

# 1Q 2024 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 25 April 2024

ADIB IR Website



IR App Download link:



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1Q 2024 Earnings Presentation

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# Key Highlights

1Q 2024 Earnings Presentation

## = Key Highlights

ADIB Reports a Strong Start to 2024 driven by strong business momentum, income diversification and cost and risk discipline.

Solid quarterly performance with net income of AED 1.45bn up 32% YoY, and up 41% before Zakat and Tax to AED 1.64bn

Revenue up 24% to AED 2.52bn driven by 19% growth in funded income and 35% growth in non-funded income reflecting strong business momentum, higher margins and enhanced cross-sell

ROE improving 3.5 percentage points YoY to reach 27.0% in 1Q 2024

Cost / Income ratio improved 5.3 percentage points to 30.4% helped by strong revenue growth and cost discipline

13% YoY asset growth driven by 9% growth in net customer financing that were efficiently funded by 13% YoY deposits growth with CASA increasing 9% representing 66% of total deposits

Non-Performing asset ratio improved to 5.5% which is the lowest since Q4 2019

Robust capital position with a CAR of 17.2%.

Moody's upgraded ADIB's BCA from ba1 to baa3 and affirms issuer rating at A2/P-1

1Q 24 Net Income growth YoY

**+32%**



1Q 24 Revenue growth YoY

**+24%**



1Q 24 ROE

**27.0%**



1Q 24 net financing growth YoY

**+9%**



# Executing ADIB Strategy

1Q 2024 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 <b>simple and sensible</b>	We are <b>transparent</b>	We work for <b>mutual benefit</b>	We nurture <b>hospitality</b> and tolerance	We are <b>Shari'a inspired</b>
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► 4-Pillar Strategy



Continuous Innovation



Segment Focused



Digital Excellence



Sustainable Future



## Continuous innovation

- Innovate Sharia-compliant banking products
- Re-engineer our processes
- Establish ourselves at the centre of the Islamic FinTech ecosystem
- Deliver a market leading Islamic Wealth Management business
- Build and scale our Asset management capability



## Segment focused

- Enhance Emirati lifecycle proposition
- Expand Business Banking and expatriates base
- 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
- Optimize our technology foundations



## Sustainable Future

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

# = Update on Strategy Progress

ADIB continued to deliver on its strategy in 1Q 2024

<b>Continuous Innovation</b>	Key product launches <ul style="list-style-type: none"> <li>• Salary cash back campaign</li> <li>• Exceed loyalty program</li> <li>• Volt auto finance</li> <li>• Digital on-boarding for business banking</li> <li>• New cash back card</li> <li>• Istikrar home finance</li> <li>• Visa Installment Solution</li> </ul>	Amwali Youth Account  <b>17,177 Accounts</b>	Improve Revenue Mix  Non-funded Income contributes 33% to Operating Income versus 30% Q1 2023.	Asset management AUM  <b>+ 5bn growth versus Q1 2023</b>	
<b>Segment Focused</b>	Grow UAE National customer base  <b>+15,000</b>  New to bank UAE Nationals	Grow wholesale banking  <b>+4%</b>  Financing growth YoY	Grow Retail banking  <b>+15%</b>  Asset growth YoY	Attract new to bank customers  <b>+46,000</b>  New customers	Deepen relationships  <b>1.5</b>  Cross-sell Ratio
<b>Digital Excellence</b>	Elevate customer experience  <b>50%</b> Digital sales PF  <b>51%</b> Digital onboarding  <b>80%</b> Digital activation	Bank of the future  <b>54</b> new features on mobile app	Build a modern technology foundation   <b>63 bots</b>	Leverage digital channels  <b>4.70/5</b>  AppStore rating <b>4.54/5</b>  Google Play rating	Data driven organization  <b>ACE command center</b>
<b>Sustainable Future</b>	Leader in financial conduct  	Sustainable finance  <b>AED 5.4 billion</b>	Grow human capital   <b>40%</b> Emiratization rate	Best customer experience  <b>#1</b> Number 1 bank NPS in UAE  	

# Financial Performance

1Q 2024 Earnings Presentation

## = Financial Performance Highlights

Delivered solid net income of AED 1.45bn, growing 32% YoY on solid balance sheet growth, NPM expansion and fee generation

### = Strong YoY Growth in Profitability



### = Solid Balance Sheet Growth YoY



### = Strong Capital Position and Return YoY



## = Key financial metrics – 1Q 2024 vs 1Q 2023

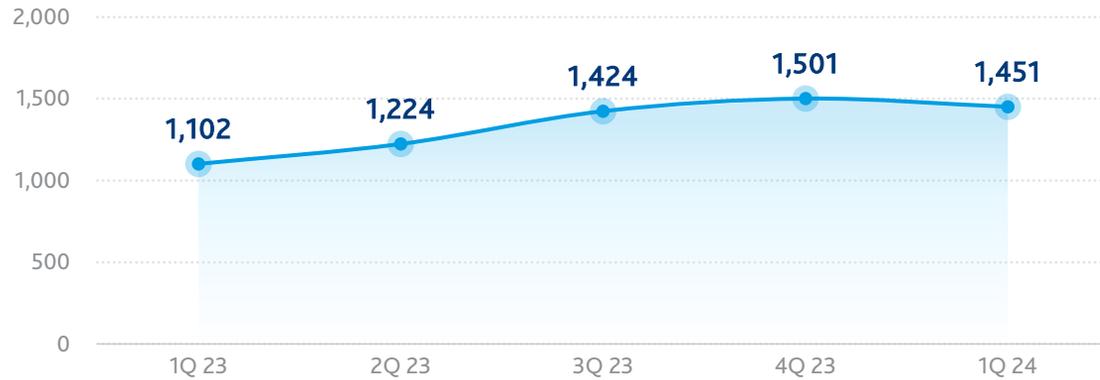
Another set of record results with ROE reaching 27.0% driven by diversified revenues streams

	1Q 2023	1Q 2024	Change %
<b>Profitability (AED mn)</b>			
Revenue	2,037	2,517	24%
Expenses	-726	-765	5%
Margin	1,310	1,752	34%
Cost of Credit	-146	-109	-25%
Net Income before Zakat & Tax	1,164	1,643	41%
Zakat & Tax	-62	-192	210%
Net Income after Zakat & Tax	1,102	1,451	32%
<b>Balance Sheet (AED bn)</b>			
Total Assets	172.1	194.6	13%
Gross Financing Assets	112.9	121.4	8%
Risk Weighted Assets	122.8	142.3	16%
Customer Deposits	141.8	160.3	13%
Investments	21.0	26.3	25%
<b>Key Ratios</b>			
Cost to Income	35.66%	30.41%	-5.25%
Return on Equity	23.43%	26.96%	3.54%
Coverage	70.8%	73.0%	2.3%

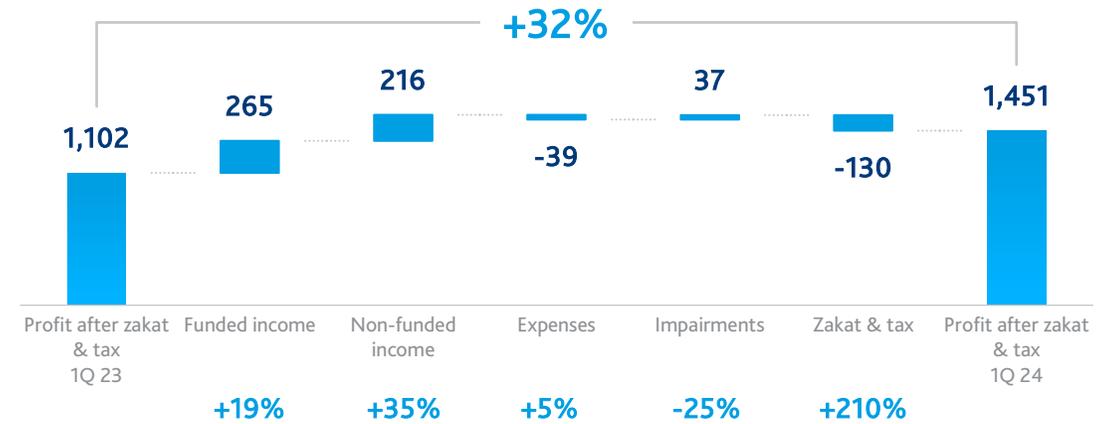
## = Income Statement

32% YoY growth in Net Income (after Zakat & Tax) in 1Q 2024 underscored by core revenue growth and 41% growth in Net Income (before Zakat & Tax)

