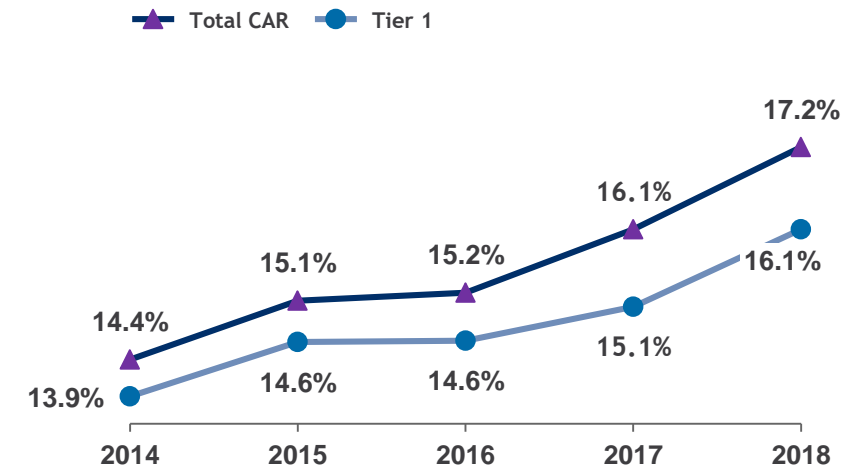
Advances to Stable Funds Ratio (%)



Financing to Deposits Ratio (%)



CAR (%) [Note 1]



• Total Provision coverage ratio is defined as “total provision / NPAs”.
 • 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 : 2014 to 2016 as per Basel 2 and 2017/2018 as per Basel 3

Dividend Distribution History - AED

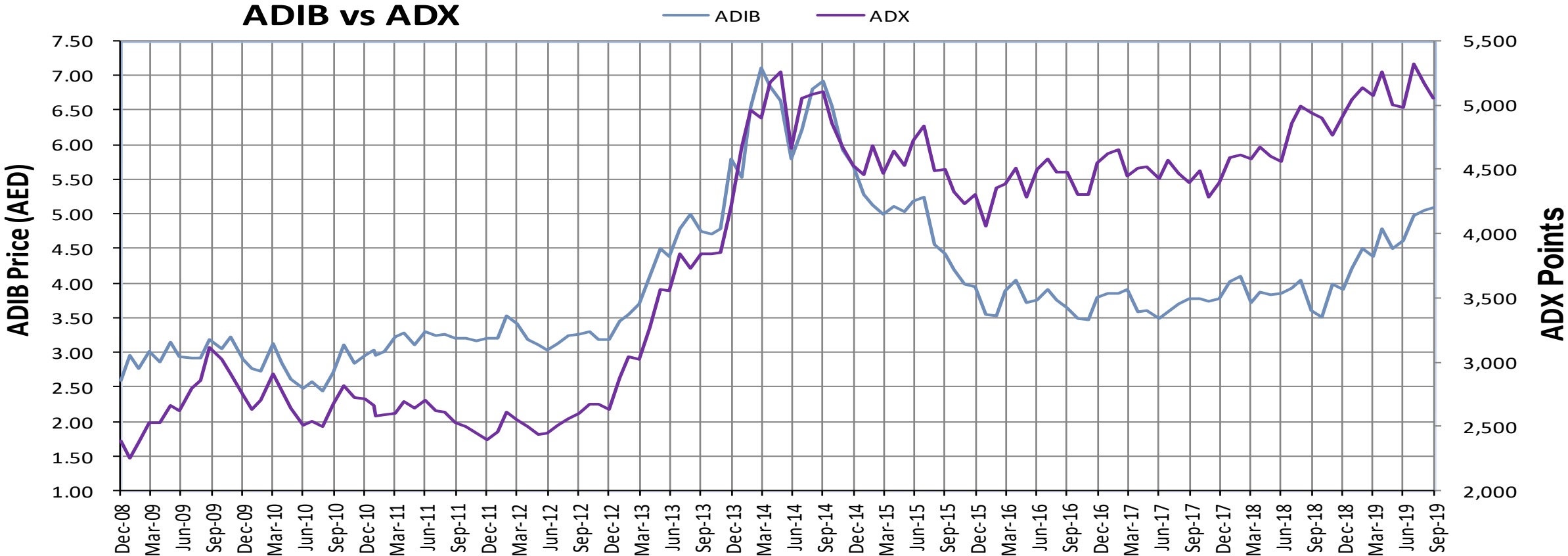
A consistent dividend distribution record

AED	2011	2012	2013	2014	2015	2016	2017	2018
Net Profit (Mn)	1,155.1	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%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%
Cash Dividend (% of Share Capital)	24.4%	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%
Cash Dividends (Mn)	577.5	600.6	725.1	700.2	769.0	776.8	914.5	994.3
Total Dividend Yield	7.7%	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

- 30 September 2019 share price was AED 5.09 per share (31 Dec 2018: AED 3.90 per share).
- Cash dividend of 39.8% of net profit, 27.38% of share capital (2017: 28.87% of share capital).
- Total dividend yield of ADIB share of 7.0%. (2017: 7.6%).



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