

9M 2023 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 26 October 2023

ADIB IR Website



IR App Download link:



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Key Highlights

9M 2023 Earnings Presentation

= Key Highlights

Another solid set of results with a net income in 9M 2023 of AED 3.75 bn up 53% from last year

53% YoY increase in net income to AED 3.75bn in 9M 2023 driven by broad-based revenue growth

Revenue up 48% to AED 6.7bn driven by 61% growth in funded income and 28% growth in non-funded income

ROE improving 6.8 percentage points YoY to reach 26.4% in 9M 2023

9M 2023 Cost / Income ratio improved 5.0 percentage points to 32.6% helped by strong revenue growth

25% YoY asset growth driven by 14% growth in gross customer financing in 9M 2023

28% YoY deposits growth with CASA increasing 13% representing 66% of total deposits

Robust capital position with a CAR of 18.03%

9M 2023 Net Profit Margin expanded by 113bps to 4.48%

9M'23 Net Income growth YoY

+53%



9M'23 Revenue growth YoY

+48%



9M'23 ROE

26.4%



9M'23 gross financing growth YoY

AED 14.4bn



Executing ADIB Strategy

9M 2023 Earnings Presentation

= ADIB Strategy

Our purpose, values and vision are supported by a clear set of strategic goals

= Purpose

Lifelong partner for customers, colleagues and community

= Vision

To be the world's **most innovative Islamic bank**

= Values

We keep it
simple and sensible

We are
transparent

We work for
mutual benefit

We nurture **hospitality**
and tolerance

We are
Shari'a inspired

► 4-Pillar Strategy



Continuous
Innovation



Segment
Focused









Digital
Excellence



Sustainable
Future

= Update on Strategy Progress

ADIB continues to deliver on its strategy in 2023

Continuous Innovation	<p>Key product launches</p> <ul style="list-style-type: none"> Salary cash back campaign Digital on-boarding for business banking New cash back card UAE's first long term home finance fixed rate Remittance programs to new corridors 	<p>Amwali Youth Account</p> <p>15000 Accounts</p>	<p>Asset Management</p> <p>\$142 mn</p> <p>Global Sukuk Fund</p>	<p>Payment Service</p> <p>AED 3.9 mn</p> <p>Revenue</p>	
Segment Focused	<p>UAE Nationals</p> <p>+52,300</p> <p>New to bank UAE Nationals</p>	<p>Grow wholesale banking</p> <p>+7%</p> <p>Financing growth YoY</p>	<p>Retail sales</p> <p>+14%</p> <p>Asset growth YoY</p>	<p>Attract new customers</p> <p>+157.000</p> <p>New customers</p>	<p>Deepen relationships</p> <p>1.50</p> <p>Cross-sell Ratio</p>
Digital Excellence	<p>Digitize processes</p> <p>91%</p> <p>Overall STP</p>	<p>Digitize channels</p> <p>98% Payments: Volumes received from Mobile App & Online Channels</p> <p>49% Personal finance</p>	<p>Automate processes</p> <p> 63 bots</p>	<p>Leverage digital channels</p> <p>4.70/5 ★★★★★ AppStore rating</p> <p>4.54/5 ★★★★★ Google Play rating</p>	<p>Paperless strategy:</p> <p> 5m Papers Saved (2022)</p>
Sustainable Future	<p>Leader in financial conduct</p> <p> </p> <p>Included in ESG MSCI Leaders Index</p> <p>\$2bn in sustainable finance</p>	<p>Employer of choice</p> <p> 78% Employee engagement index</p>	<p>Best customer experience</p> <p>#1 Number 1 bank NPS in UAE: 78%</p> 		

Financial Performance

9M 2023 Earnings Presentation

= Financial Performance Highlights – 9M 2023

Exceeded the record performance of full year 2022 in 9M 2023 by delivering a net income of 3.75bn with a growth of 53%

= Strong YoY Growth in Profitability

3.75bn

Net Income

+53%



6.7bn

Revenues

+48%



2.2bn

Expenses

+29%

(Underlying growth of 6% only)



= Solid Balance Sheet Growth YoY

184bn

Total Assets

+25%



118bn

Gross Customer Financing

+14%



152bn

Deposits

+28%



= Strong Capital Position and Return YoY

18.03%

CAR

+13bps



26.4%

Return on Equity

+677bps



32.6%

Cost to Income Ratio

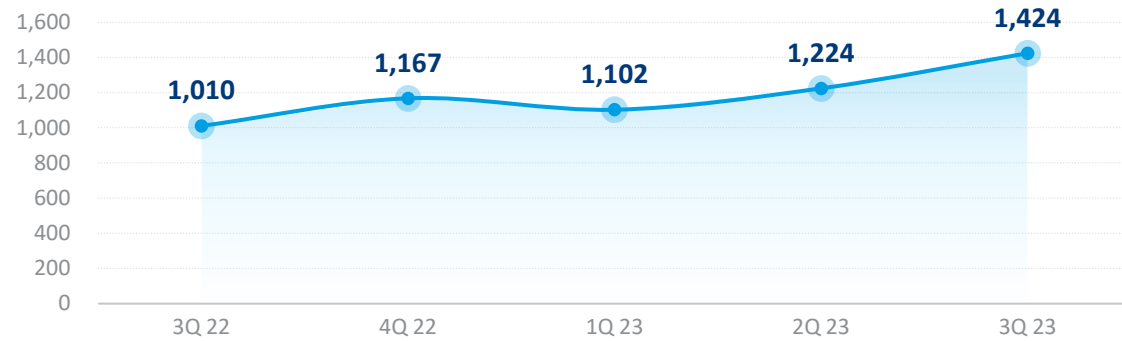
-497bps



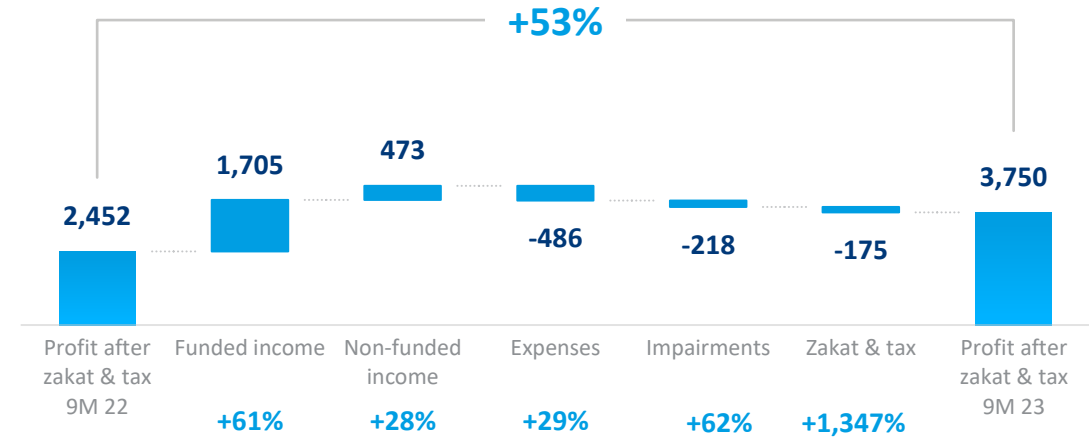
= Income Statement

53% YoY growth in Net income in 9M 2023 underscored by increase volume transactions and margins

= Net Income (AEDmn)



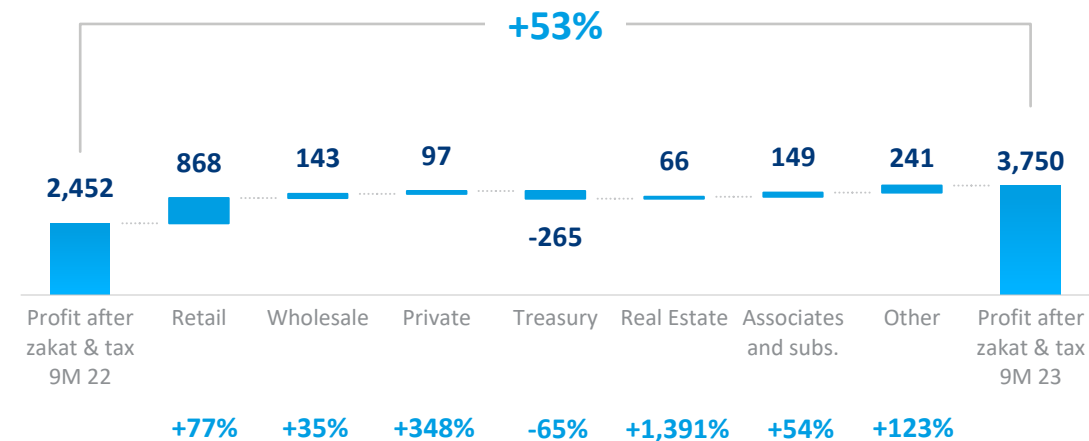
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	9M 2023	9M 2022	Δ%	3Q 2023	3Q 2022	Δ%
Funded income	4,506	2,802	+61%	1,577	1,132	+39%
Non-funded income	2,188	1,715	+28%	853	546	+56%
Revenues	6,694	4,516	+48%	2,430	1,678	+45%
Operating expenses	(2,185)	(1,699)	+29%	(740)	(539)	+37%
Provision for impairment	(571)	(352)	+62%	(202)	(125)	+61%
Net Income after zakat and tax	3,750	2,452	+53%	1,424	1,010	+41%