### = Net Income (AEDmn)



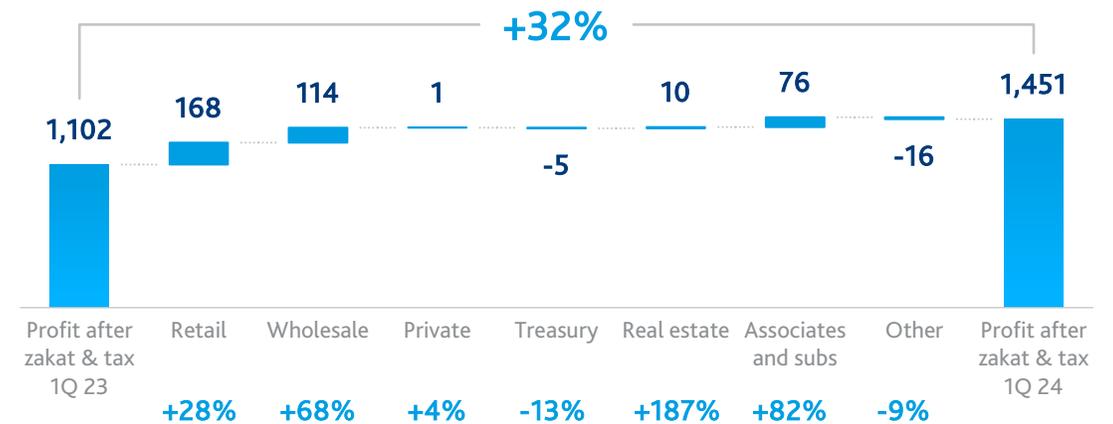
### = Net Income Movement YoY (AEDmn)



### = Income Statement Highlights

AED (mn)	1Q 2024	1Q 2023	Δ%	4Q 2023	Δ%
Funded income	1,690	1,425	+19%	1,616	+5%
Non-funded income	827	611	+35%	984	-16%
<b>Revenues</b>	<b>2,517</b>	<b>2,037</b>	<b>+24%</b>	<b>2,599</b>	<b>-3%</b>
Operating expenses	(765)	(726)	+5%	(876)	-13%
Provision for impairment	(109)	(146)	-25%	(189)	-42%
<b>Net Income after zakat and tax</b>	<b>1,451</b>	<b>1,102</b>	<b>+32%</b>	<b>1,501</b>	<b>-3%</b>

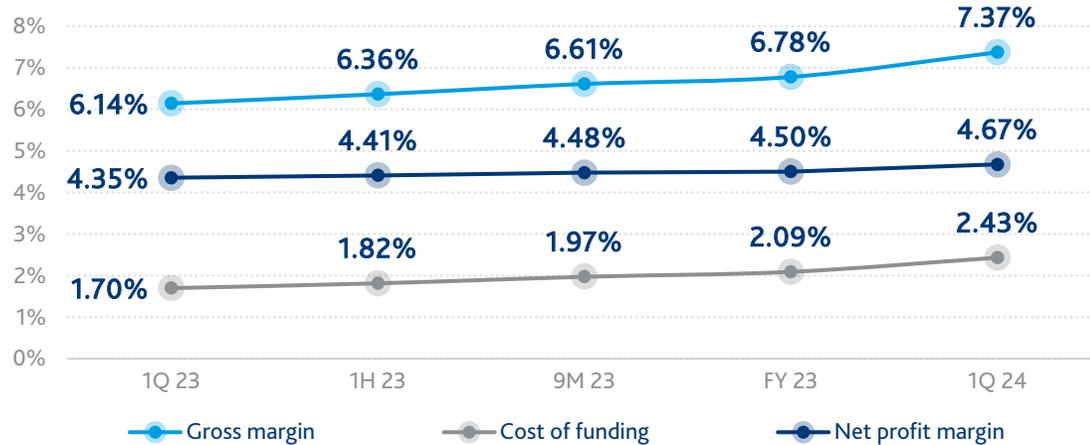
### = Net Income Movement by Segment YoY (AEDmn)



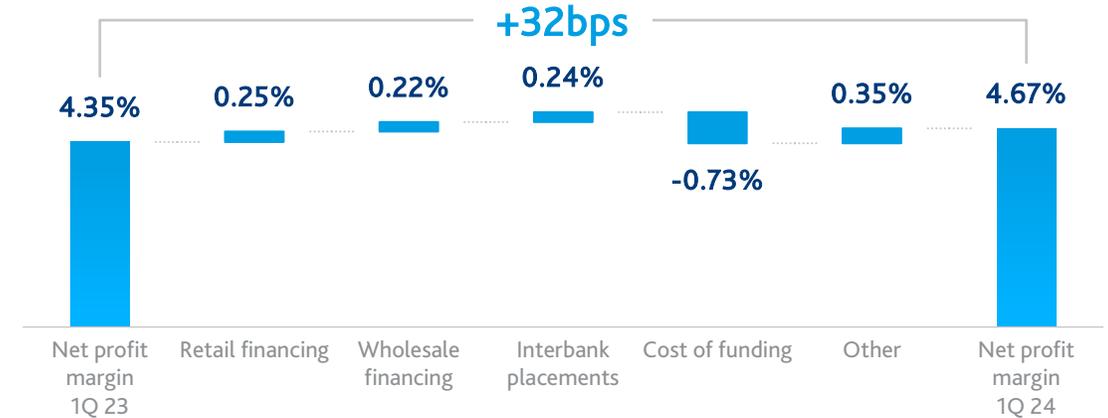
## = Funded Income

Strong growth in funded income driven by strong business volumes and higher rates with NPM improving 32bps

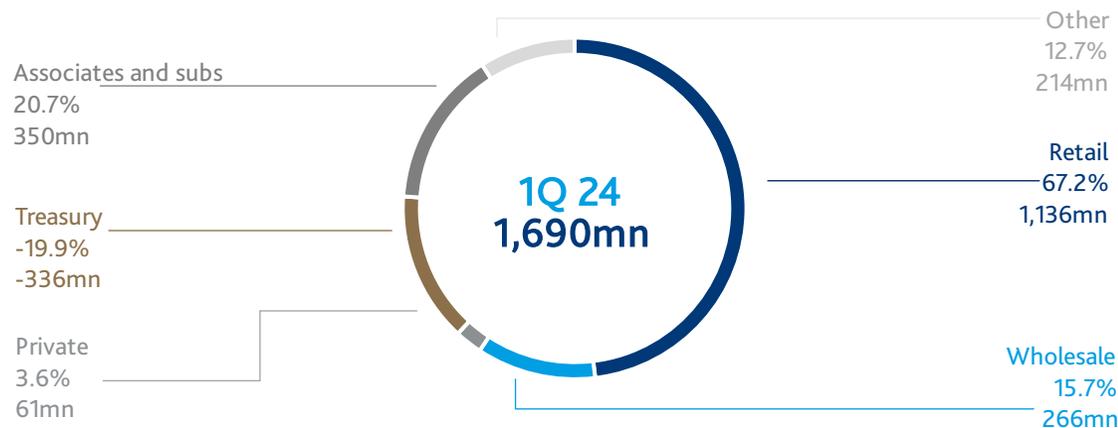
### = Net Profit Margin (%)



