

FY 2023 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 24 January 2024

ADIB IR Website



IR App Download link:



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Key Highlights

FY 2023 Earnings Presentation

= Key Highlights

45% YoY increase in net income to AED 5.25bn in FY 2023 driven by broad-based revenue growth

Revenue up 36% to AED 9.3bn driven by 47% growth in funded income and 18% growth in non-funded income

ROE improving 5.7 percentage points YoY to reach 27.1% in FY 2023

FY 2023 Cost / Income ratio improved 2.0 percentage points to 32.9% helped by strong revenue growth

14% YoY asset growth driven by 6% growth in gross customer financing in FY 2023

14% YoY deposits growth with CASA increasing 9% representing 65% of total deposits

Robust capital position with a CAR of 16.8%

Proposing a cash dividend of 71 fils per share compared to 49 fils per share last year equivalent to 49% of net profit

FY 23 Net Income growth YoY

+45%



FY 23 Revenue growth YoY

+36%



FY 23 ROE

27.1%



FY 23 gross financing growth YoY

AED 6.8bn



Executing ADIB Strategy

FY 2023 Earnings Presentation

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= 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



Continuous innovation

- Innovate Sharia-compliant banking products
- Re-engineer our processes
- Launch digital ventures and new business models
- Deliver a market leading Islamic Wealth Management business
- Build and scale our Asset management capability



Segment focused

- Grow and strengthen existing segments
- Focus on Emirati throughout their lifecycle
- Expand Business Banking
- Expand offerings to large and mid corporations
- Better cross sell products and services
- Establish FI as a major growth Engine



Digital Excellence

- Elevate customer convenience through digital
- Build a modern technology foundation
- Become a data-driven company through advanced analytics and AI
- Build the bank of the future with new digital tools and capabilities









Sustainable Future

- Optimize, grow & develop human capital
- Reinforce risk & compliance culture
- Embed sustainability into our Islamic banking DNA
- Develop and Strengthen existing talents
- Optimize our technology foundations

= Update on Strategy Progress

ADIB continued to deliver on its strategy in 2023

Continuous Innovation	<p>Key product launches</p> <ul style="list-style-type: none"> • Salary cash back campaign • Exceed loyalty program • Volt auto finance • Digital on-boarding for business banking • New cash back card • Istikrar home finance 	<p>Amwali Youth Account</p> <p>6600 Accounts opened in 2023</p>	<p>Asset Management</p> <p>\$135 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>+67,000</p> <p>New to bank UAE Nationals</p>	<p>Grow wholesale banking</p> <p>+5%</p> <p>Financing growth YoY</p>	<p>Retail sales</p> <p>+17%</p> <p>Asset growth YoY</p>	<p>Attract new customers</p> <p>+206,000</p> <p>New customers</p>	<p>Deepen relationships</p> <p>1.50</p> <p>Cross-sell Ratio</p>
Digital Excellence	<p>Elevate customer experience</p> <p>91% Overall STP</p> <p>50% Digital sales</p> <p>80% Digital activation</p>	<p>Bank of the future</p> <p>54 new features on mobile app</p>	<p>Build a modern technology foundation</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>Data driven organization</p> <p>ACE command center</p>
Sustainable Future	<p>Leader in financial conduct</p> <p></p>	<p>Sustainable finance</p> <p>AED 5.4 billion</p>	<p>Grow human capital</p> <p> 40% Emiratization rate</p> <p>78% Employee Engagement Index</p>	<p>Best customer experience</p> <p>#1 Number 1 bank NPS in UAE: 60%</p> 	

Financial Performance

FY 2023 Earnings Presentation

= Financial Performance Highlights

Delivered record net income of AED 5.25bn, growing 45% YoY on solid balance sheet growth, NIM expansion and fee generation

= Strong YoY Growth in Profitability

5.25bn

Net Income

+45%



9.3bn

Revenues

+36%



3.1bn

Expenses

+28%

(Underlying growth of 11% only)



= Solid Balance Sheet Growth YoY

193bn

Total Assets

+14%



120bn

Gross Customer Financing

+6%

(At constant FX 8% growth)



157bn

Deposits

+14%



= Strong Capital Position and Return YoY

16.8%

CAR

-37bps



27.1%

Return on Equity

+572bps



32.9%

Cost to Income Ratio

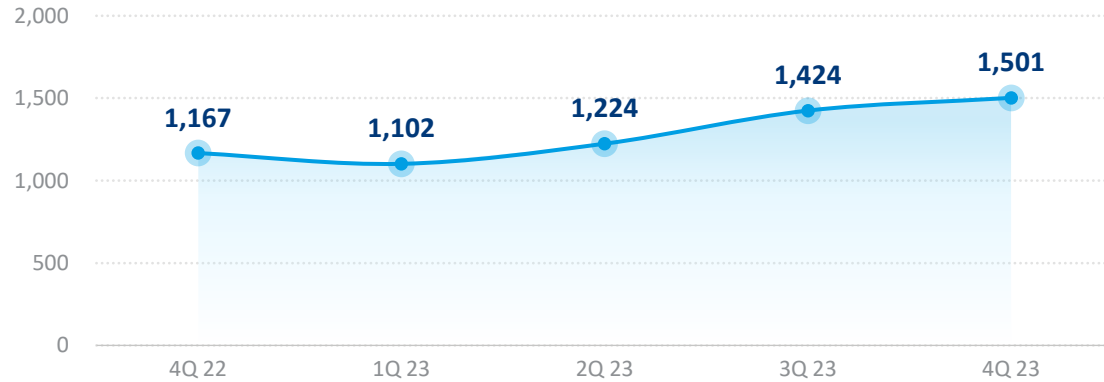
-198bps



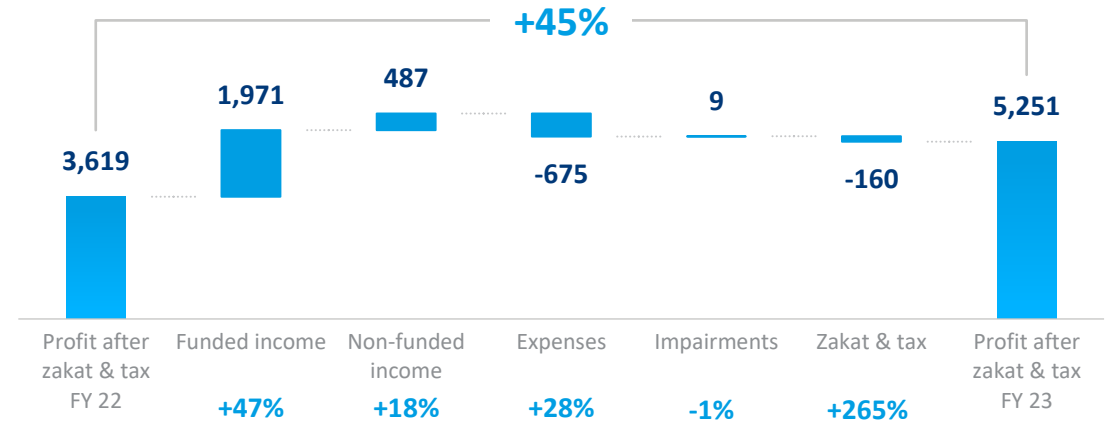
= Income Statement

45% YoY growth in Net income in FY 2023 underscored by increase volume transactions and margins

= Net Income (AEDmn)



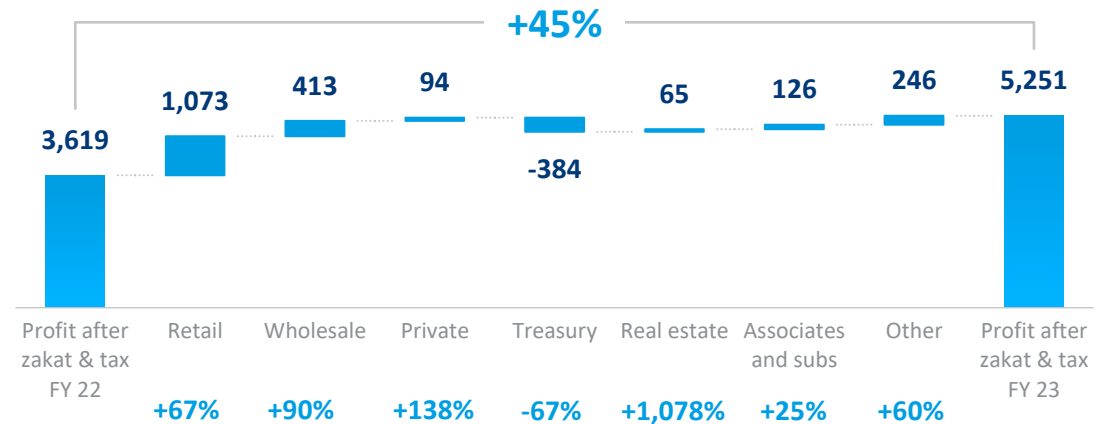
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Funded income	6,122	4,151	+47%	1,616	1,349	+20%
Non-funded income	3,172	2,684	+18%	984	970	+1%
Revenues	9,294	6,835	+36%	2,599	2,319	+12%
Operating expenses	(3,061)	(2,387)	+28%	(876)	(688)	+27%
Provision for impairment	(760)	(769)	-1%	(189)	(416)	-55%
Net Income after zakat and tax	5,251	3,619	+45%	1,501	1,167	+29%

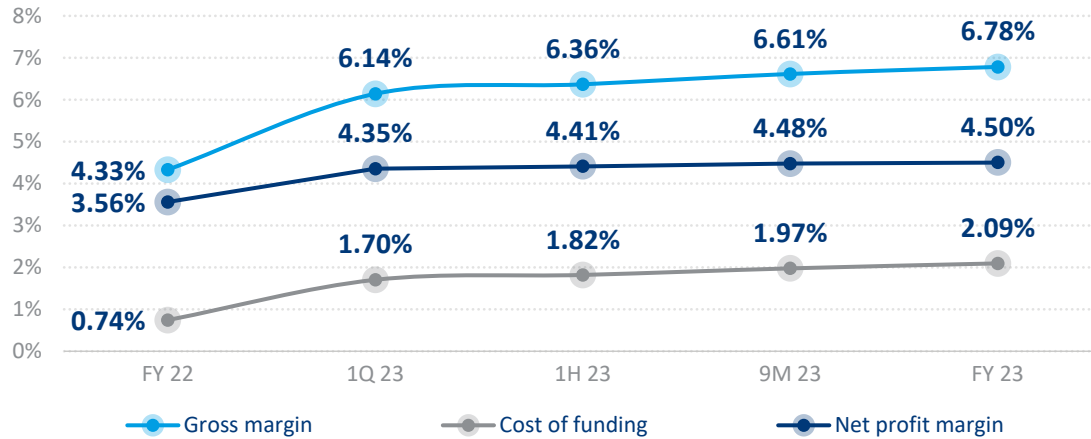
= Net Income Movement by Segment YoY (AEDmn)