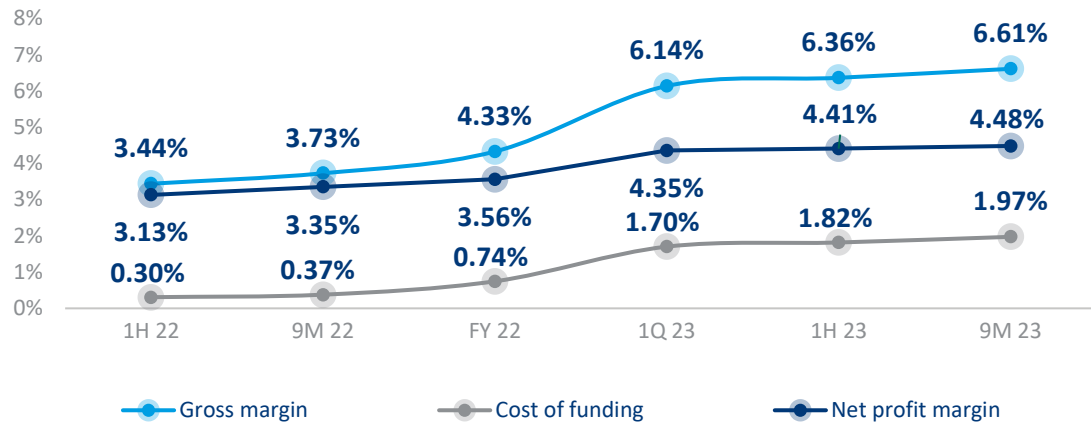
= Net Income Movement by Segment (AEDmn)



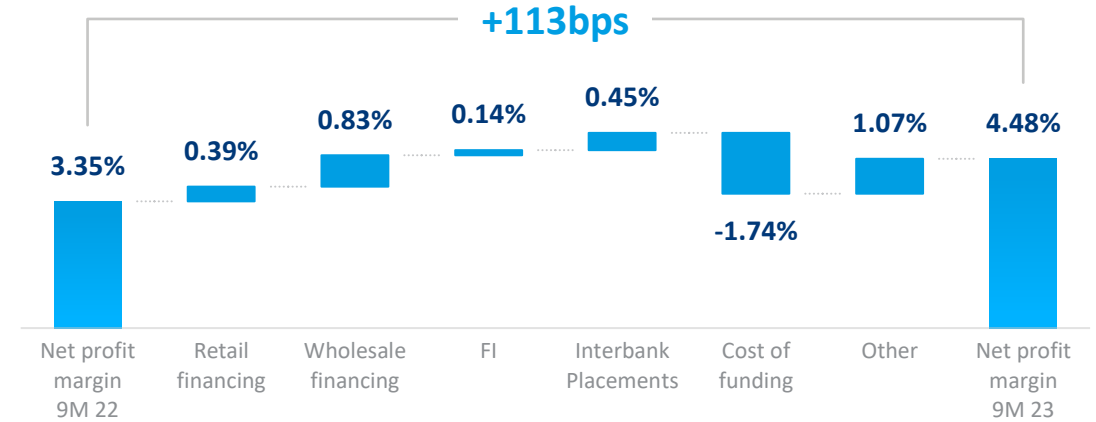
= Funded Income

Strong growth in funded income driven by strong business volumes and higher rates with NPM improving 113 bps

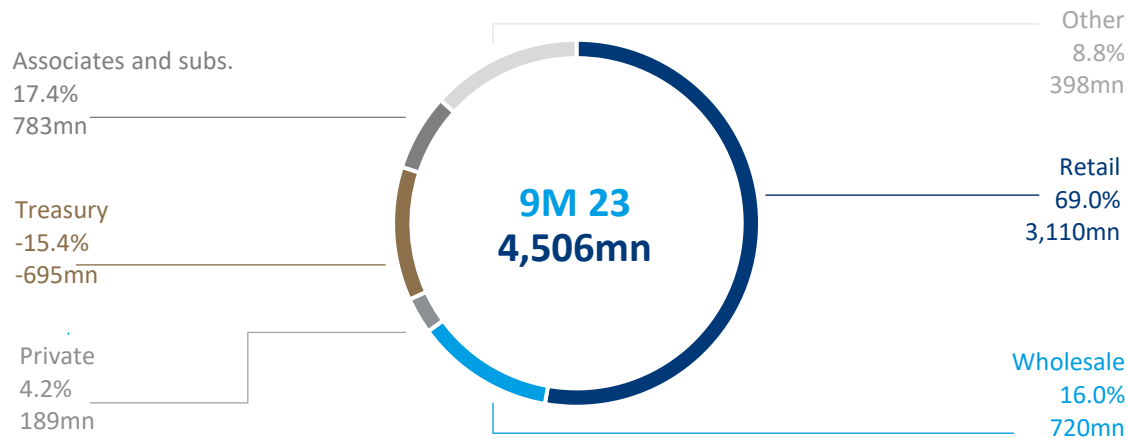
= Net Profit Margin (%)



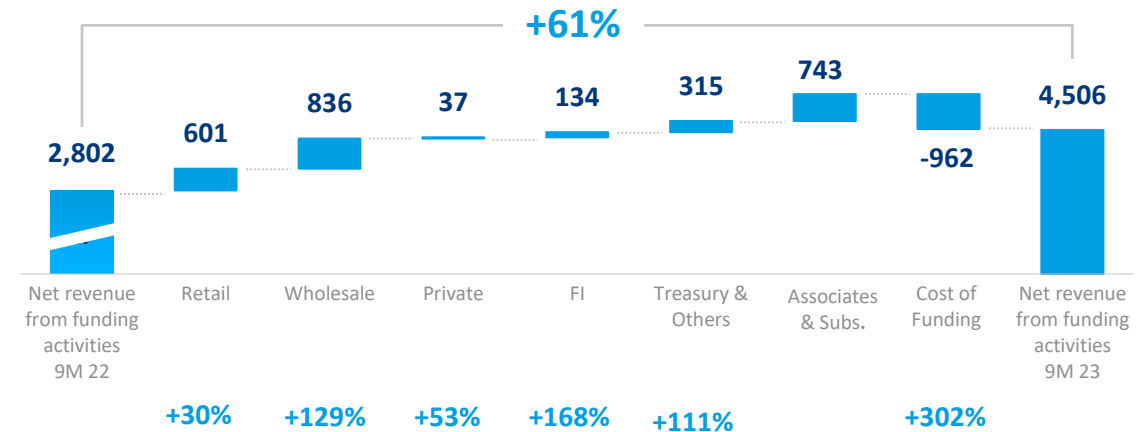
= Net Profit Margin Movement YoY (%)



= Net Revenue from Funding Activities Composition (AEDmn)



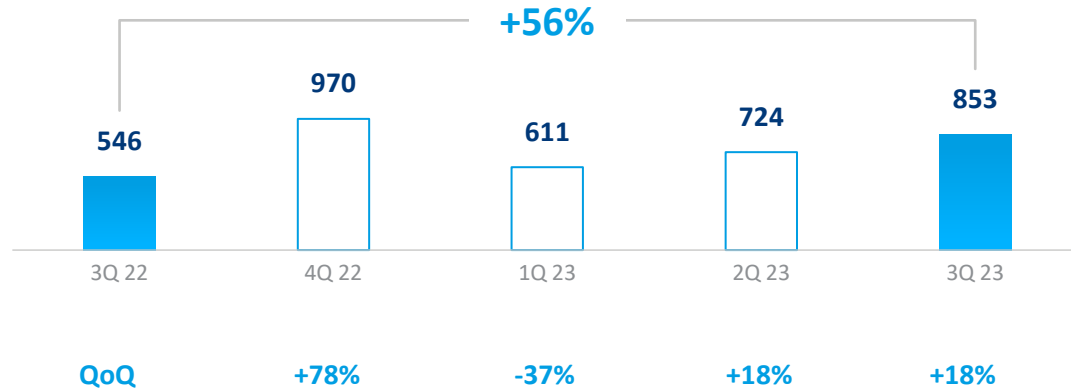
= Net Revenue from Funding Activities Movement YoY (AEDmn)



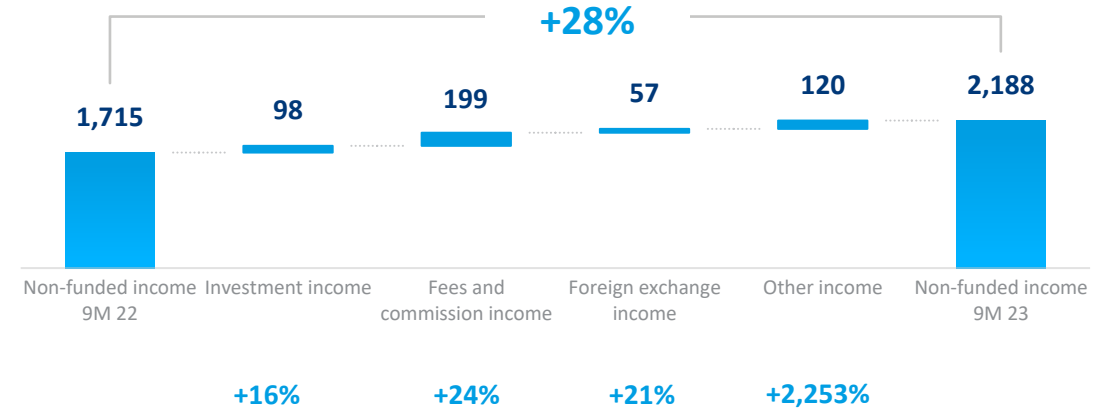
= Non-Funded Income

Strong non-funded income growth on higher investment income, F&C and FX income, underlining strategic focus on revenue diversification