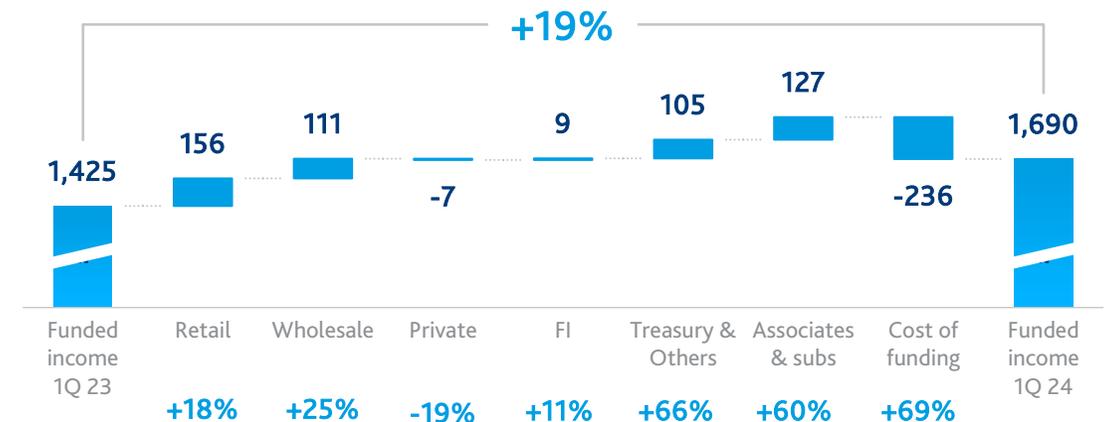
### = Net Profit Margin Movement YoY (%)



### = Funded Income Composition (AEDmn)



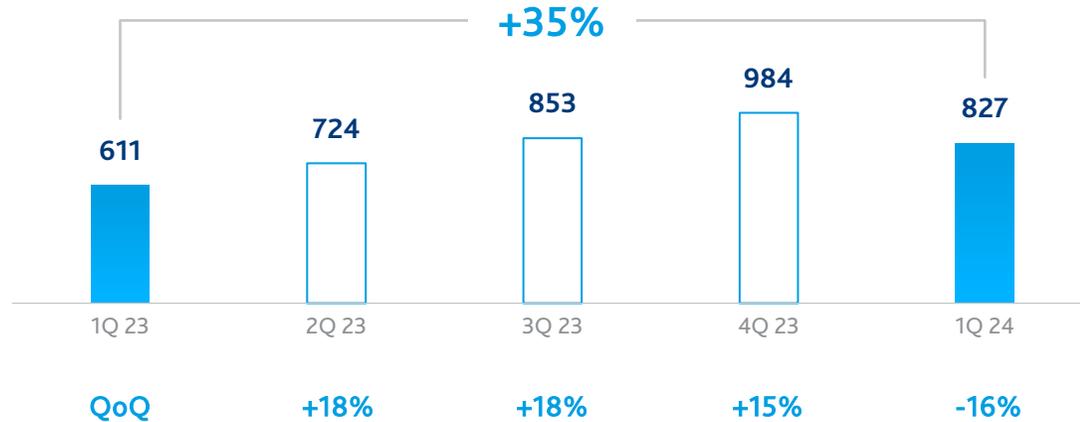
### = Net Revenue from Funding Activities Movement YoY (AEDmn)



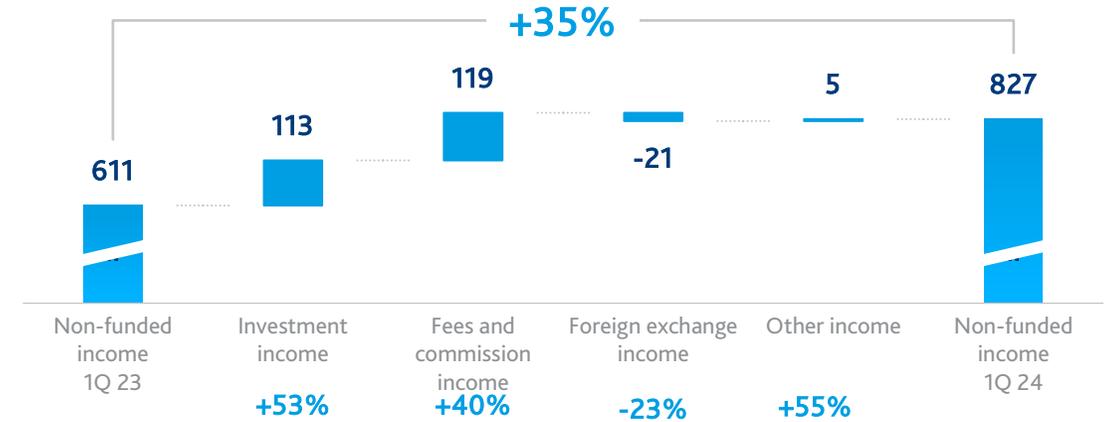
## = Non-Funded Income

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

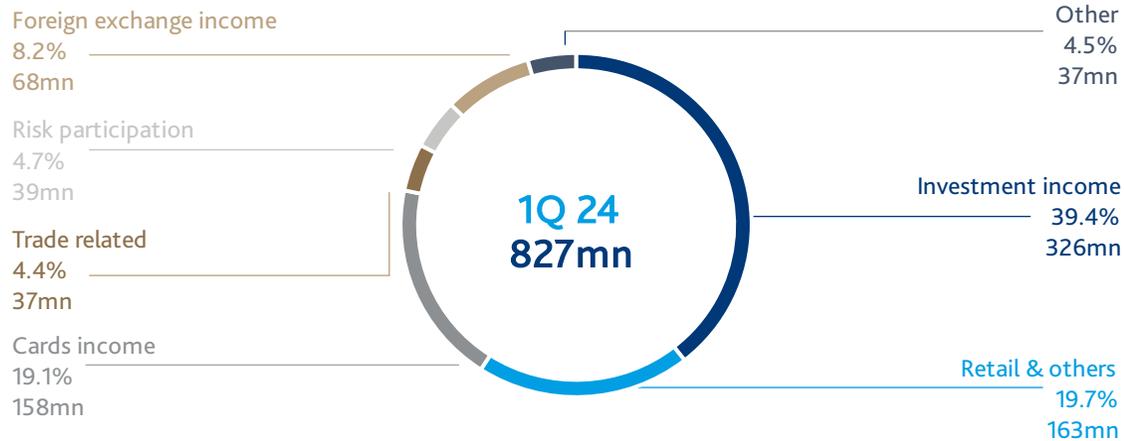
### = Non-Funded Income (AEDmn)



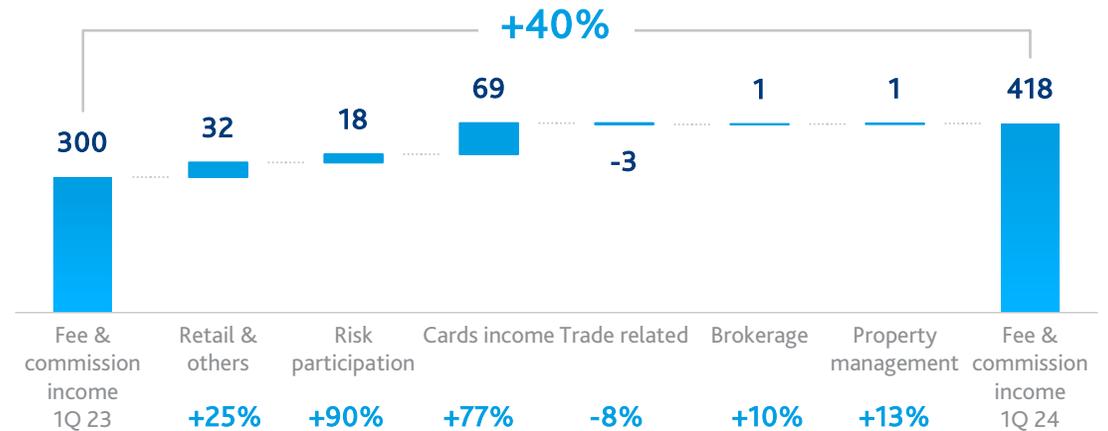
### = Non-Funded Income Movement YoY (AEDmn)