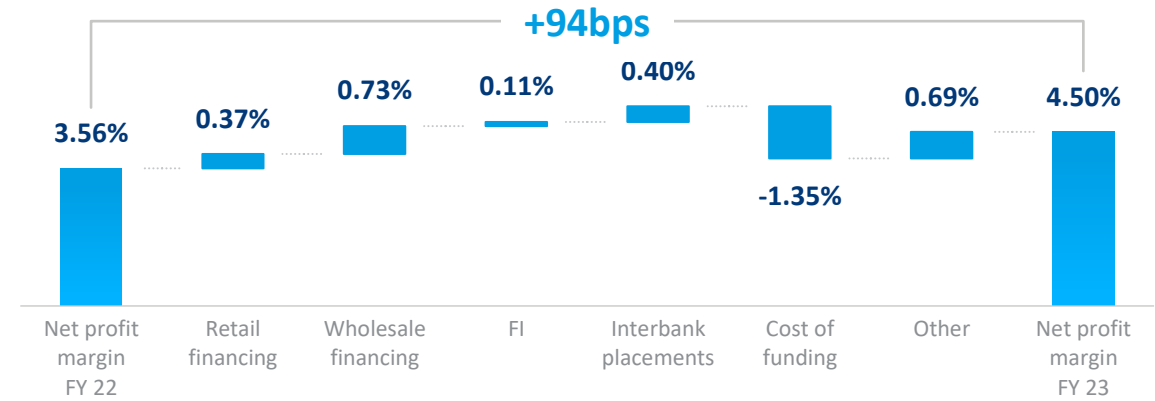
= Funded Income

Strong growth in funded income driven by strong business volumes and higher rates with NPM improving 94bps

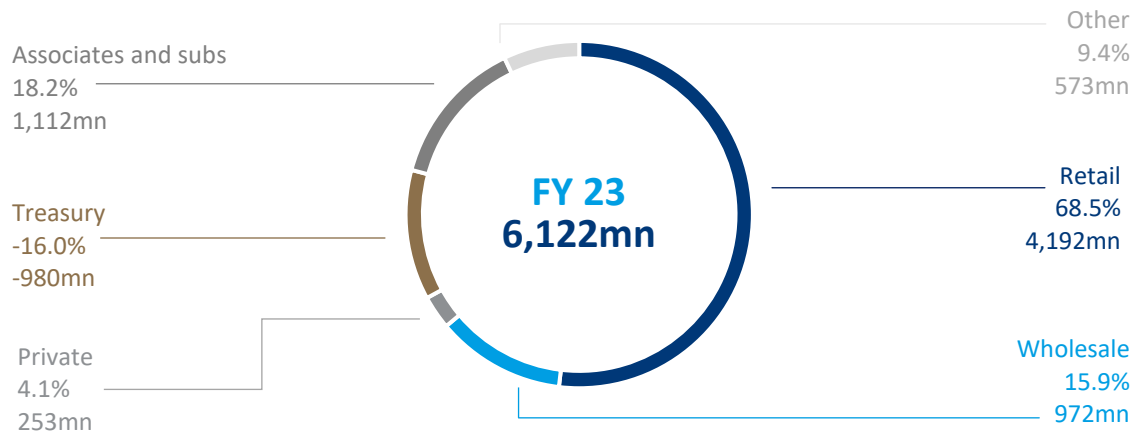
= Net Profit Margin (%)



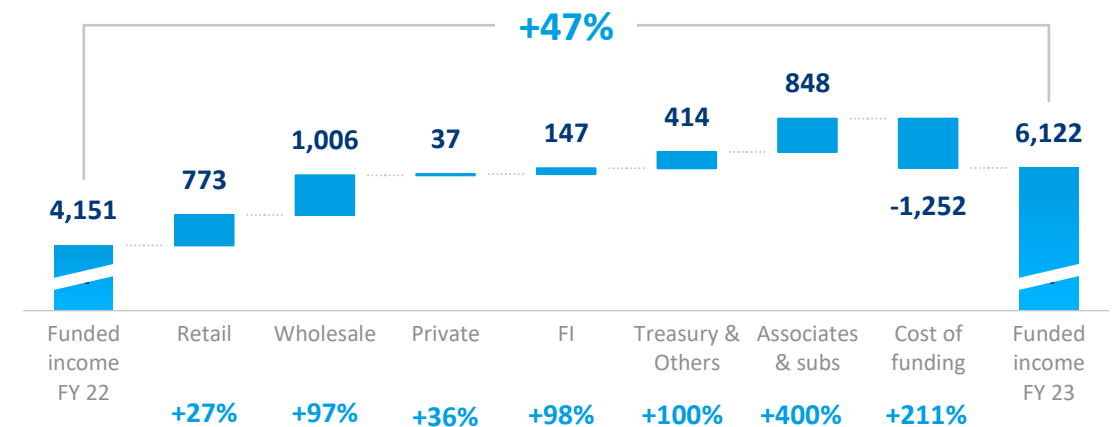
= Net Profit Margin Movement YoY (%)



= Funded Income Composition (AEDmn)



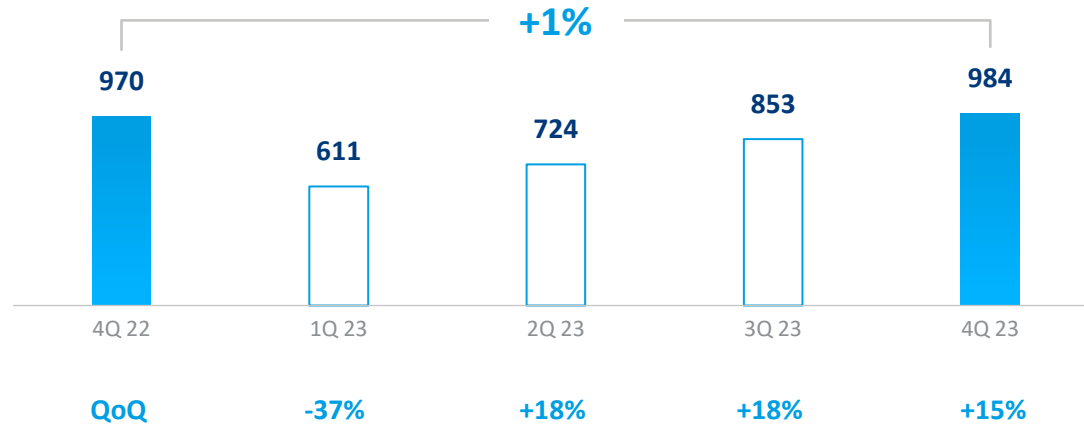
= Funded Income Movement YoY (AEDmn)



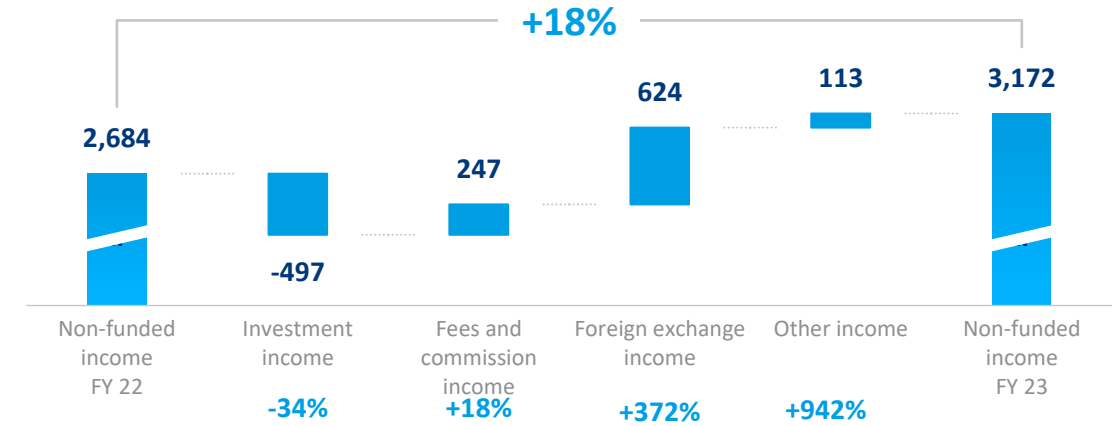
= Non-Funded Income

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

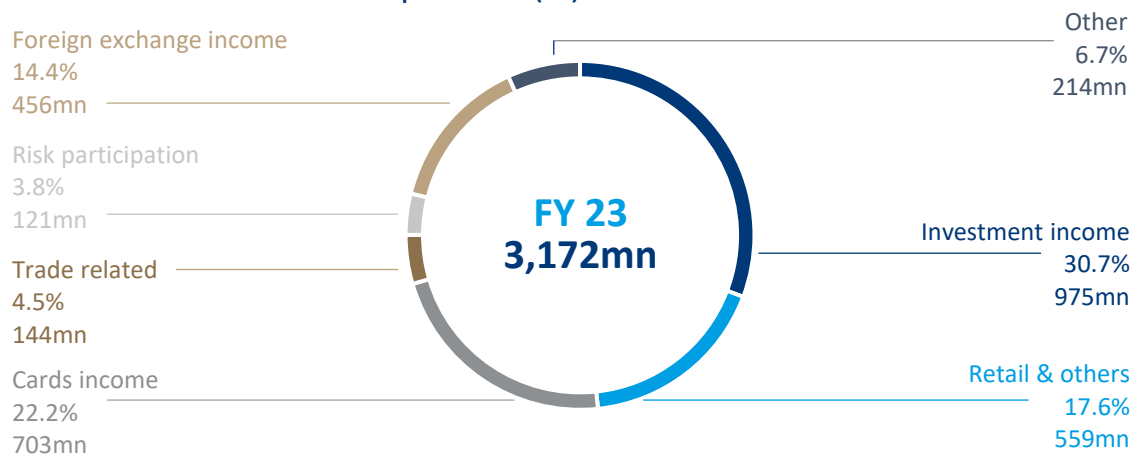
= Non-Funded Income (AEDmn)