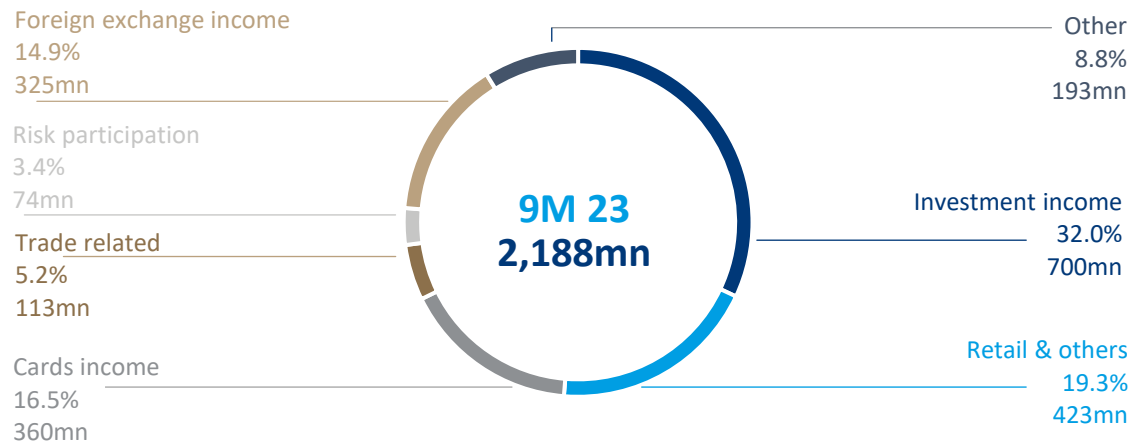
= Non-Funded Income (AEDmn)



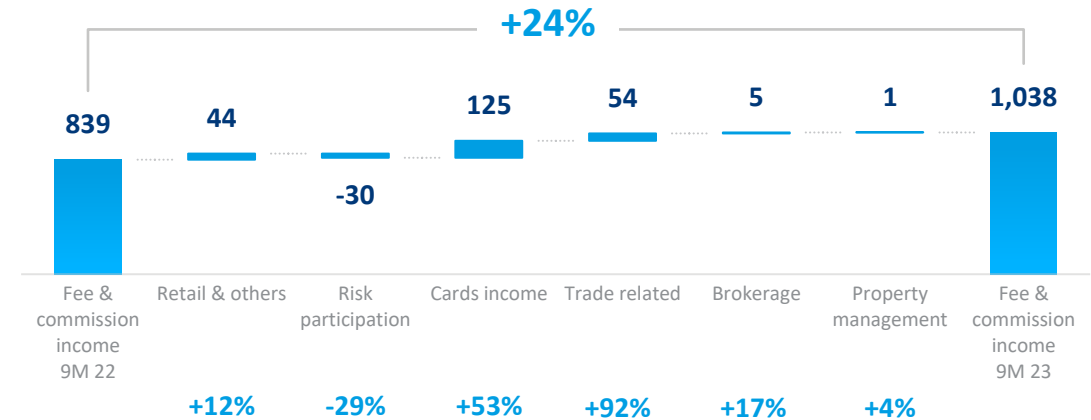
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



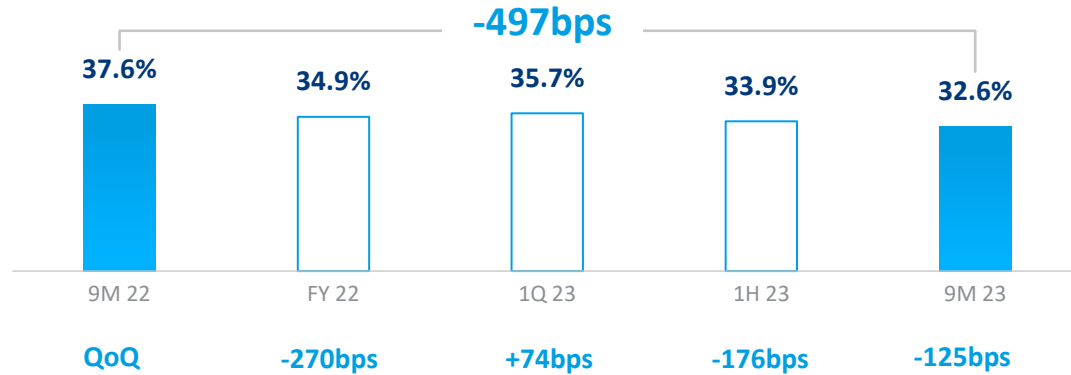
= Fee & Commission Income Movement YoY (AEDmn)



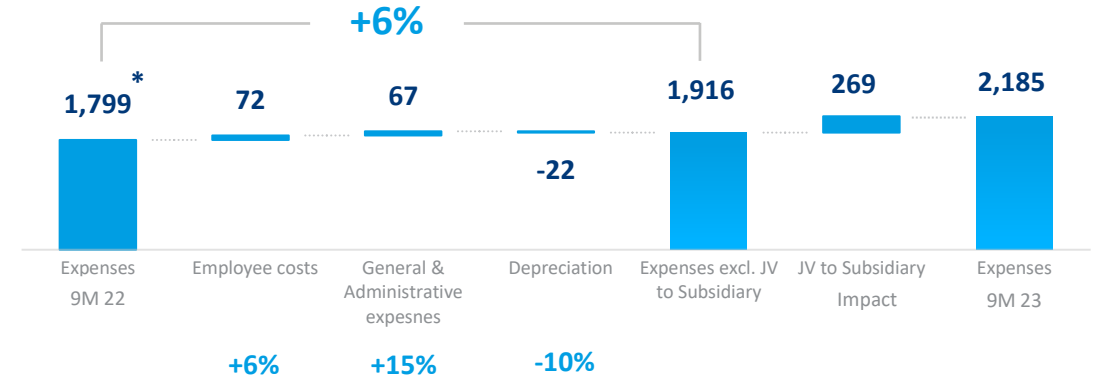
= Operating Expenses

Significant improve in cost to income ratio helped by higher income and cost discipline amid ongoing transformation investments

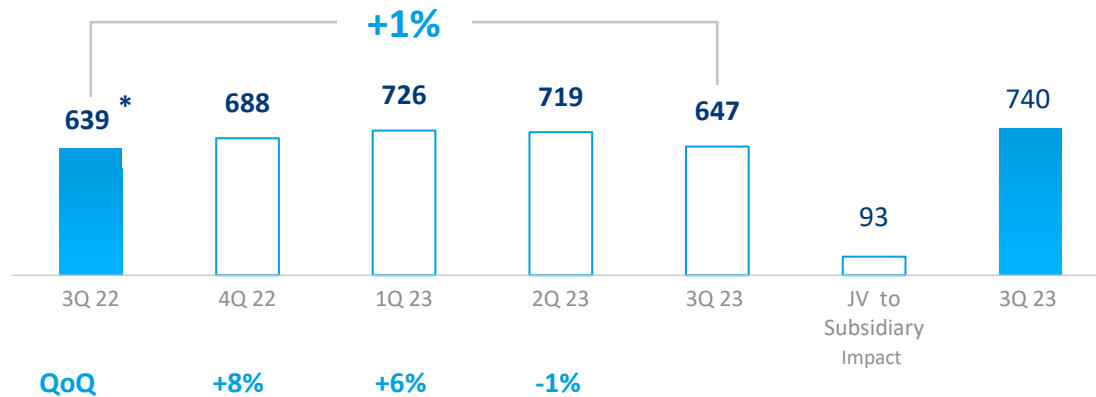
= Cost To Income Ratio (%)



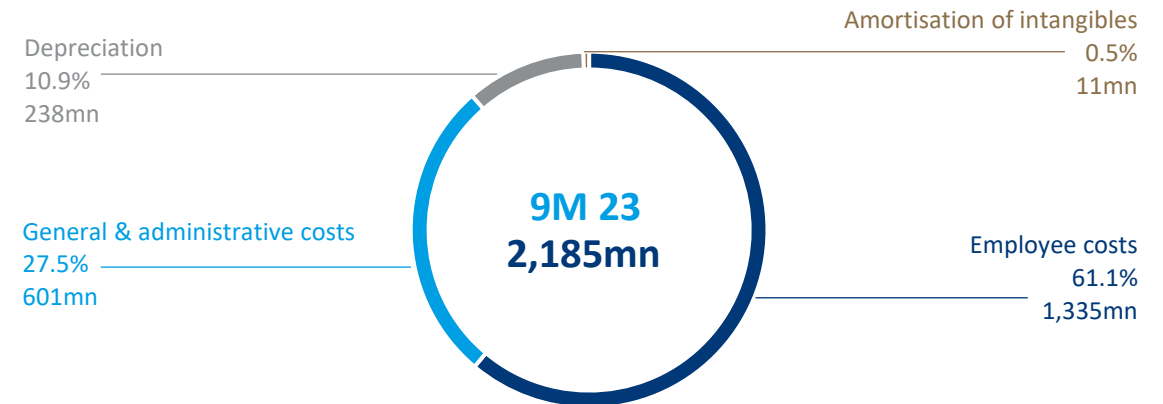
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