### = Non-Funded Income Composition (%)



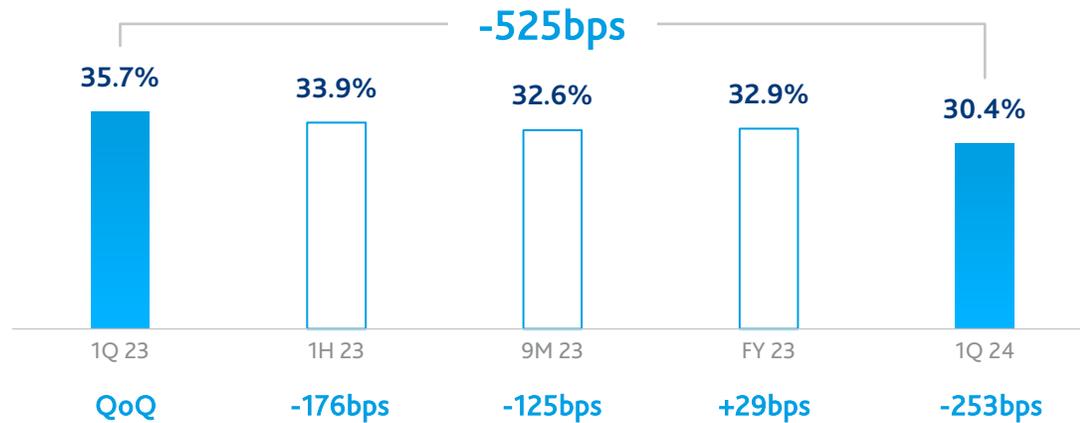
### = Fee & Commission Income Movement YoY (AEDmn)



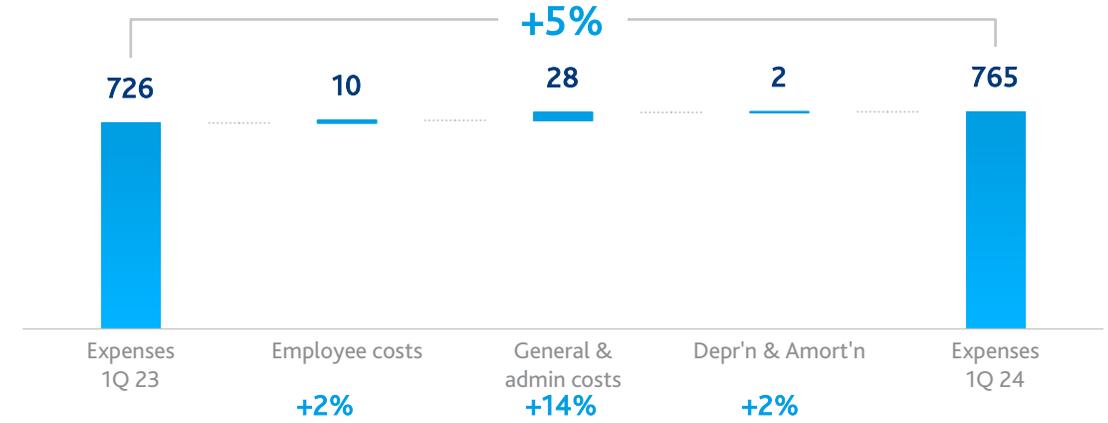
# = Operating Expenses

Cost to income ratio improved by more than 5 percentage points helped by higher income and operational efficiency

## = Cost To Income Ratio (%)



## = Expenses Movement YoY (AEDmn)



## = Expenses (AEDmn)



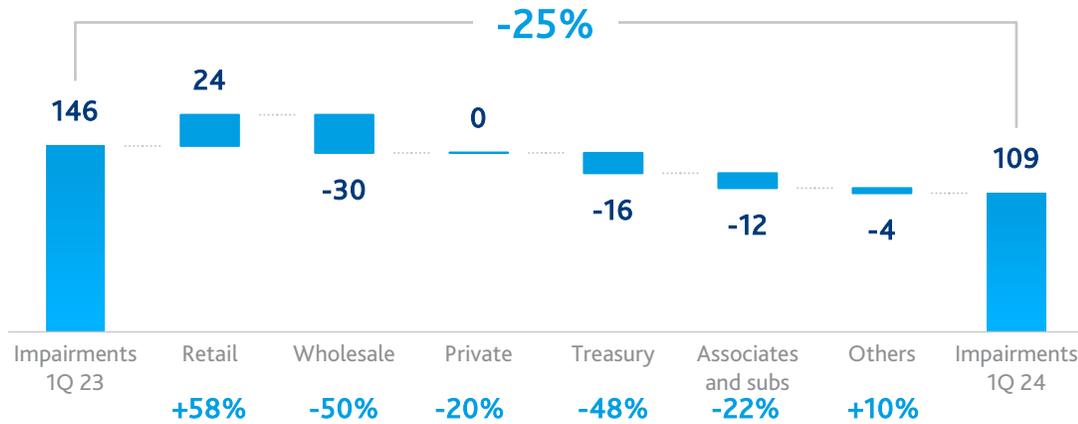
## = Expenses Composition (%)



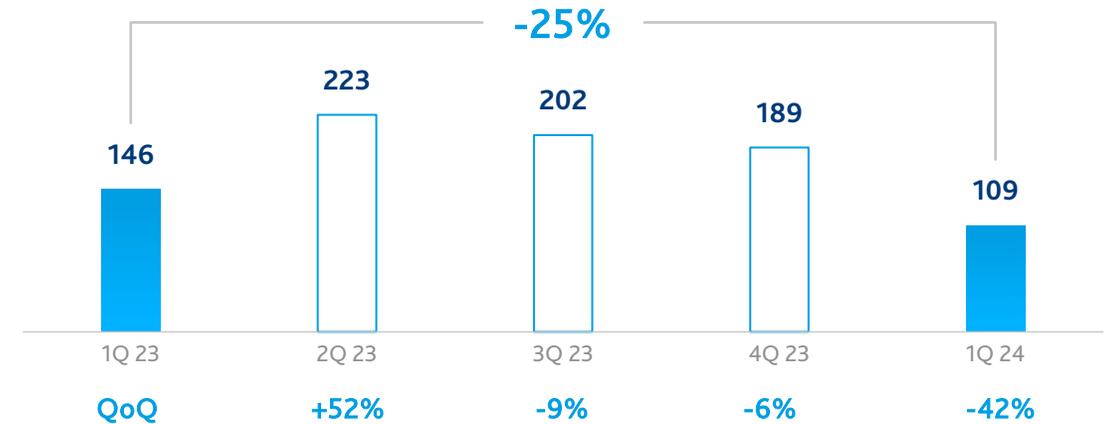
# = Impairments

Impairment charge declined 25% YoY and COR is at a comfortable 38bps for 1Q 2024

## = Impairments Movement YoY (AEDmn)



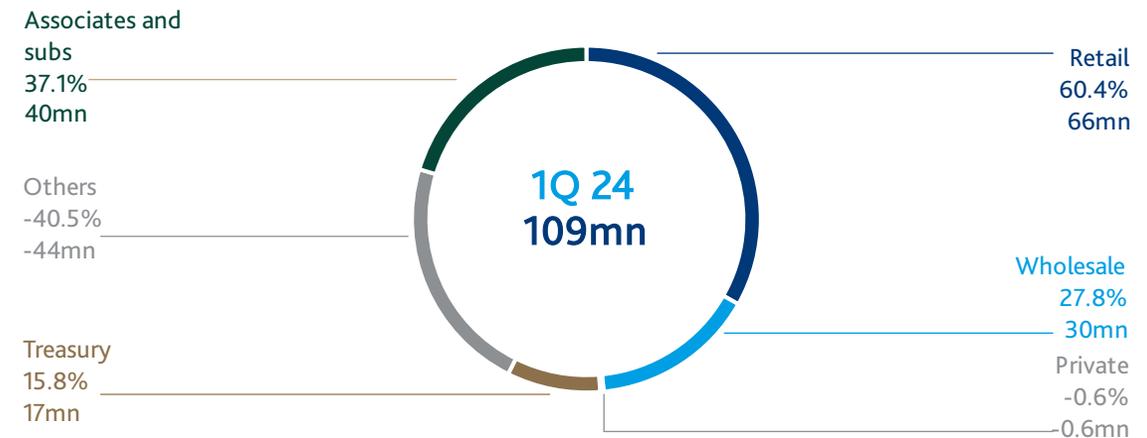
## = Impairments (AEDmn)