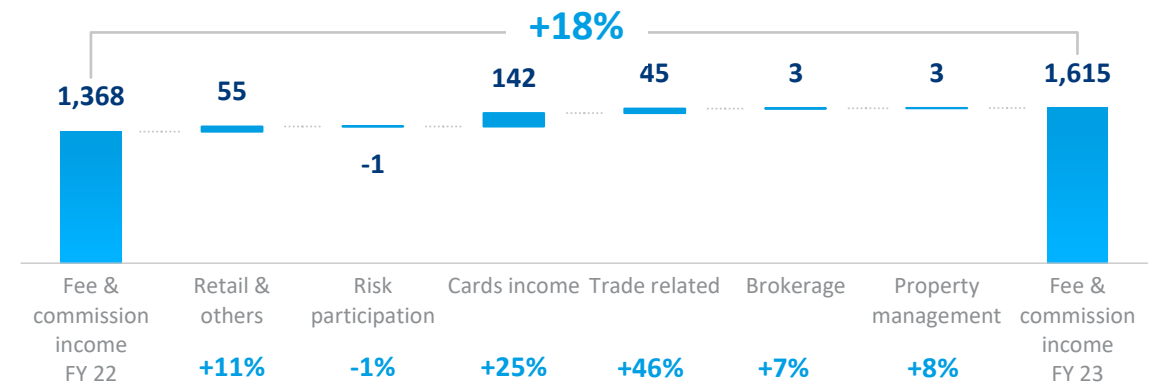
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



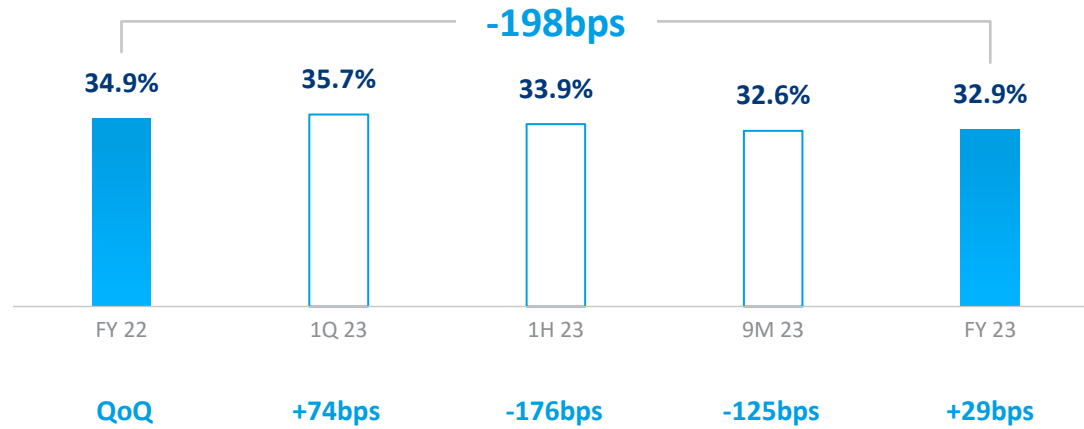
= Fee & Commission Income Movement YoY (AEDmn)



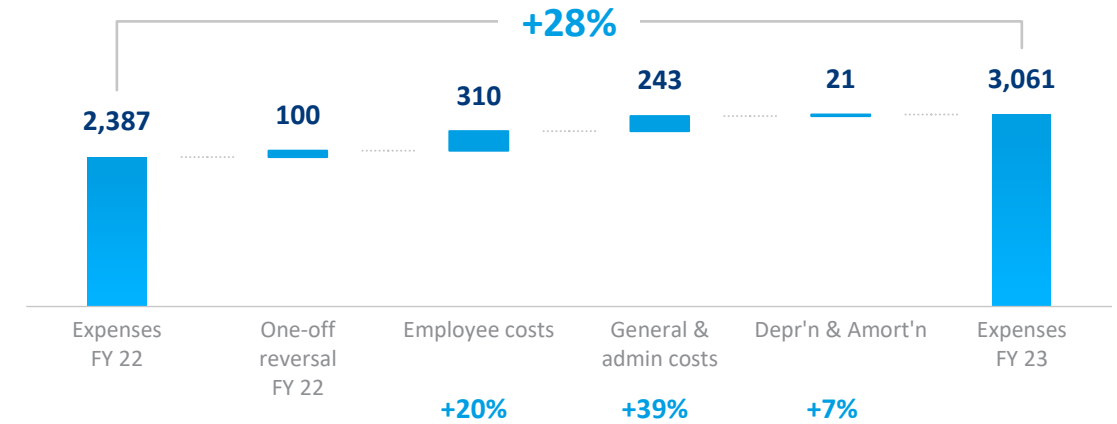
= Operating Expenses

Significant cost to income ratio improvement helped by higher income and operational efficiency amid ongoing transformation investments

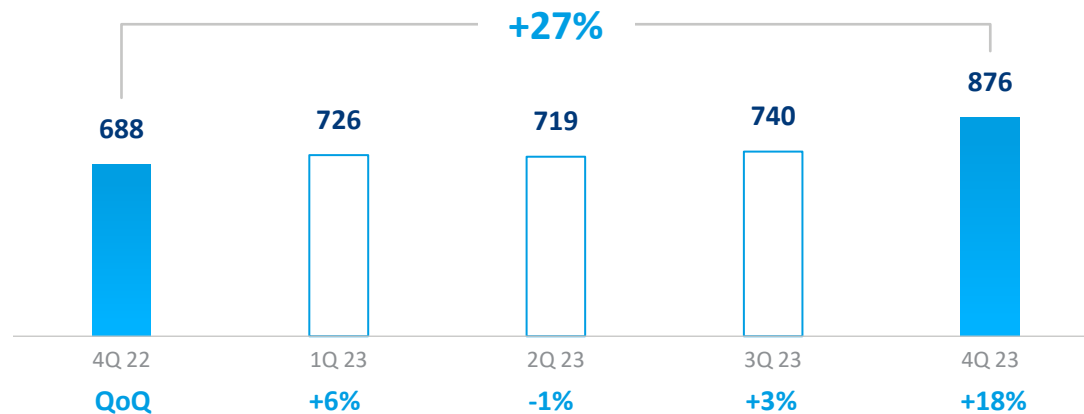
= Cost To Income Ratio (%)



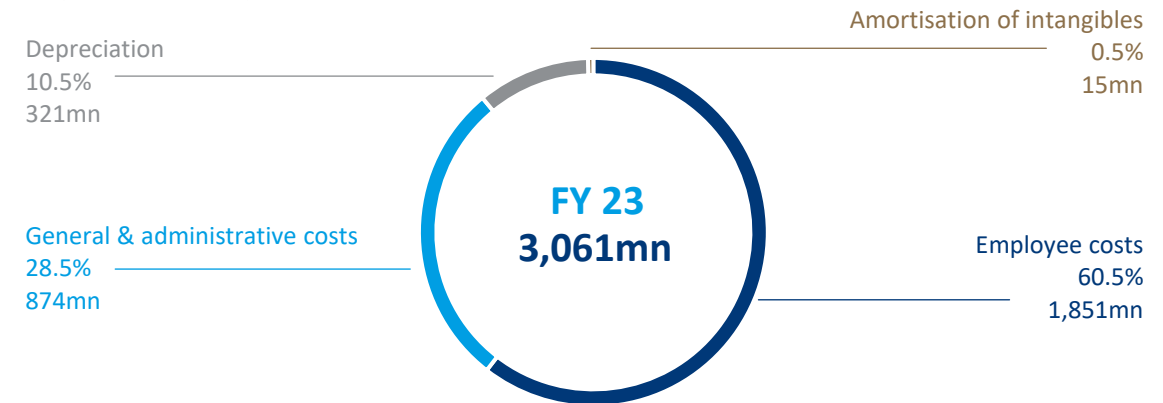
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



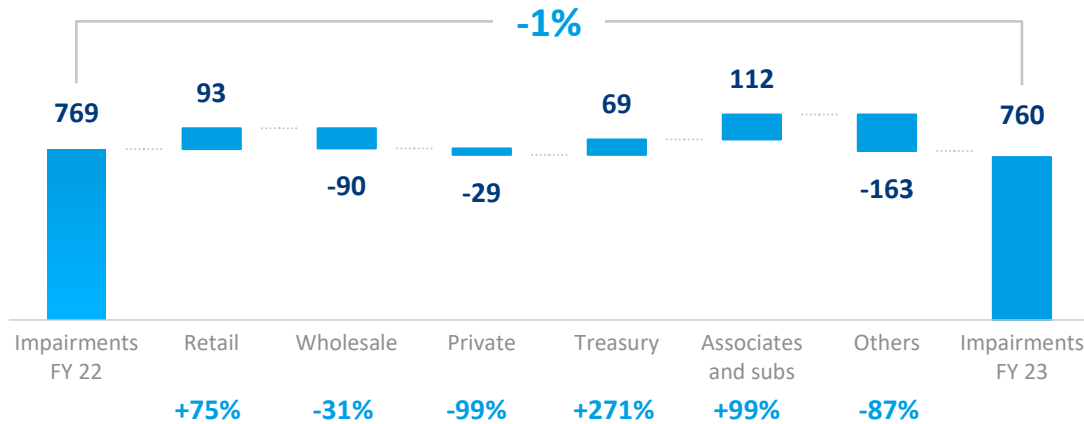
= Expenses Composition (%)