= Expenses Composition (%)

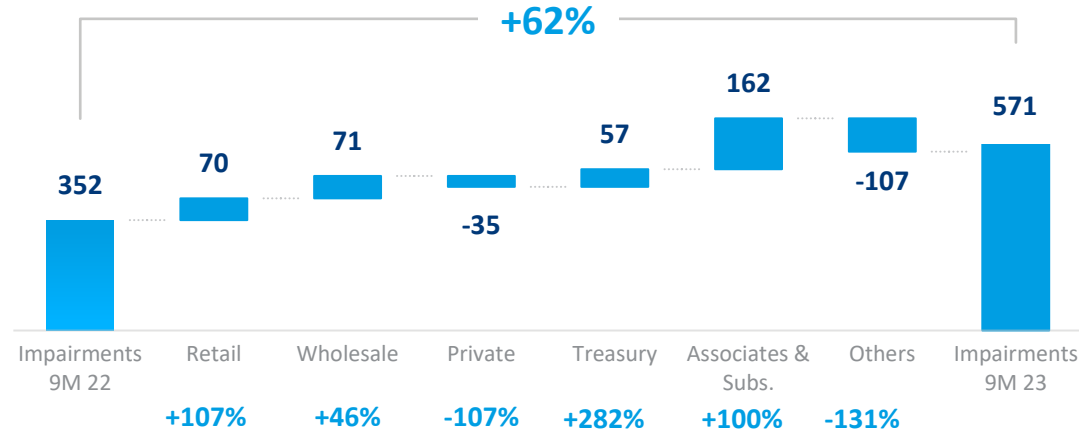


*Adjusted for AED100mn one-off reversal in 3Q 2022

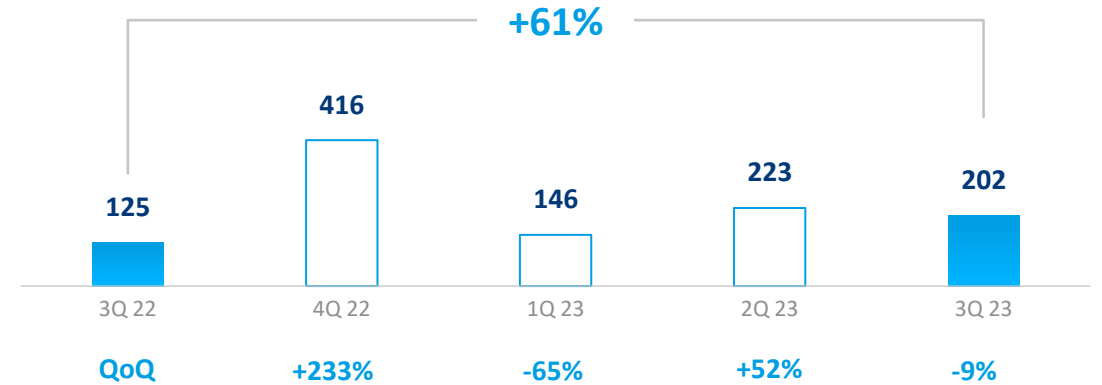
= Impairments

COR is at comfortable 50bps in 9M 2023

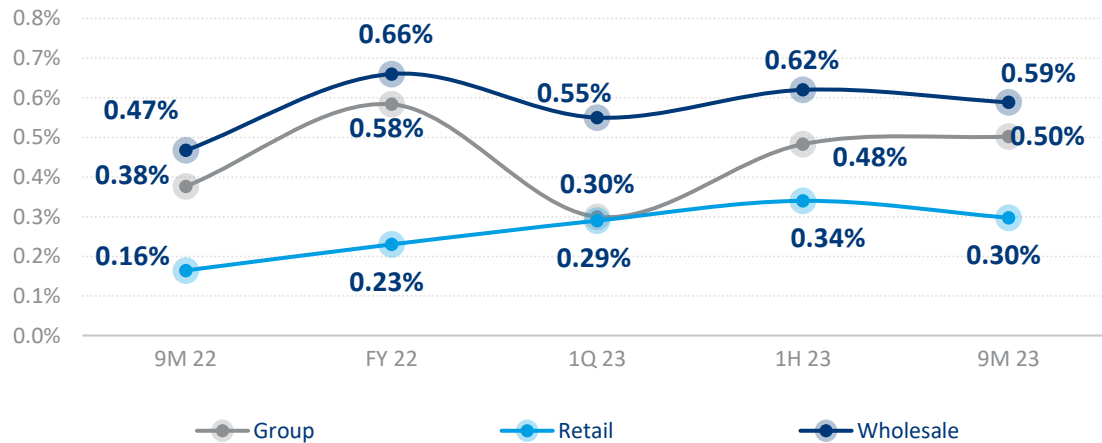
= Impairments Movement YoY (AEDmn)



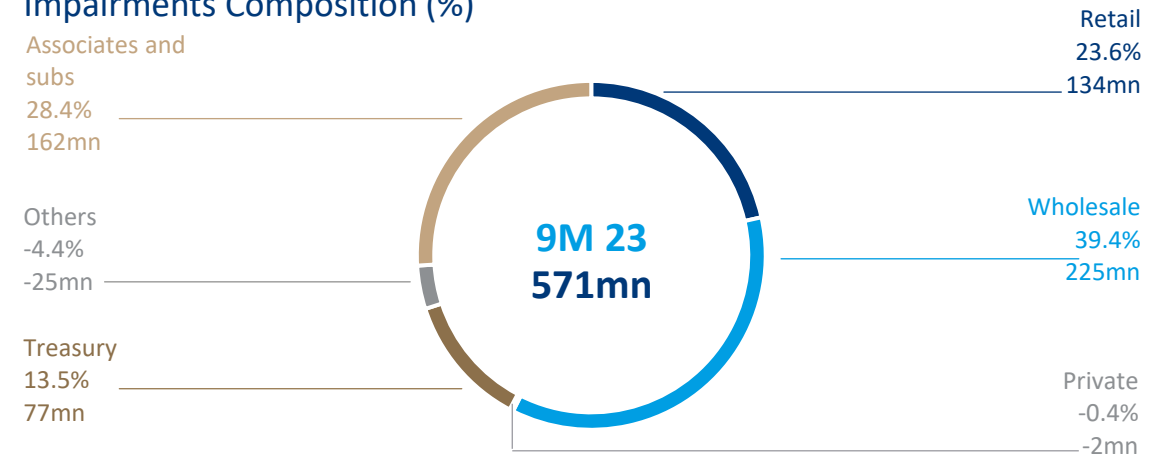
= Impairments (AEDmn)



= Cost Of Risk (%)



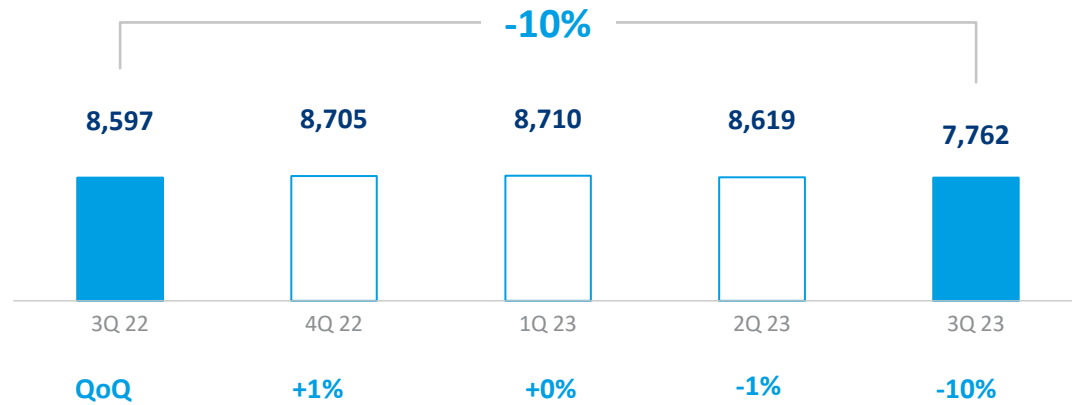
= Impairments Composition (%)



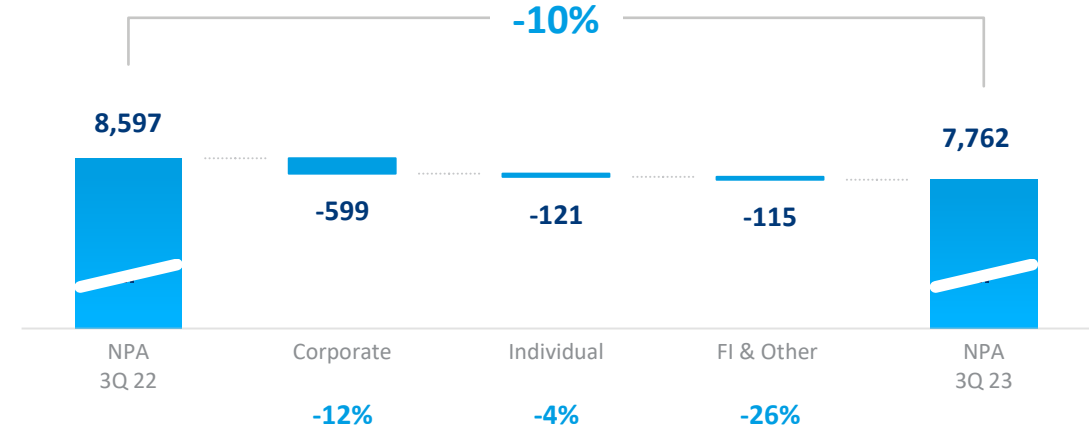
= Non-Performing Financing

Lowest NPA ratio since 1Q 20 with cost of risk in line with guidance while coverage ratio trending within the guidance