## = Cost Of Risk (%)



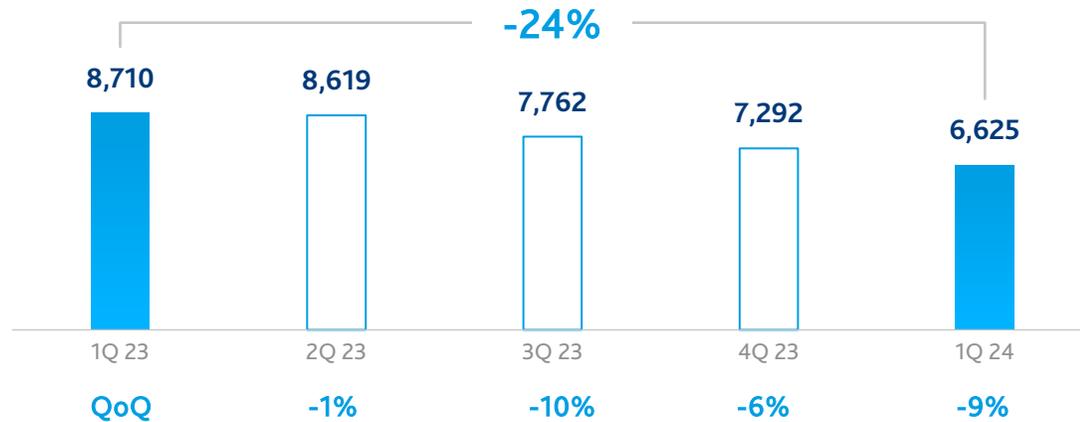
## = Impairments Composition (%)



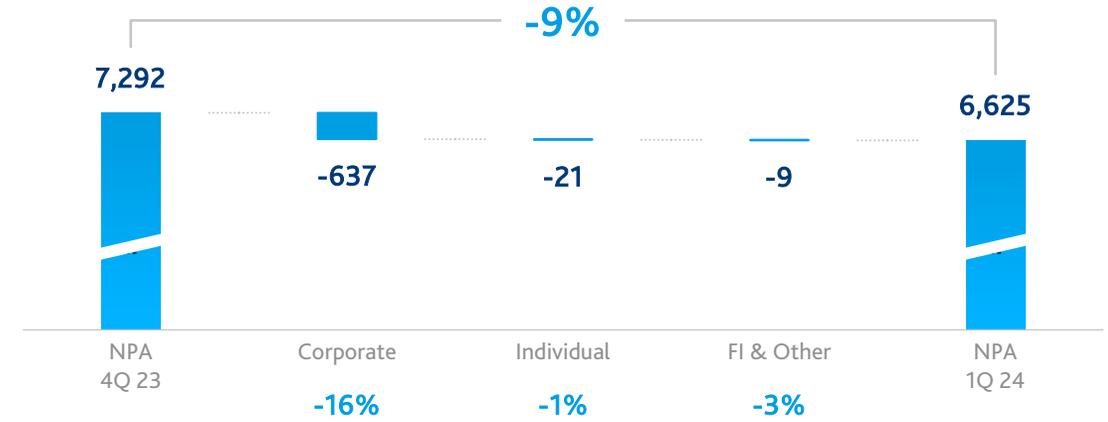
# = Non-Performing Financing

Lowest NPA ratio since 4Q 19 while coverage ratio trending within guidance

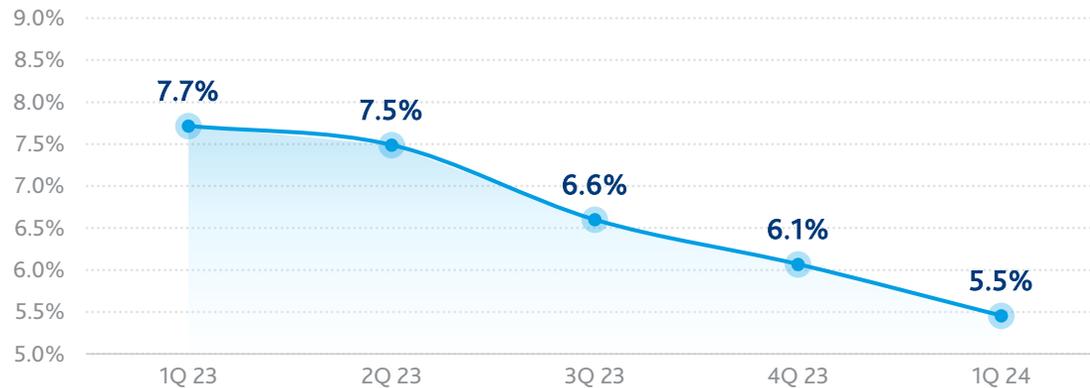
= NPA (AEDmn)



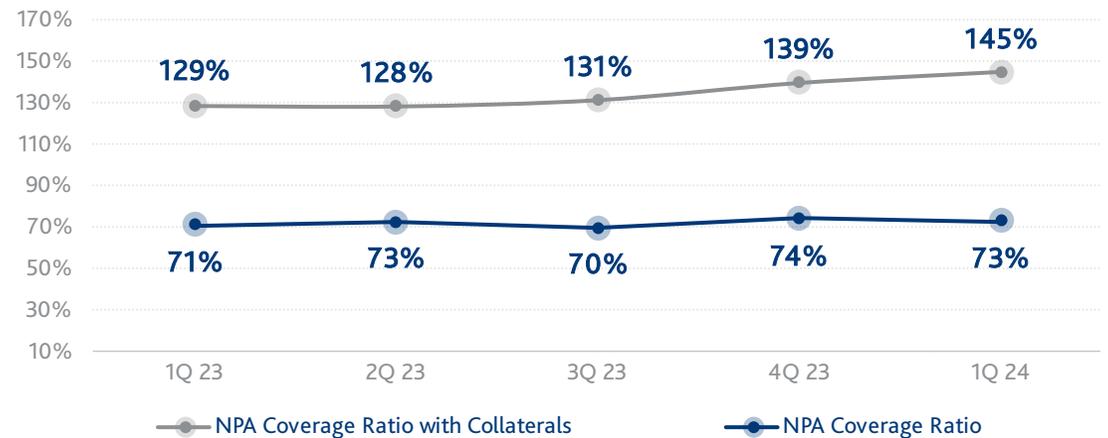
= NPA Movement YTD (AEDmn)



= NPA Ratio (%)



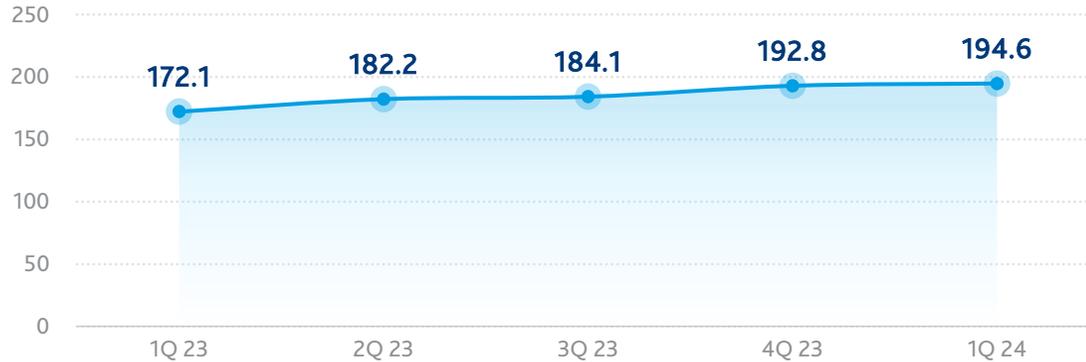
= NPA Coverage Ratio (%)