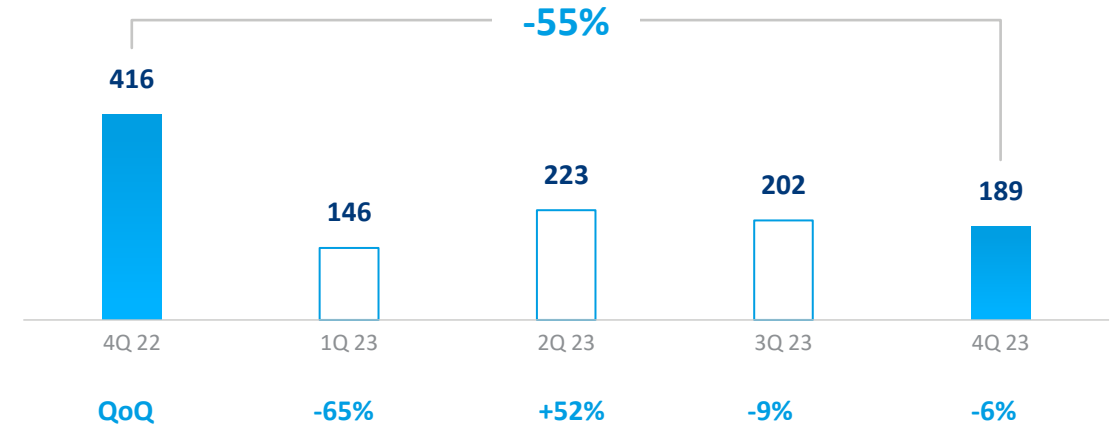
= Impairments

Broadly stable impairment charge YoY and COR is at a comfortable 49bps for FY 2023

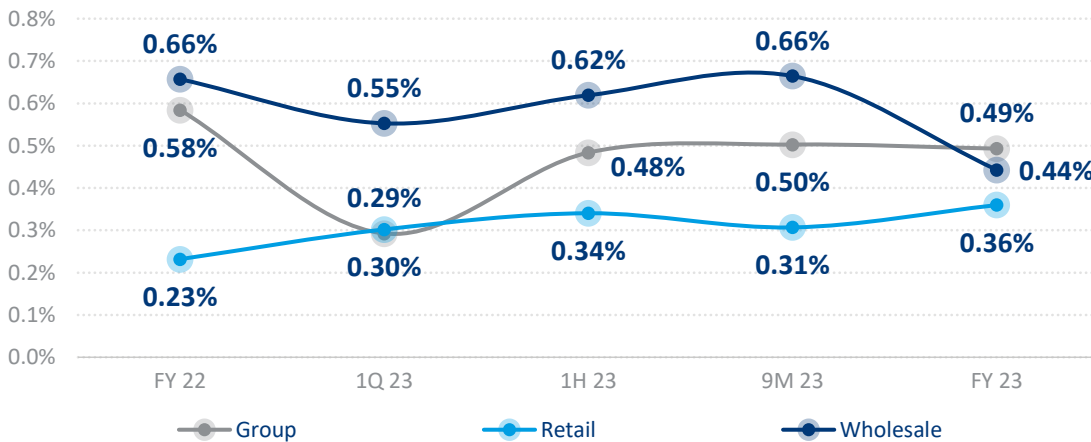
= Impairments Movement YoY (AEDmn)



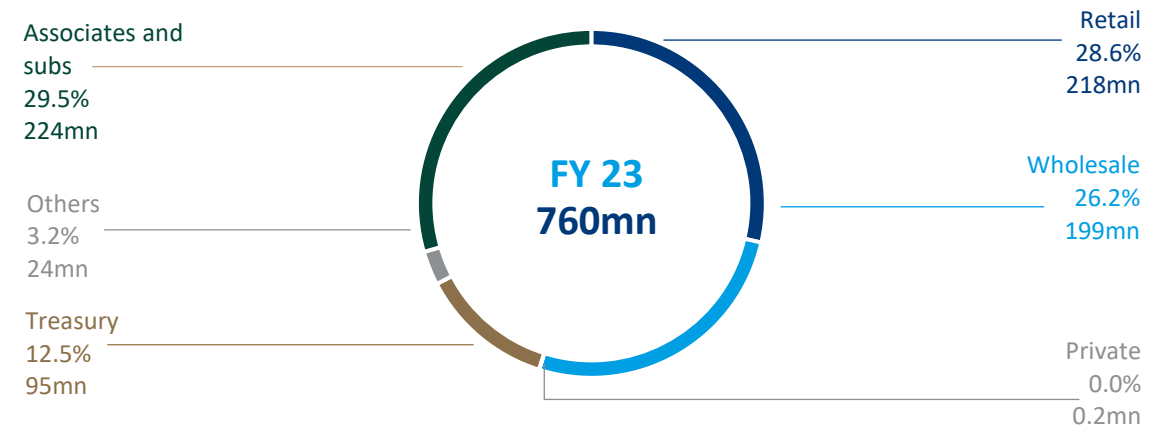
= Impairments (AEDmn)



= Cost Of Risk (%)



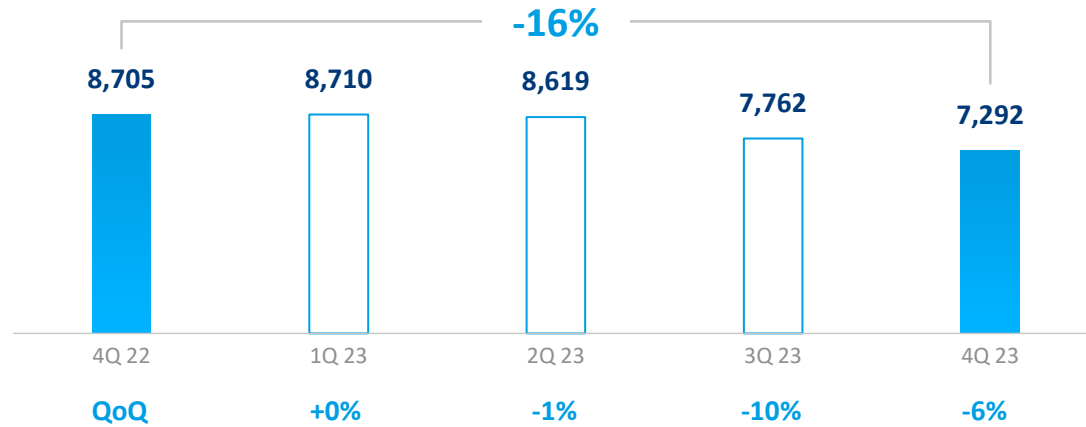
= Impairments Composition (%)



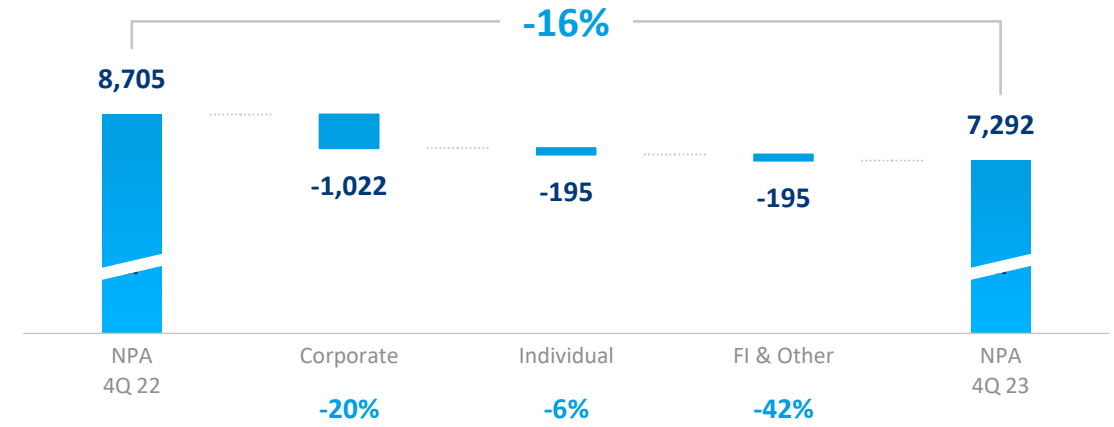
= Non-Performing Financing

Lowest NPA ratio since 4Q 19 with cost of risk in line with guidance while coverage ratio trending within the guidance

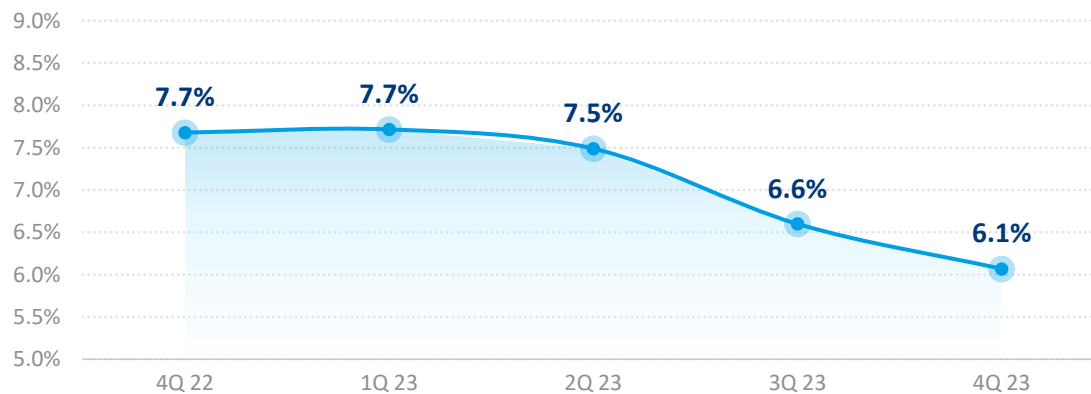
= NPA (AEDmn)



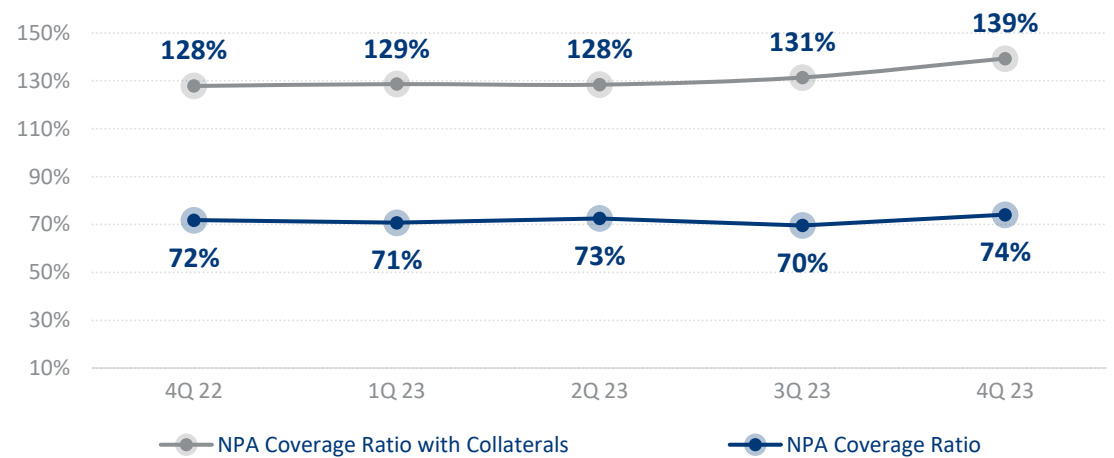
= NPA Movement YoY (AEDmn)