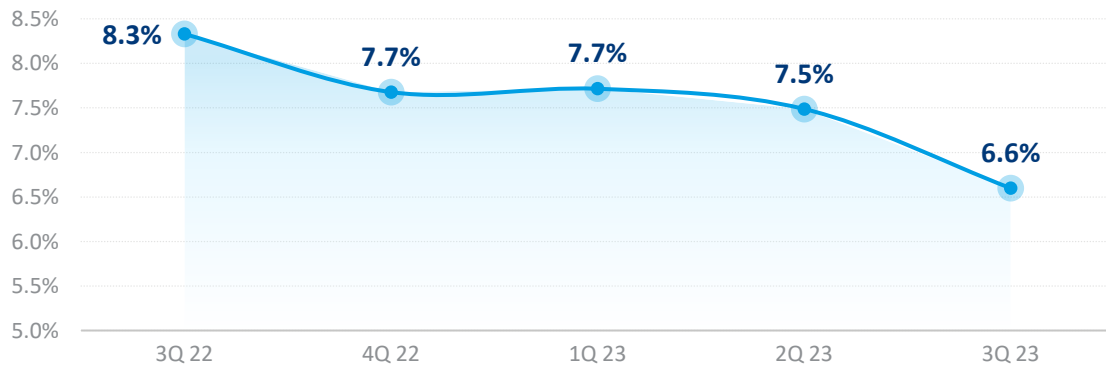
= NPA (AEDmn)



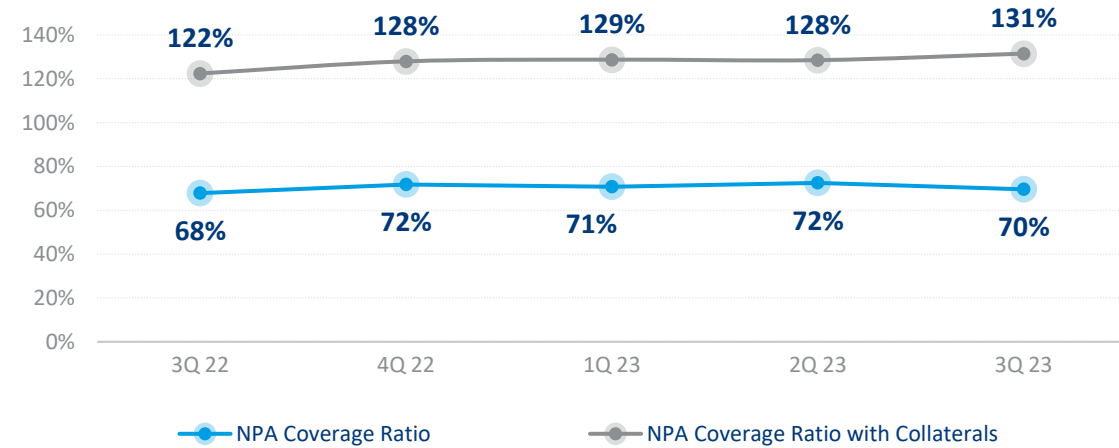
= NPA Movement YoY (AEDmn)



= NPA Ratio (%)



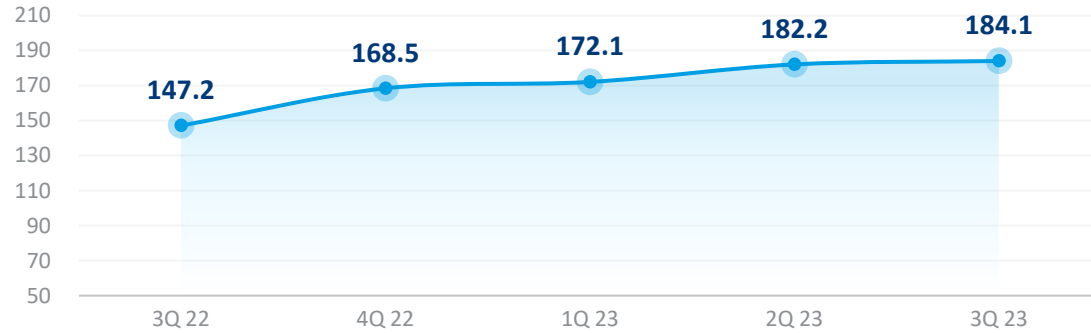
= NPA Coverage Ratio (%)



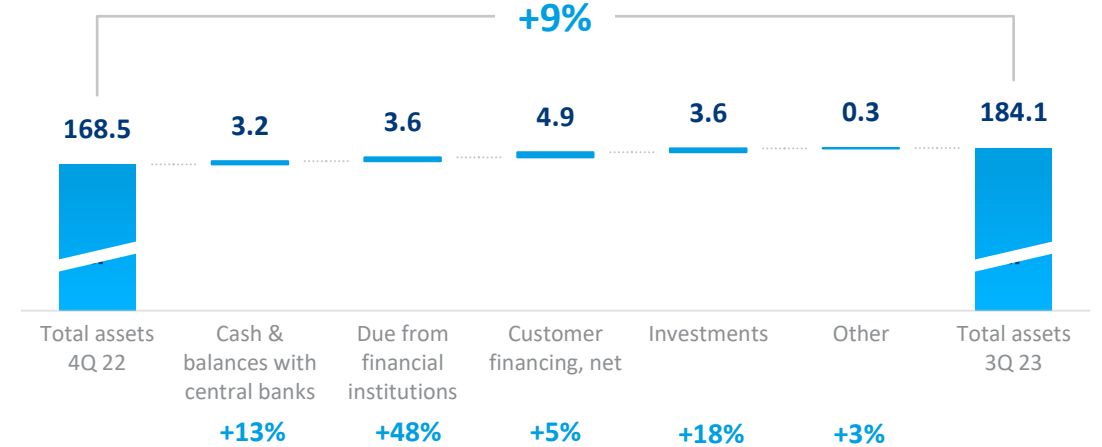
= Balance Sheet

Total assets increased by 25% YoY driven by 15% growth in customer financing supported by a very strong funding position

= Total Assets (AEDbn)



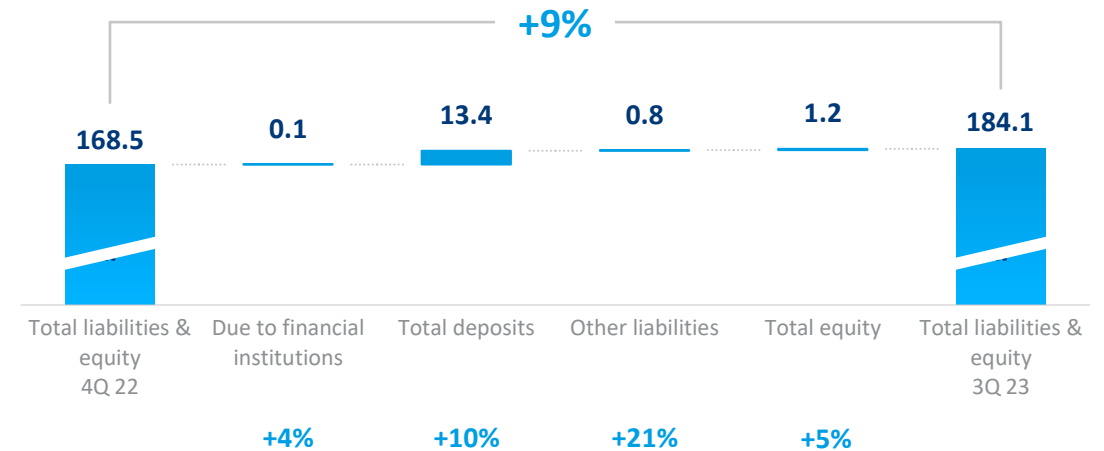
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	3Q 2023	4Q 2022	Δ%	3Q 2022	Δ%
Customer financing, net	112,595	107,717	+5%*	98,240	+15%
Investments	23,000	19,432	+18%	19,072	+21%
Total assets	184,124	168,517	+9%	147,209	+25%
Total Deposits	151,545	138,137	+10%	118,823	+28%
Total liabilities	159,424	145,056	+10%	126,036	+26%
Total equity	24,699	23,461	+5%	21,173	+17%

= Funding Movement YTD (AEDbn)

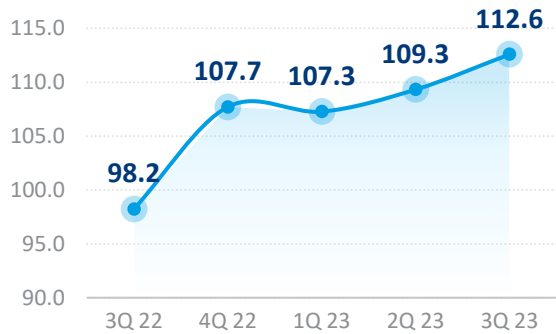


*6% growth of customer financing in constant currency, excluding devaluation of EGP