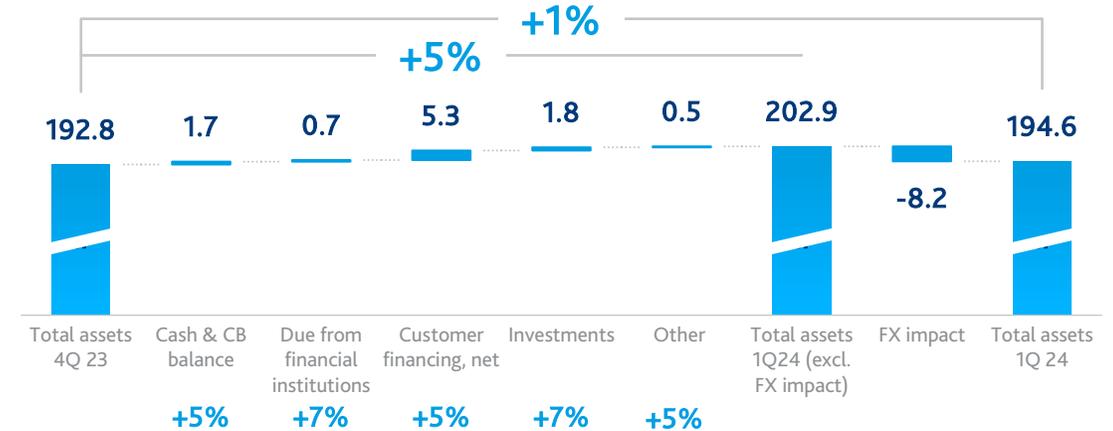
## = Balance Sheet

Total assets increased by 5% YTD (excl. FX impact) driven by 5%<sup>(1)</sup> growth in customer financing supported by a very strong funding position

### = Total Assets (AEDbn)



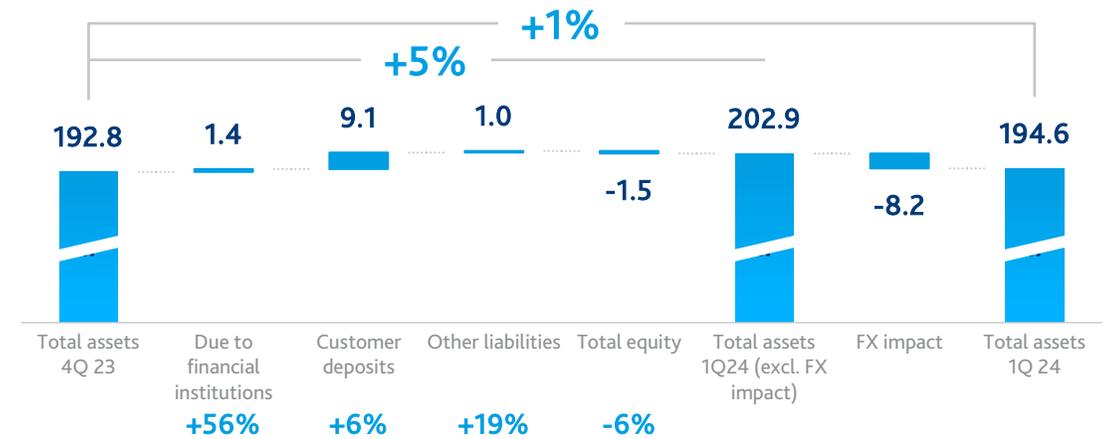
### = Total Assets Movement YTD (AEDbn)



### = Balance Sheet Highlights

AED (mn)	1Q 2024	4Q 2023	Δ%	1Q 2023	Δ%
Customer financing, net	116,943	115,002	2% <sup>(1)</sup>	107,274	9%*
Investments	26,271	24,483	7%	20,954	25%
<b>Total assets</b>	<b>194,647</b>	<b>192,827</b>	<b>1%</b>	<b>172,147</b>	<b>13%</b>
Total Deposits	160,262	157,067	2% <sup>(2)</sup>	141,756	13%**
<b>Total liabilities</b>	<b>170,633</b>	<b>166,585</b>	<b>2%</b>	<b>149,891</b>	<b>14%</b>
<b>Total equity</b>	<b>24,014</b>	<b>26,242</b>	<b>-8%</b>	<b>22,255</b>	<b>8%</b>

### = Funding Movement YTD (AEDbn)

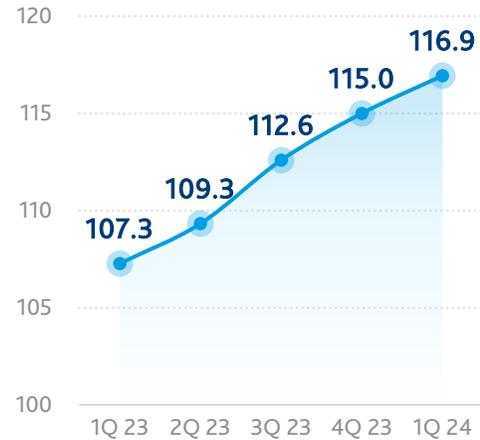


\*12% growth of customer financing in constant currency, excluding devaluation of EGP | \*\* 17% growth of total deposits in constant currency, excluding devaluation of EGP  
(1) 5% growth of customer financing in constant currency, excluding devaluation of EGP | (2) 6% growth of total deposits in constant currency, excluding devaluation of EGP

# = Customer Financing

AED 8.5bn growth in gross financing assets vs last year mainly due strong volumes from Retail, Corporate, Government and Public sector

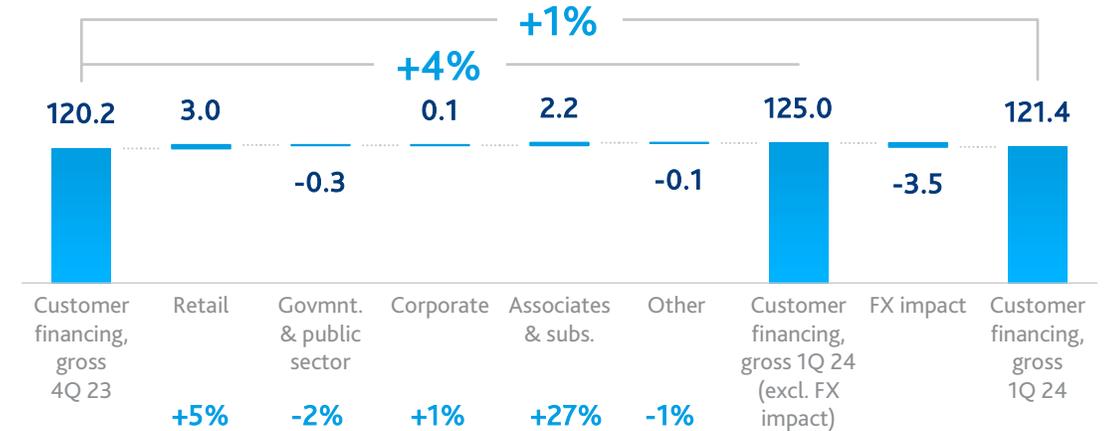
## = Customer Financing, Net (AEDbn)



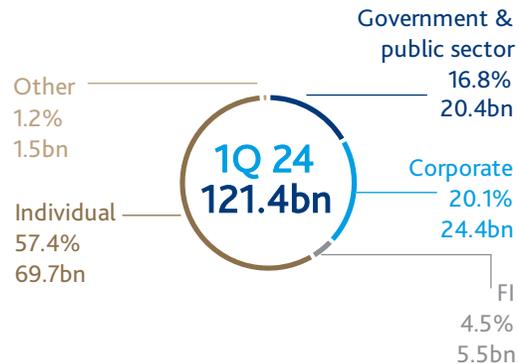
## = Customer Financing, Gross by Segment (%)