= NPA Ratio (%)



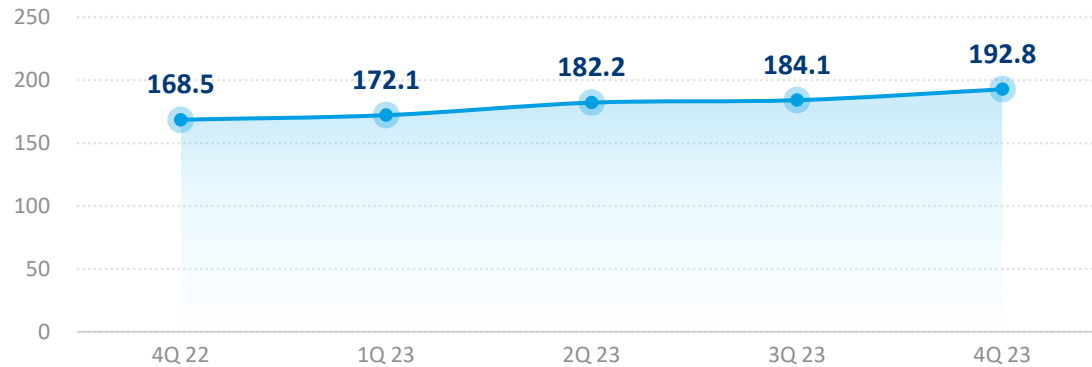
= NPA Coverage Ratio (%)



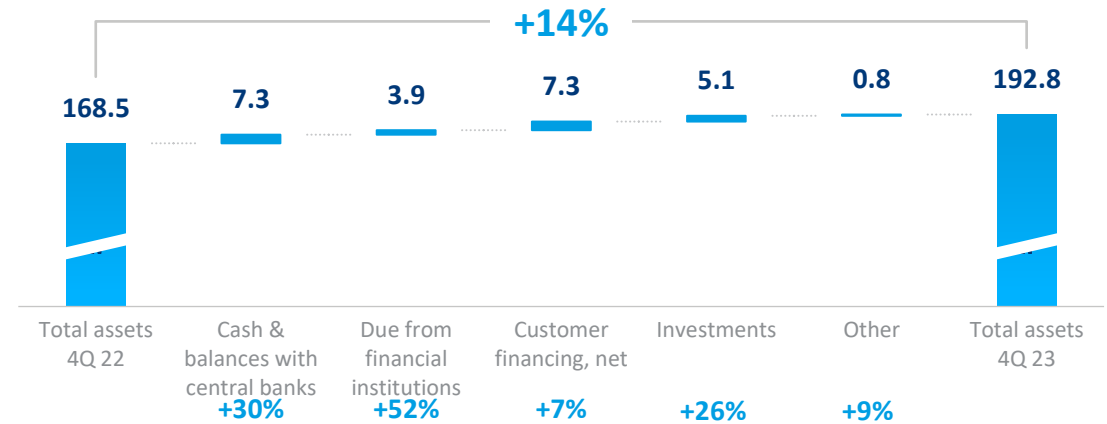
= Balance Sheet

Total assets increased by 14% YoY driven by 7% growth in customer financing supported by a very strong funding position

= Total Assets (AEDbn)



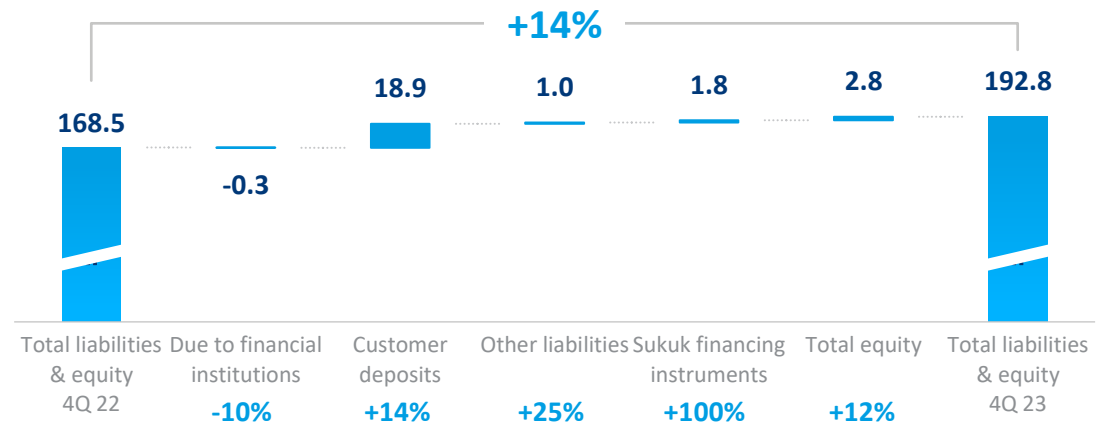
= Total Assets Movement YoY (AEDbn)



= Balance Sheet Highlights

AED (mn)	4Q 2023	3Q 2023	Δ%	4Q 2022	Δ%
Customer financing, net	115,002	112,595	2%	107,717	7%*
Investments	24,483	23,000	6%	19,432	26%
Total assets	192,827	184,124	5%	168,517	14%
Total Deposits	157,067	151,545	4%	138,137	14%
Total liabilities	166,585	159,424	4%	145,056	15%
Total equity	26,242	24,699	6%	23,461	12%

= Funding Movement YoY (AEDbn)

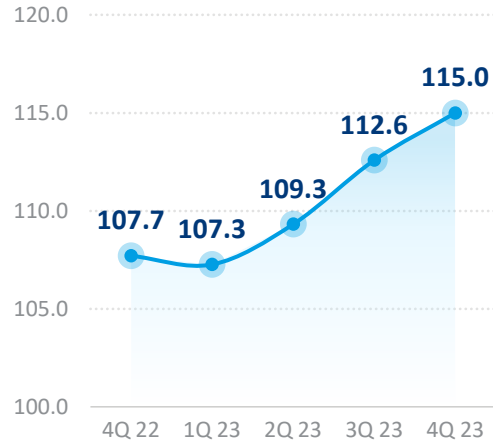


*8% growth of customer financing in constant currency, excluding devaluation of EGP

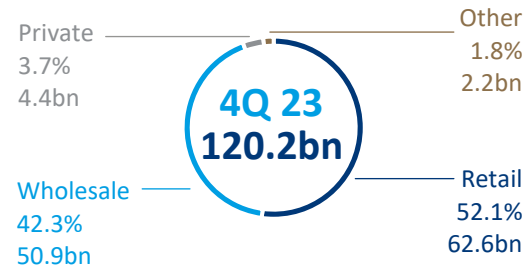
= Customer Financing

AED 6.8bn growth in gross financing assets vs last year mainly due strong volumes from Retail, Corporate, Government and Public sector

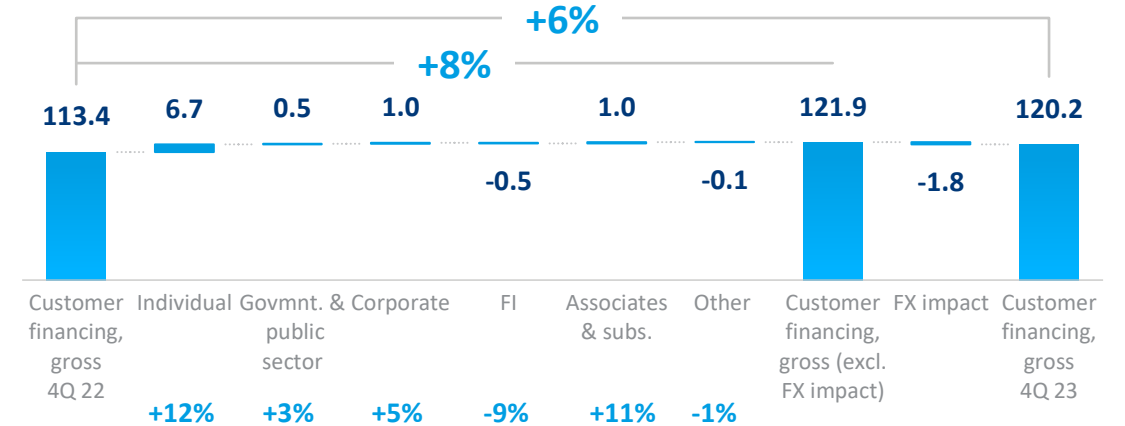
= Customer Financing, Net (AEDbn)



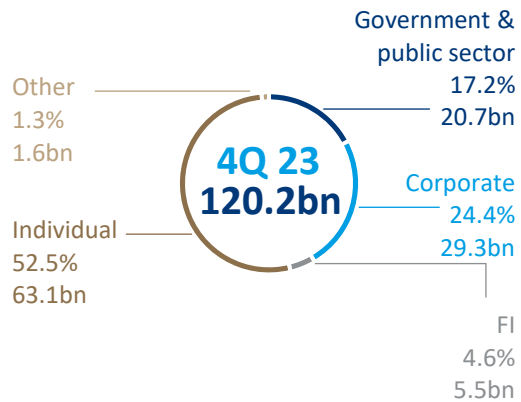
= Customer Financing, Gross by Segment (%)



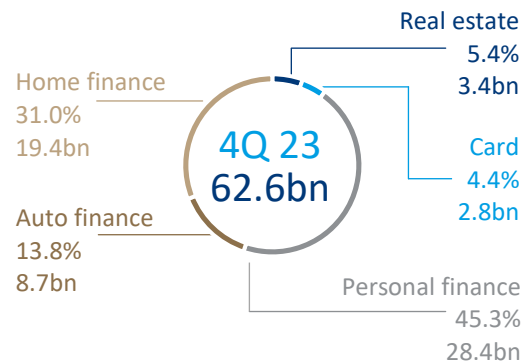
= Customer Financing, Gross Movement YoY (AEDbn)