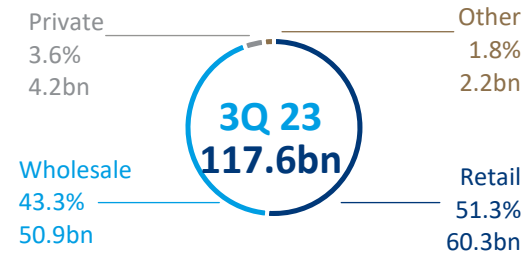
= Customer Financing

AED 14.4bn growth in financing assets vs last year mainly due strong volumes from Retail, Government and Public sector

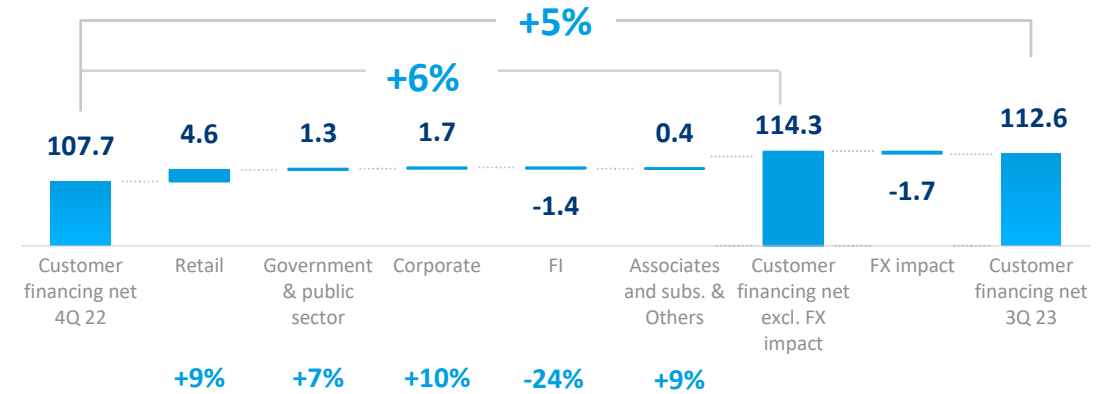
= Customer Financing, Net (AEDbn)



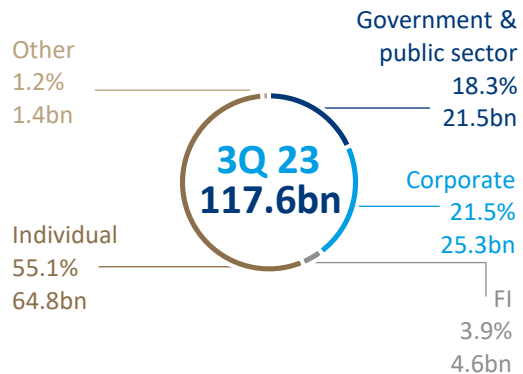
= Customer Financing, Gross by Segment (%)



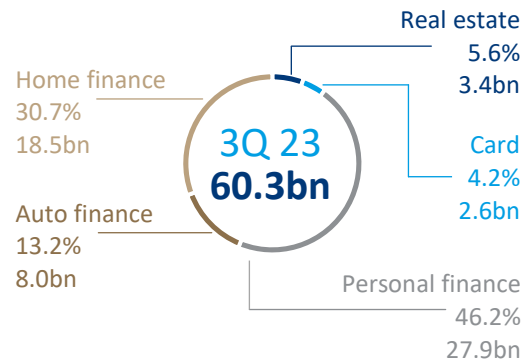
= Customer Financing, Net Movement YTD (AEDbn)



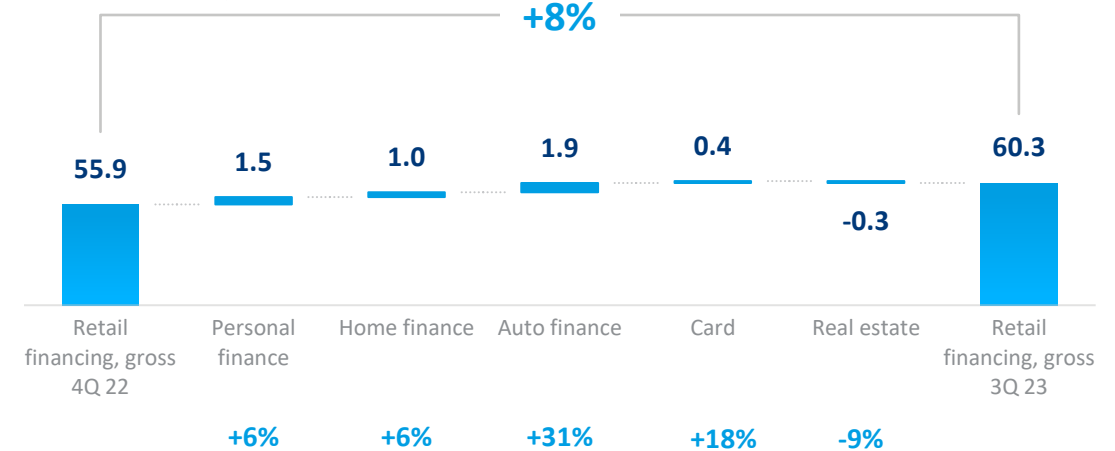
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



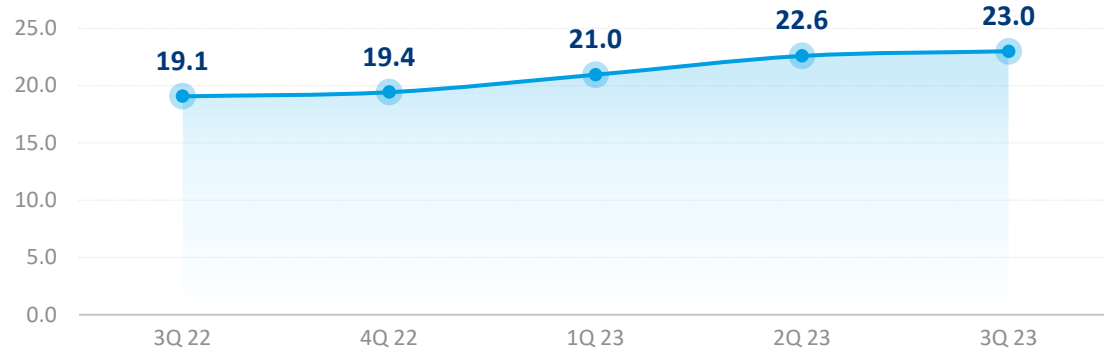
= Retail Financing, Gross Movement YTD (AEDbn)



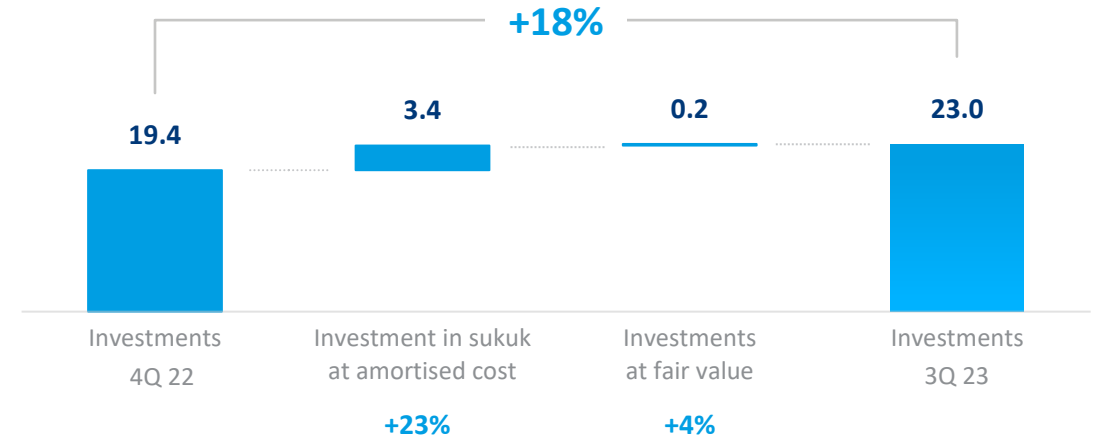
= Investments

Diversified Investment Portfolio

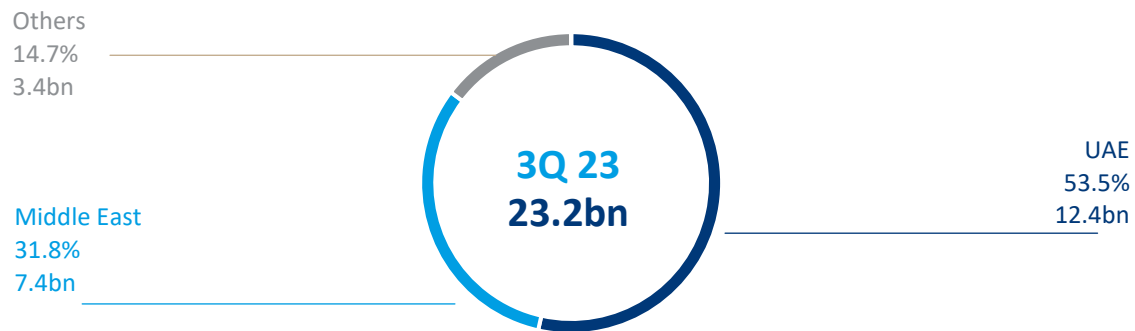
= Investments (AEDbn)