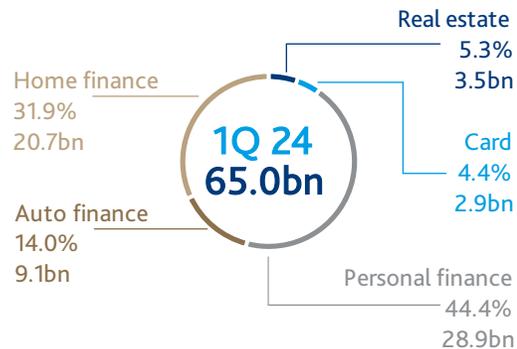
## = Customer Financing, Gross Movement YTD (AEDbn)



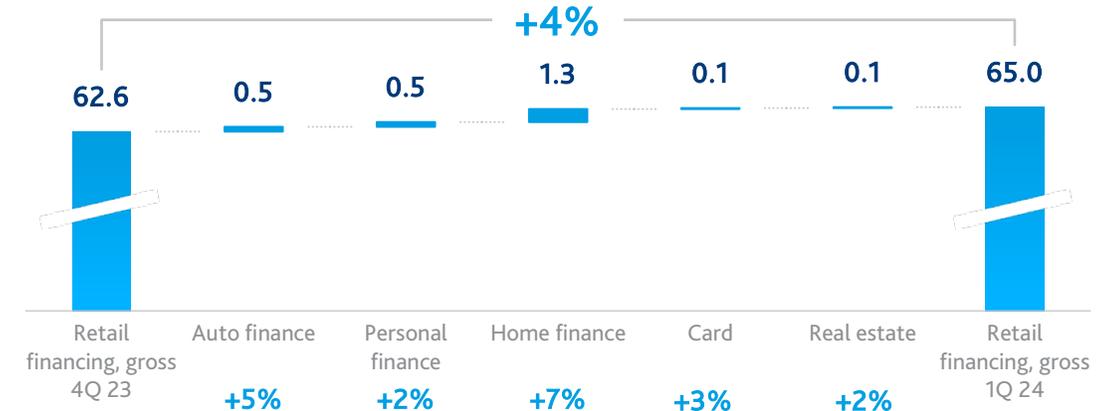
## = Customer Financing, Gross by Sector (%)



## = Retail Financing, Gross Composition (%)



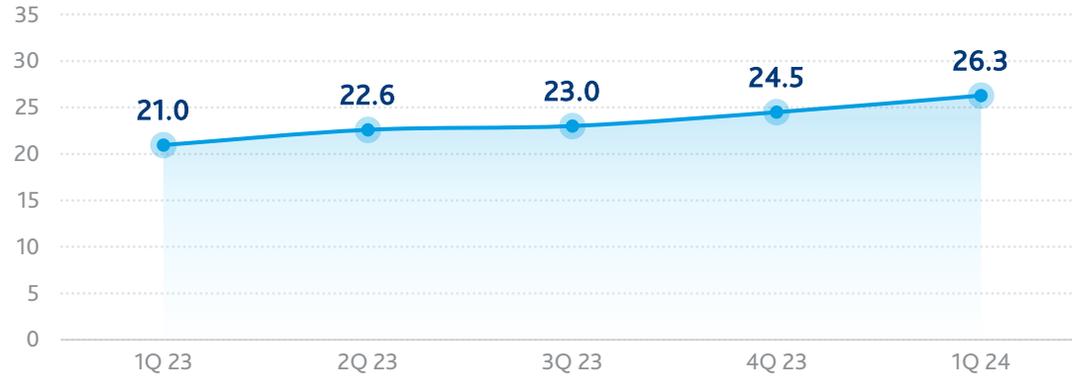
## = Retail Financing, Gross Movement YTD (AEDbn)



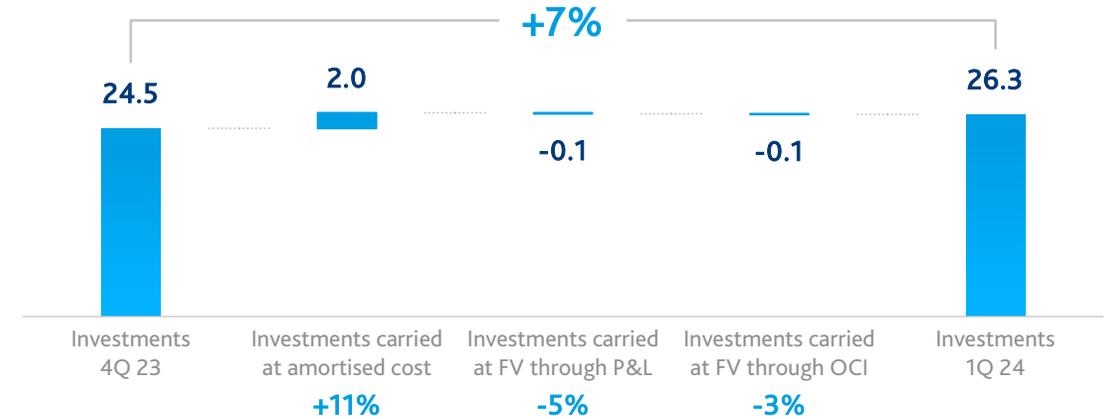
# = Investments

## Diversified Investment Portfolio

### = Investments (AEDbn)



### = Investments Movement YTD (AEDbn)



### = Investments by Country (%)



### = Investments by Type (%)



# = Customer Deposits

Deposits increased by 6% YTD (excl. FX impact) reflecting our ability to gain market share with 2.9bn increase in CASA

## = Total Deposits (AEDbn)



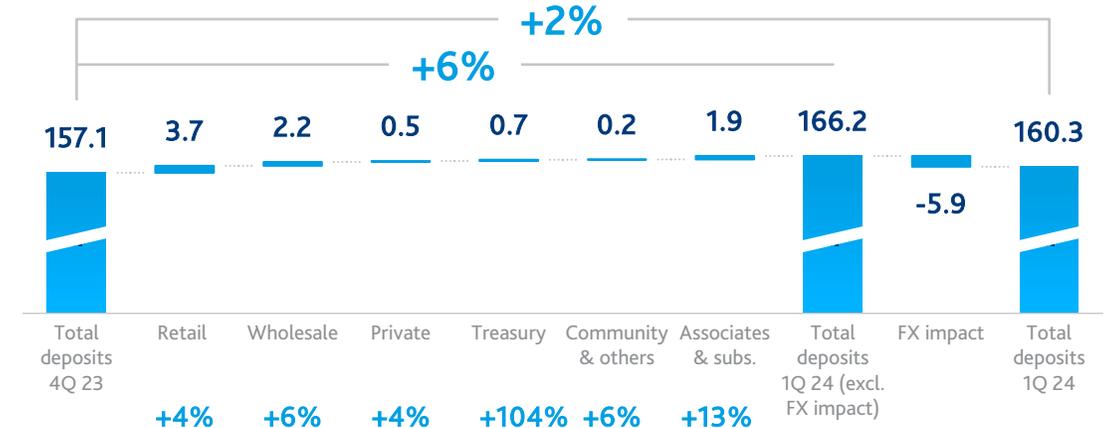
## = Total Deposits by Segment (%)



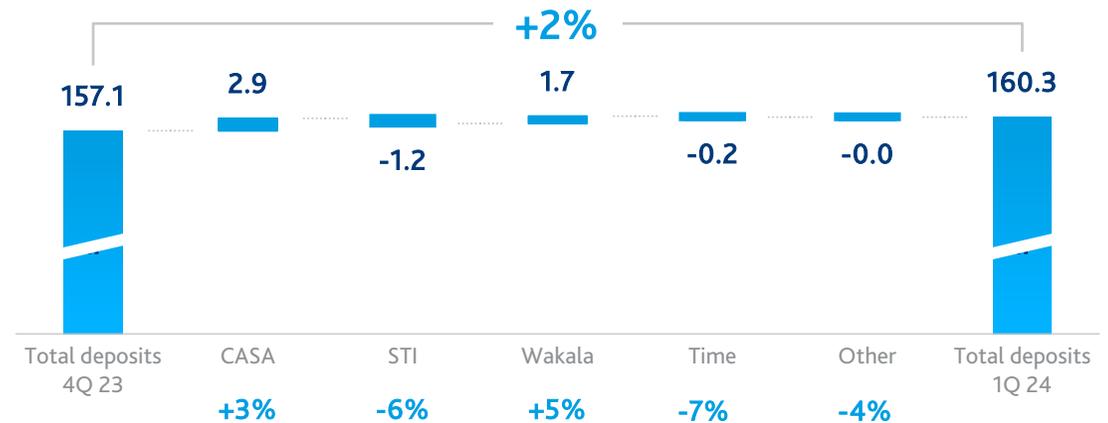
## = Total Deposits by Type (%)