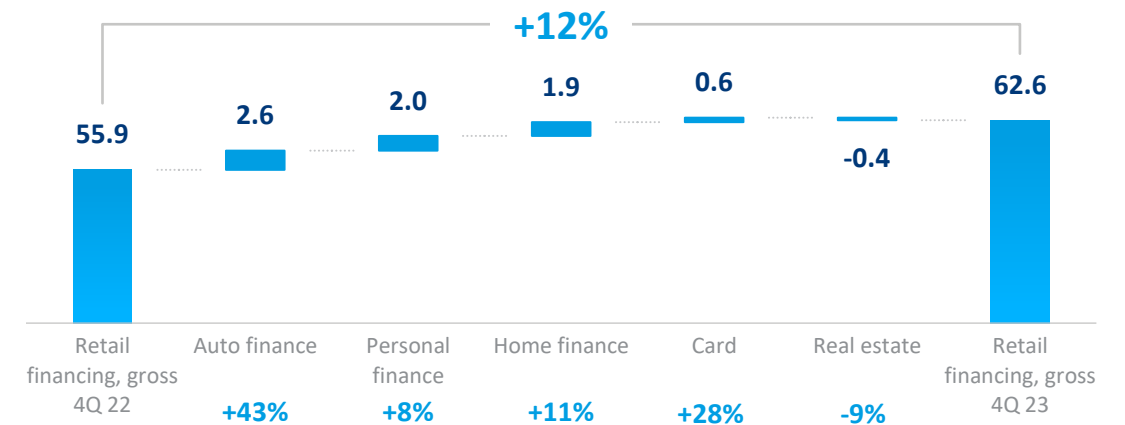
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



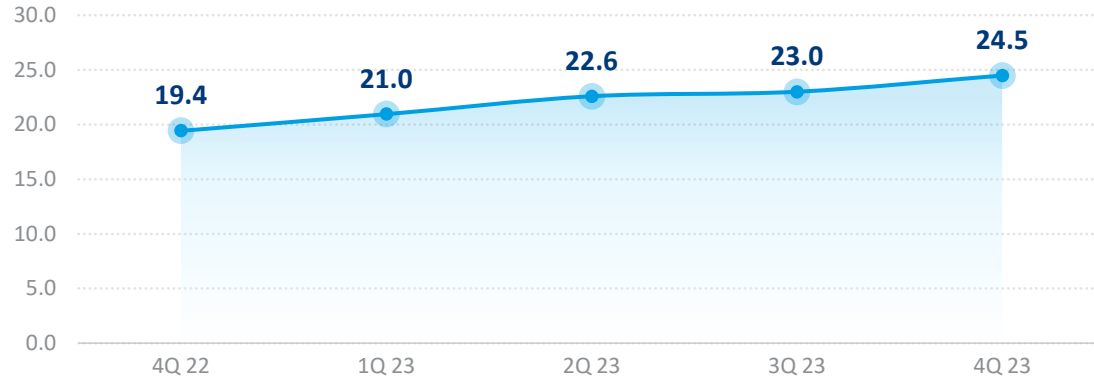
= Retail Financing, Gross Movement YoY (AEDbn)



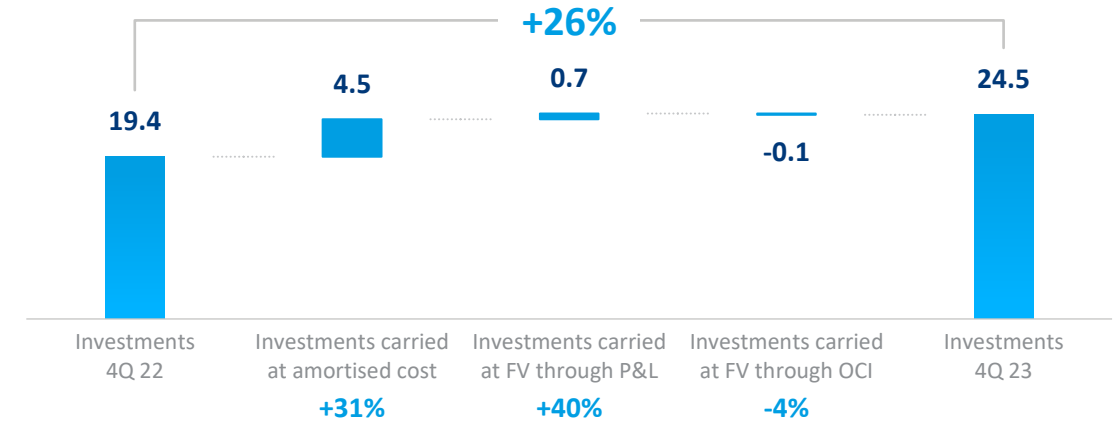
= Investments

Diversified Investment Portfolio

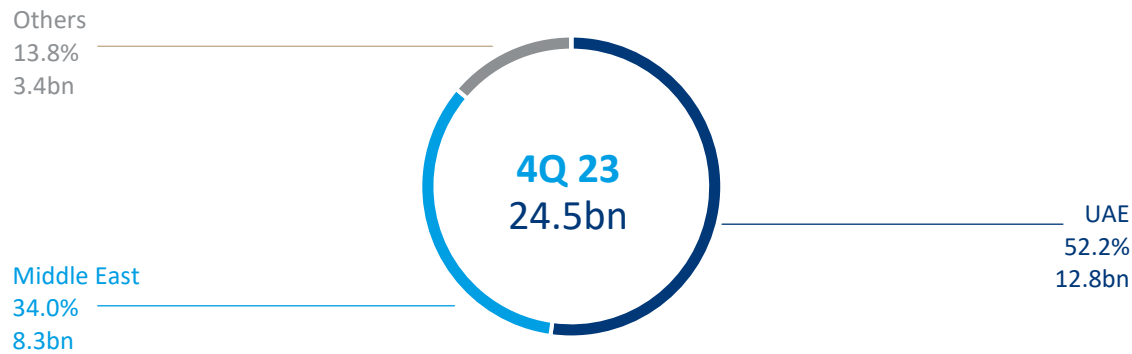
= Investments (AEDbn)



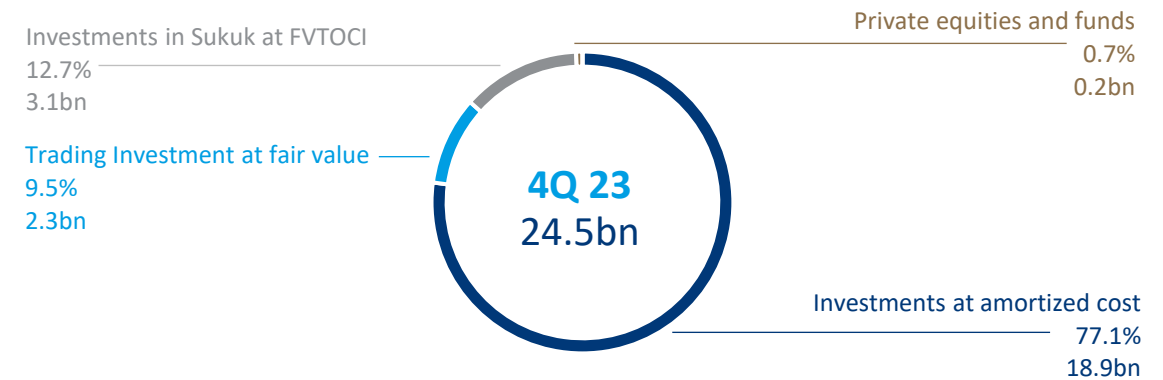
= Investments Movement YoY (AEDbn)



= Investments by Country (%)



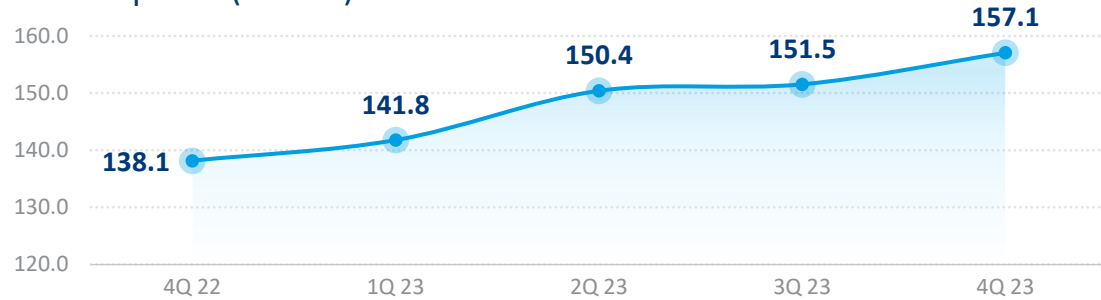
= Investments by Type (%)



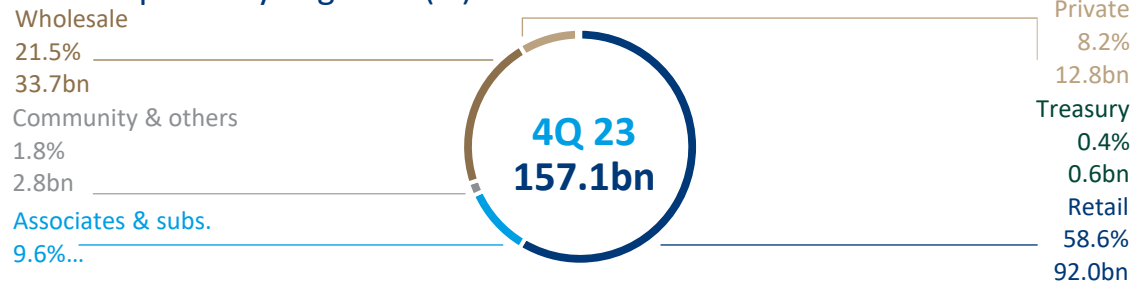
= Customer Deposits

Up 14% YoY reflecting our ability to gain market share with 8.7bn increase in CASA, demonstrating effective deposit gathering strategy