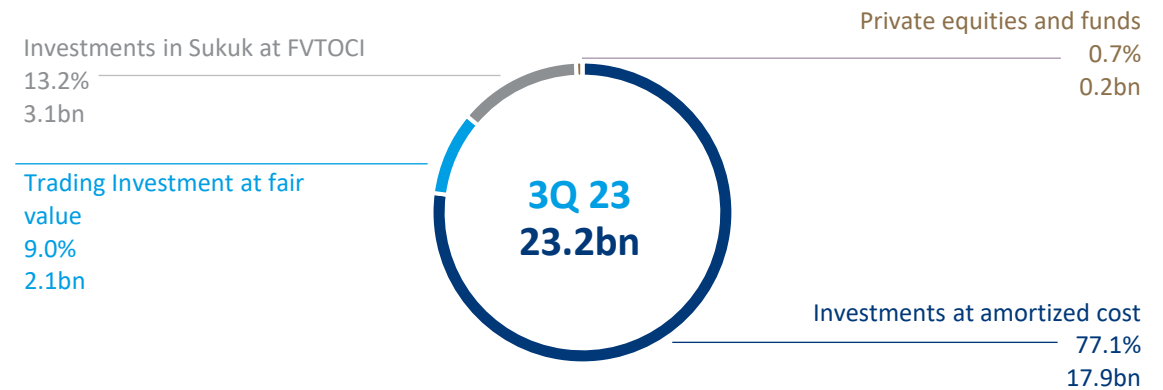
= Total Investments Movement YTD (AEDbn)



= Investments by country (%)



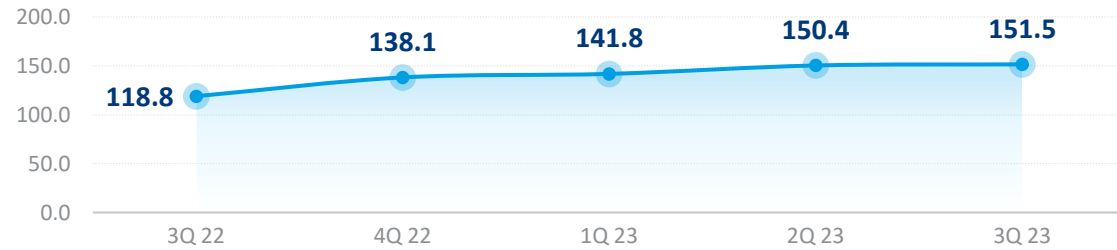
= Investments by type (%)



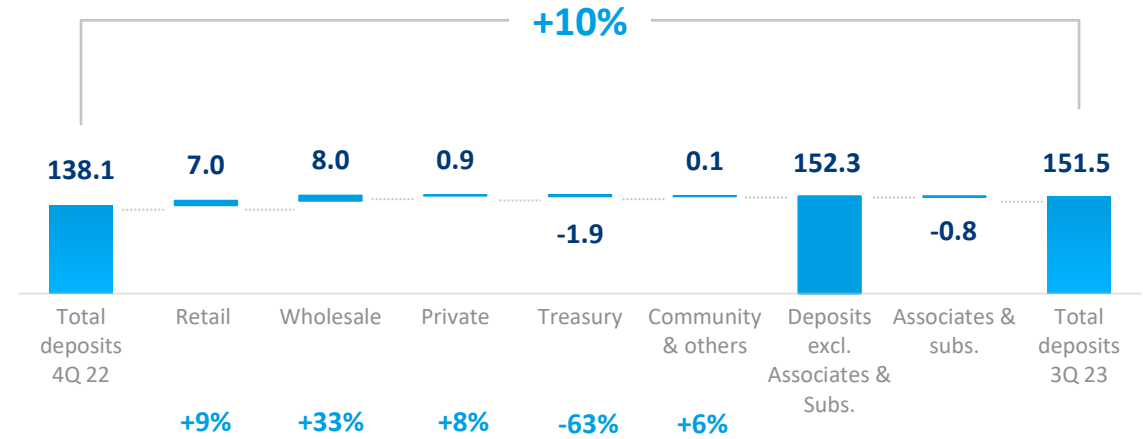
= Customer Deposits

Up 28% YoY reflecting our ability to gain market share with 5.4bn increase in CASA, demonstrating effective deposit gathering strategy

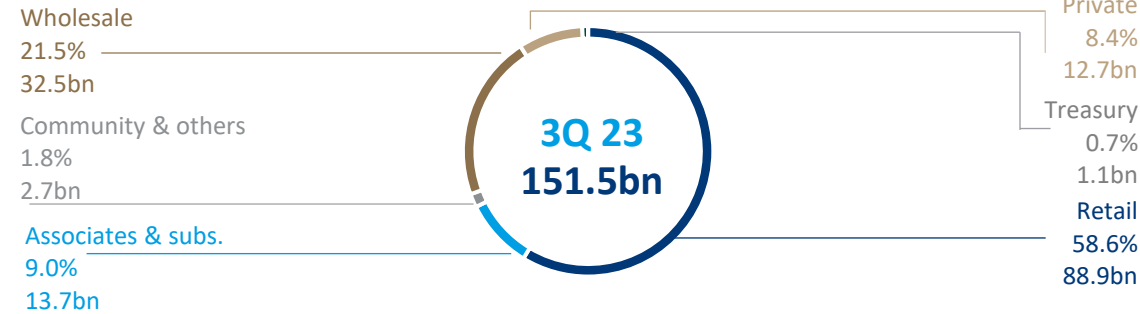
= Total Deposits (AEDbn)



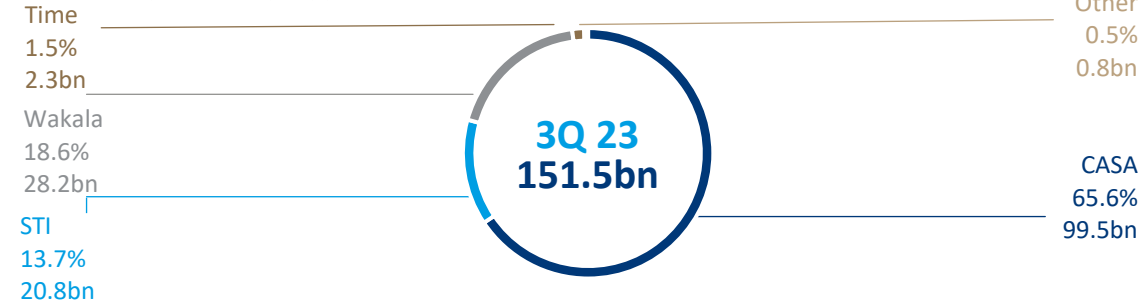
= Total Deposits Movement by Segment YTD (AEDbn)



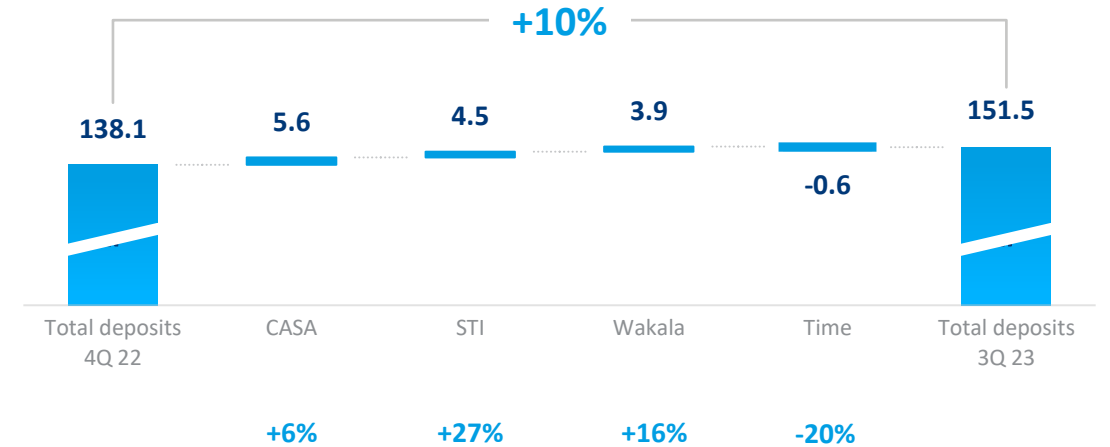
= Total Deposits by Segment (%)



= Total Deposits by Type (%)



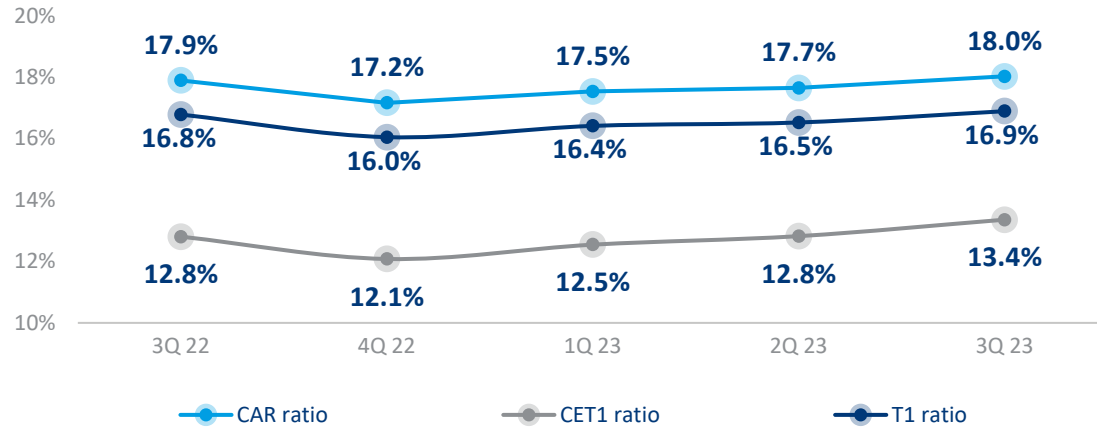
= Total Deposits Movement by Type YTD (AEDbn)