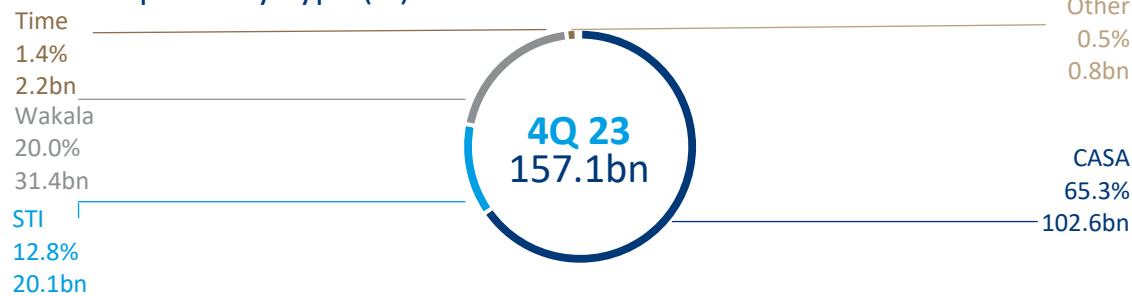
= Total Deposits (AEDbn)



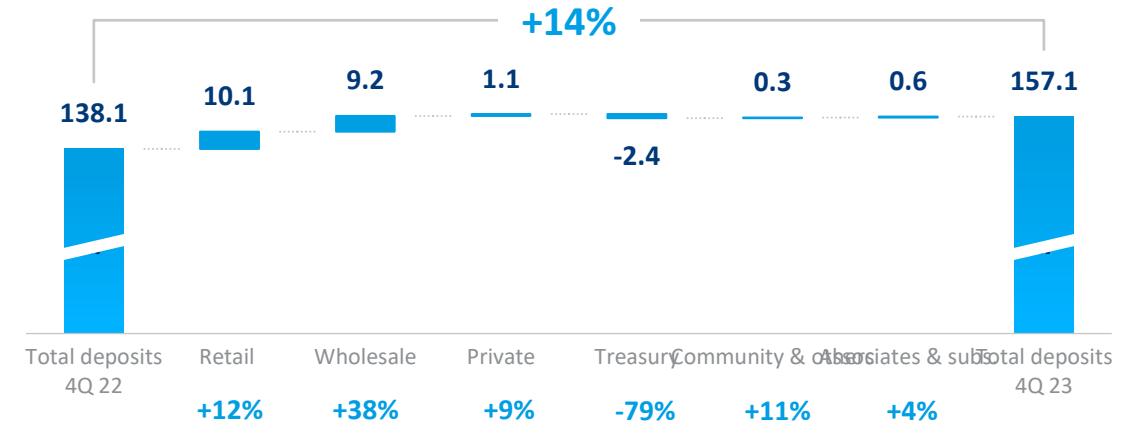
= Total Deposits by Segment (%)



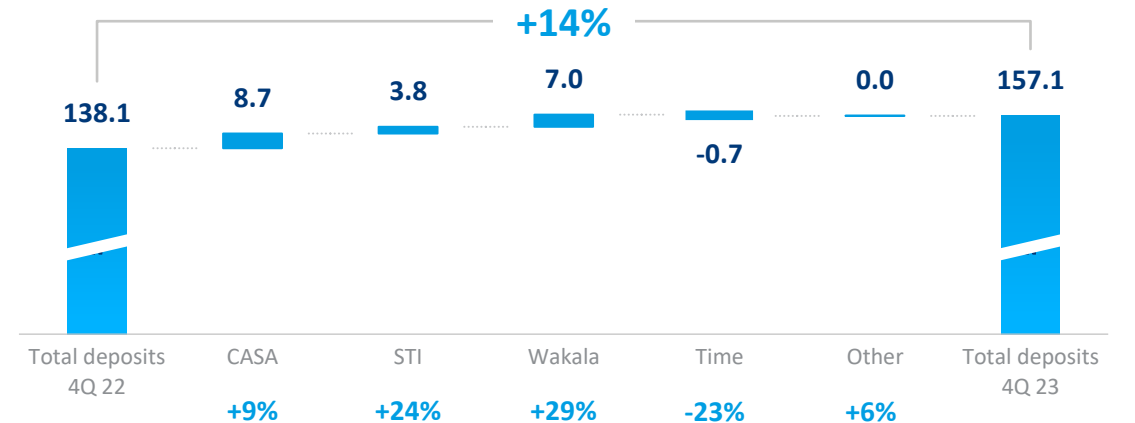
= Total Deposits by Type (%)



= Total Deposits Movement by Segment YoY (AEDbn)



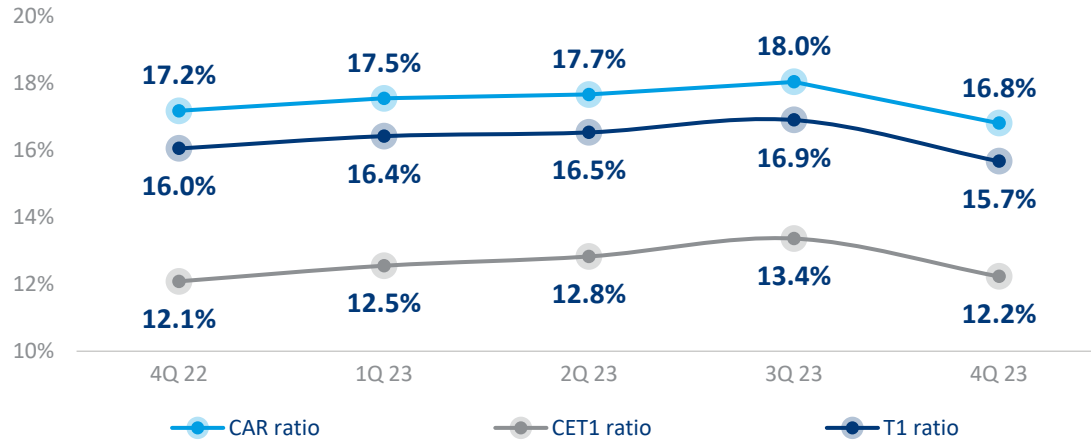
= Total Deposits Movement by Type YoY (AEDbn)



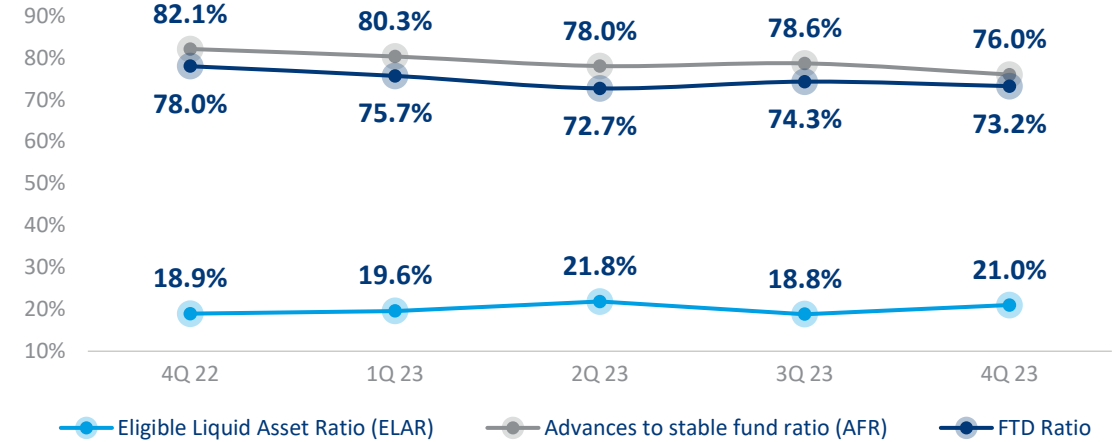
= Capital and Liquidity

Robust foundation across all key metrics including strong capital and liquidity ratios

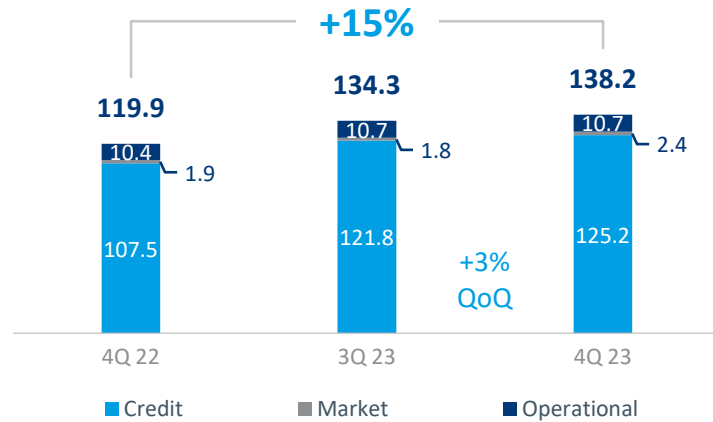
= Capitalization Ratios (%)



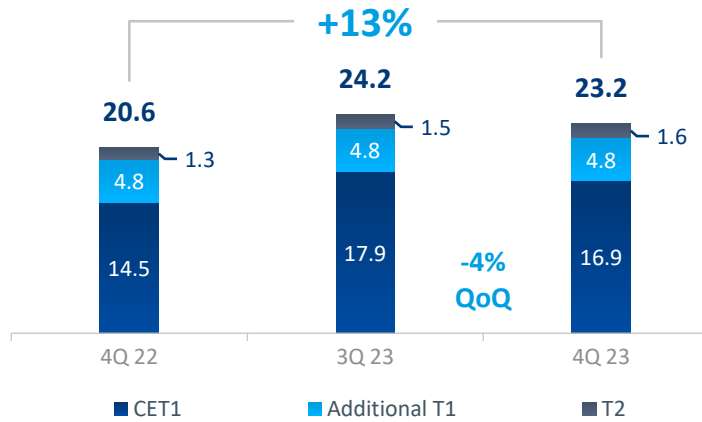
= Liquidity Ratios (%)



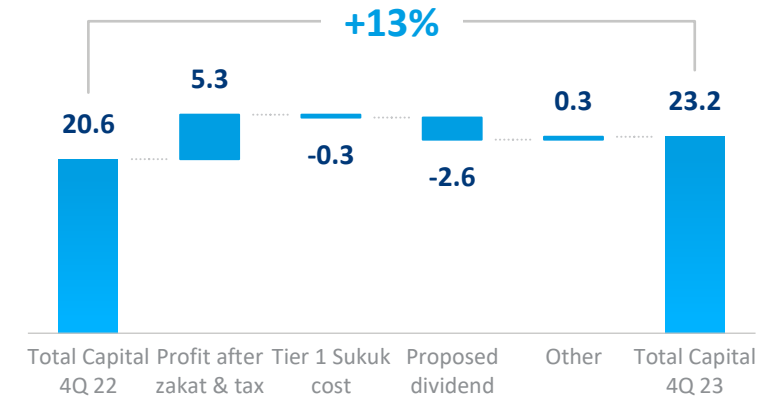
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YoY (AEDbn)