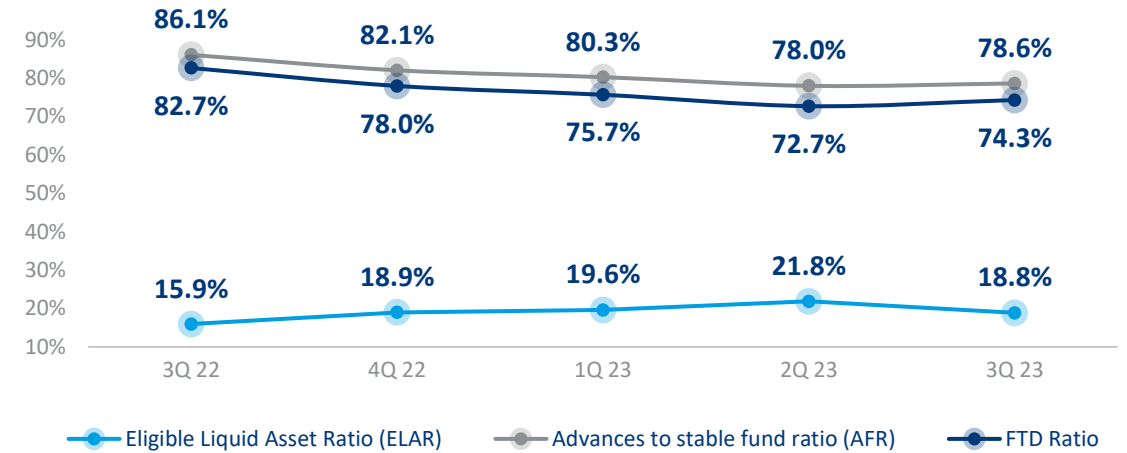
= Capital and Liquidity

Significant improvement in capital position with CET 1 at 13.4%

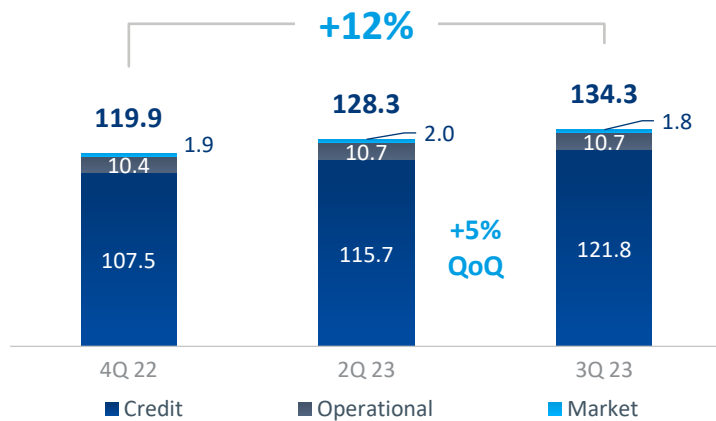
= Capitalization Ratios (%)



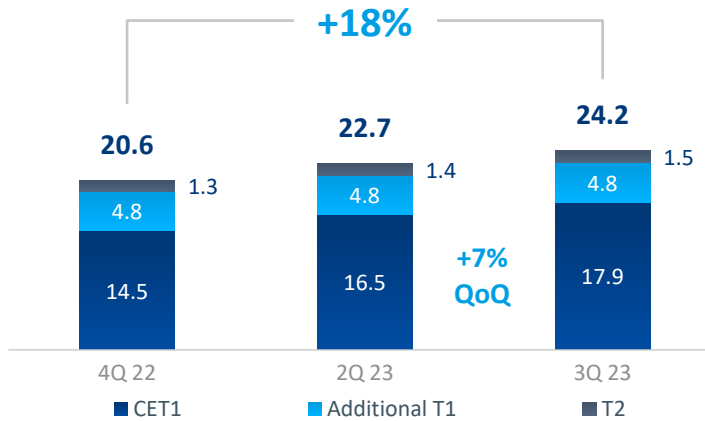
= Liquidity Ratios (%)



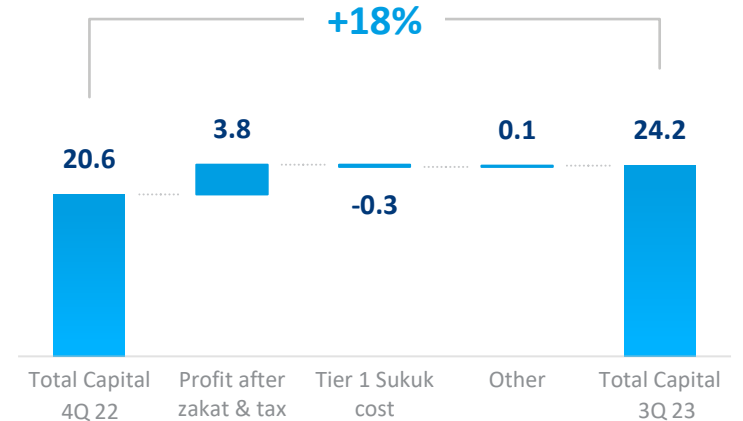
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

9M 2023 Earnings Presentation

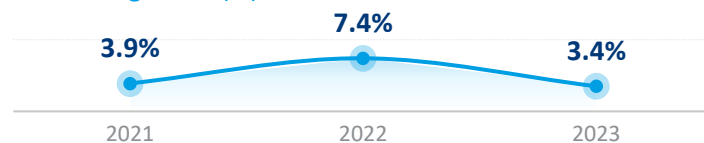
= Outlook and Guidance

Solid financial & strategic foundations drive a promising outlook for 2023

= Market Outlook

= Solid GDP growth

Real GDP growth (%)



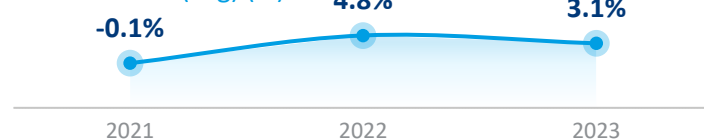
= Oil prices to remain supportive

Brent Price / Barrel (avg) (USD)



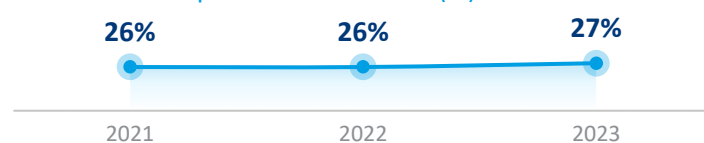
= Inflation to moderate

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2022 level

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

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

9M 2023 Actual

6% YTD

FY2023 Guidance

5% to 8%

= Net Profit Margin

Benefit of rate hikes offset by continued competitive yield pressure

4.48%

~4.5%

= Cost of Risk

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

0.50%

0.55% to 0.65%

= Cost to Income Ratio

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

32.6%

Below 35%

= Return on Equity

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

26.4%

Above 22%

Questions & Answers

9M 2023 Earnings Presentation

= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of 4.5%

= Shareholder Return Metrics



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Profit in AED mn	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604	2,330	3,619
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%	48.5%	49.2%
Cash Dividend (% of Share Capital)	25.4%	30.7%	23.3%	24.3%	24.5%	28.9%	27.4%	27.4%	20.6%	31.1%	49.0%
Cash dividend in AEDmn	601	725	700	770	778	915	995	994	747	1,130	1,779
Bonus shares	-	635.3	-	-	-	-	-	-	-	-	-
Bonus shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-	-	-

= Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

= Credit Ratings

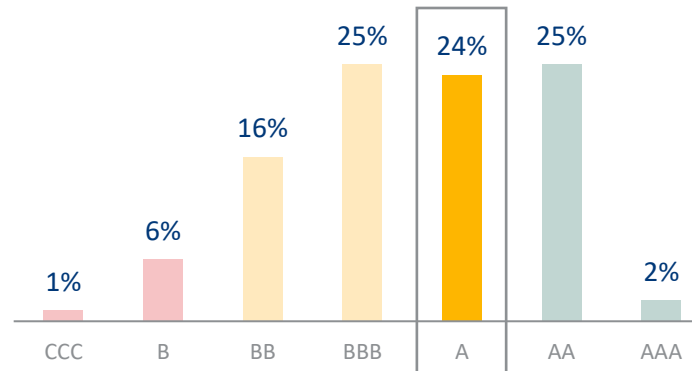
MOODY'S
A2
Stable Outlook

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

Over the last 24 months ADIB's share price is up 94%

= ADIB Share Price Performance, AED



Contacts

9M 2023 Earnings Presentation

= Additional Information

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

= ADIB Investor Relations Contact

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ADIB Investor Relations Website

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

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