Outlook and Guidance

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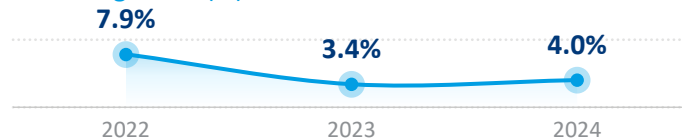
= Outlook and Guidance

Solid financial & strategic foundations drive a promising outlook for 2024

= Market Outlook

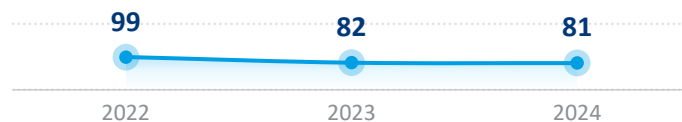
= Solid GDP growth

Real GDP growth (%)



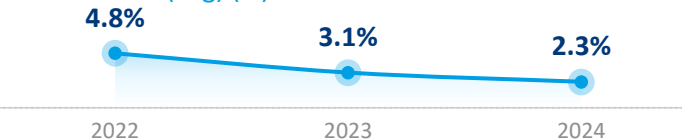
= Oil prices to remain supportive

Brent Price / Barrel (avg) (USD)



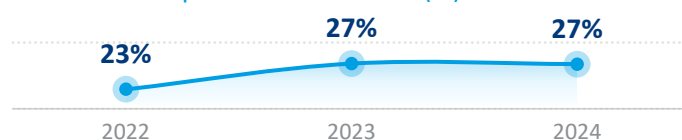
= Inflation to moderate

UAE Inflation (avg) (%)



= Expenditure expected to remain stable

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

Executing ADIB's growth strategy against a positive economic backdrop resulting in balanced growth across Retail & Wholesale

FY 2023 Actual

6%

FY 2024 Guidance

5% to 7%

= Net Profit Margin

Higher 4Q23 NPM exit rate moderating towards 4.5% average for FY 2024 from modest expected rate cuts during the year

4.50%

~ 4.5%

= Cost of Risk

Modest rise in CoR from ongoing expansion into SME and retail expat sectors and continued build-up of prudent provisioning

0.49%

0.50% to 0.70%

= Cost to Income Ratio

Opex growth to support business expansion moderated by disciplined management and digital efficiencies with overall positive "jaws"

32.9%

< 32%

= Return on Equity

Solid expected profit growth and focus on capital-efficient income growth expected to drive continued superior returns

27.1%

> 25%

Questions & Answers

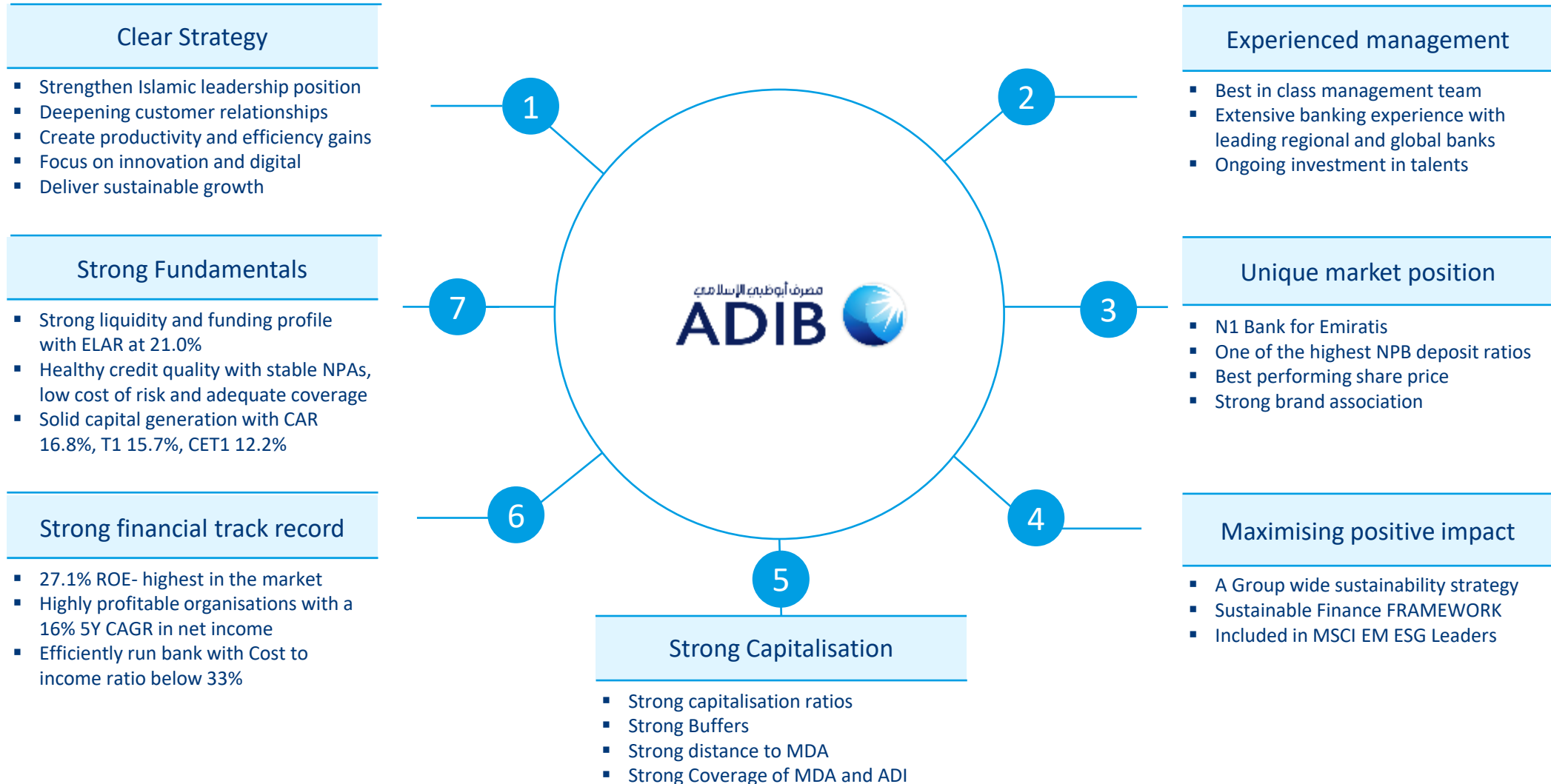
FY 2023 Earnings Presentation

Appendix

FY 2023 Earnings Presentation

= Investment Highlights

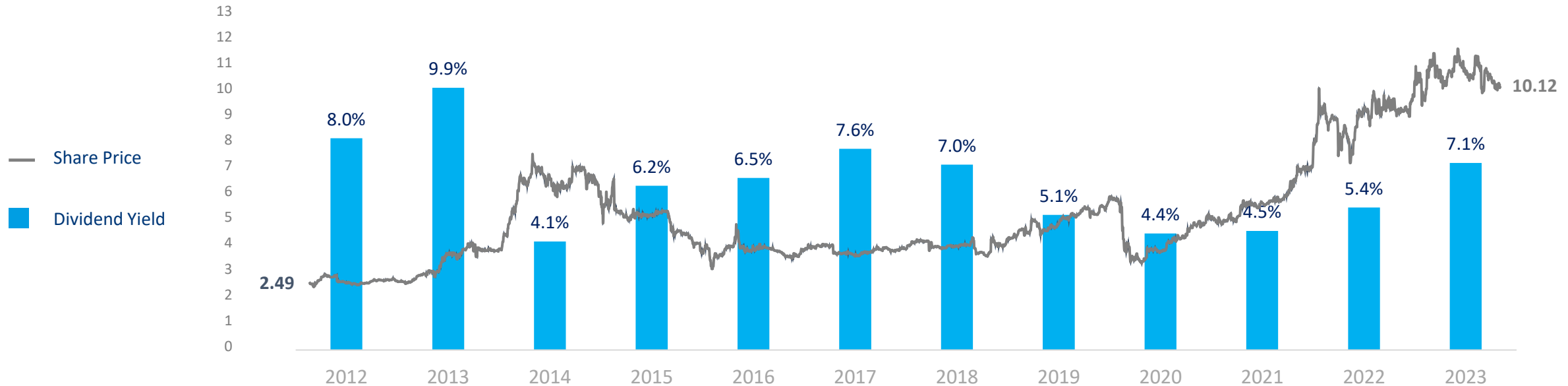
Strong Management, Solid Fundamentals and Clear Strategy



= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of above 5%

= Shareholder Return Metrics



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	5,251
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%	49.4%
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%	71.9%
Cash dividend in AEDmn	600	725	700	770	778	915	995	994	747	1,130	1,779	2,595*
Bonus shares	-	635	-	-	-	-	-	-	-	-	-	-
Bonus shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-	-	-	-

*Proposed dividend

= Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

= Credit Ratings

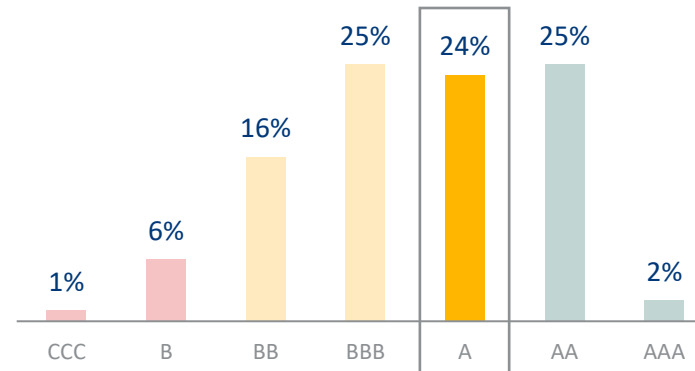
MOODY'S
A2
Stable Outlook

FitchRatings
A+
Stable Outlook

= ADIB's MSCI ESG Rating



= MSCI Rating Distribution



= Recent Accolades



#1
Islamic Retail bank



#1
Market leader in digital



#1
Bank in the UAE



#1
Safest Islamic bank globally

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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