## = Total Deposits Movement YTD (AEDbn)



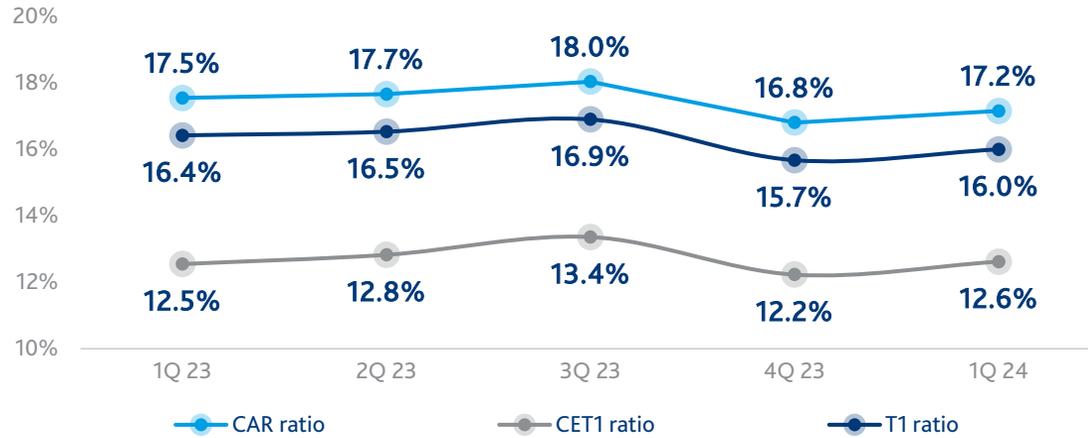
## = Total Deposits Movement by Type YTD (AEDbn)



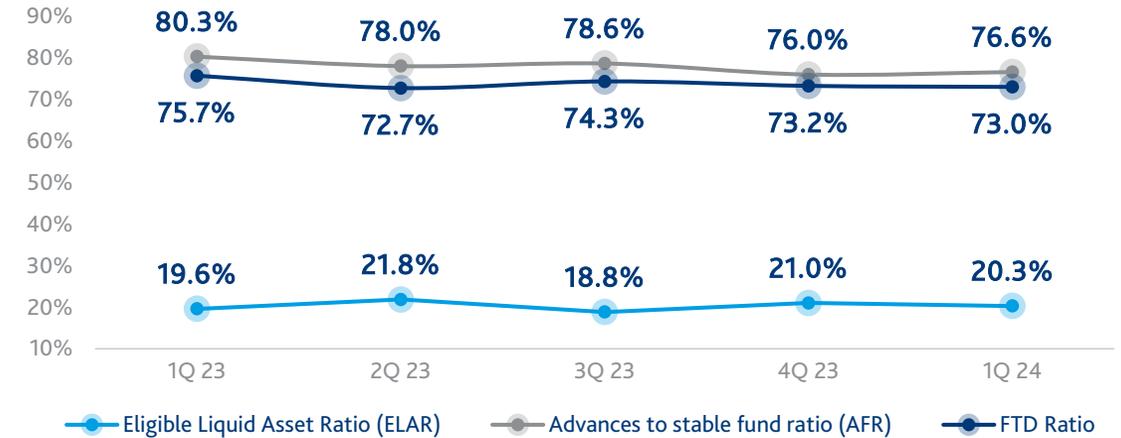
# = Capital and Liquidity

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

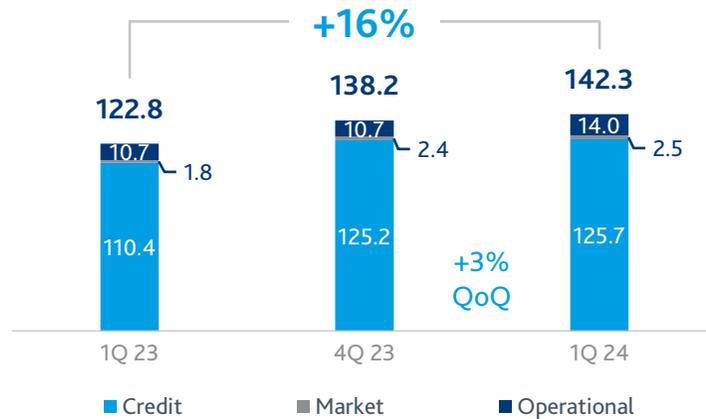
## = Capitalization Ratios (%)



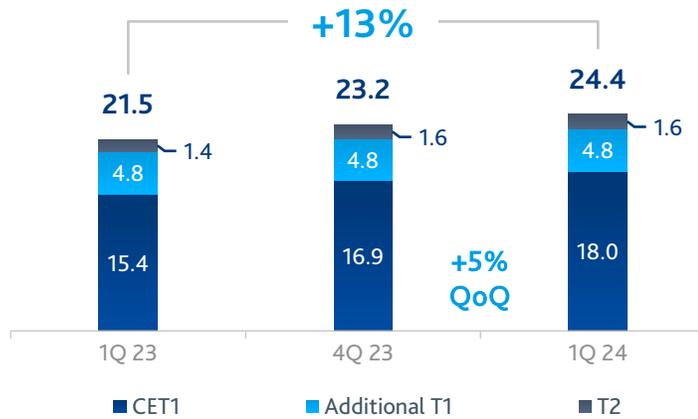
## = Liquidity Ratios (%)



## = RWA (AEDbn)



## = Capitalization (AEDbn)



## = Total Capital Movement YTD (AEDbn)



# Outlook and Guidance

1Q 2024 Earnings Presentation

# = 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)



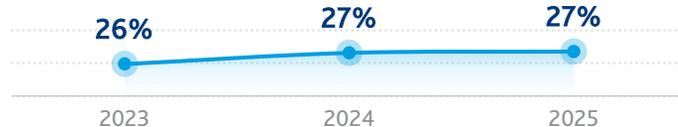
### = Inflation expectations are modest

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

1Q 2024 Actual

8% YoY

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

4.67%

> 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

0.38%

0.40% to 0.60%

### = Cost to Income Ratio

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

30.4%

< 30%

### = Return on Equity

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

27.0%

> 25%

# Questions & Answers

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# Appendix

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# = Investment Highlights

Strong Management, Solid Fundamentals and Clear Strategy

## Clear Strategy

- Strengthen Islamic leadership position
- Deepening customer relationships
- Create productivity and efficiency gains
- Focus on innovation and digital
- Deliver sustainable growth

## Strong Fundamentals

- Strong liquidity and funding profile with ELAR at 20.3%
- Healthy credit quality with stable NPAs, low cost of risk and adequate coverage
- Solid capital generation with CAR 17.2%, T1 16.0%, CET1 12.6%

## Strong financial track record

- 27.0% ROE- highest in the market
- Highly profitable organisations with a 16% 5Y CAGR in net income
- Efficiently run bank with Cost to income ratio close to 30%



## Experienced management

- Best in class management team
- Extensive banking experience with leading regional and global banks
- Ongoing investment in talents

## Unique market position

- N1 Bank for Emiratis
- One of the highest NPB deposit ratios
- Best performing share price
- Strong brand association

## Maximising positive impact

- A Group wide sustainability strategy
- Sustainable Finance FRAMEWORK
- Included in MSCI EM ESG Leaders

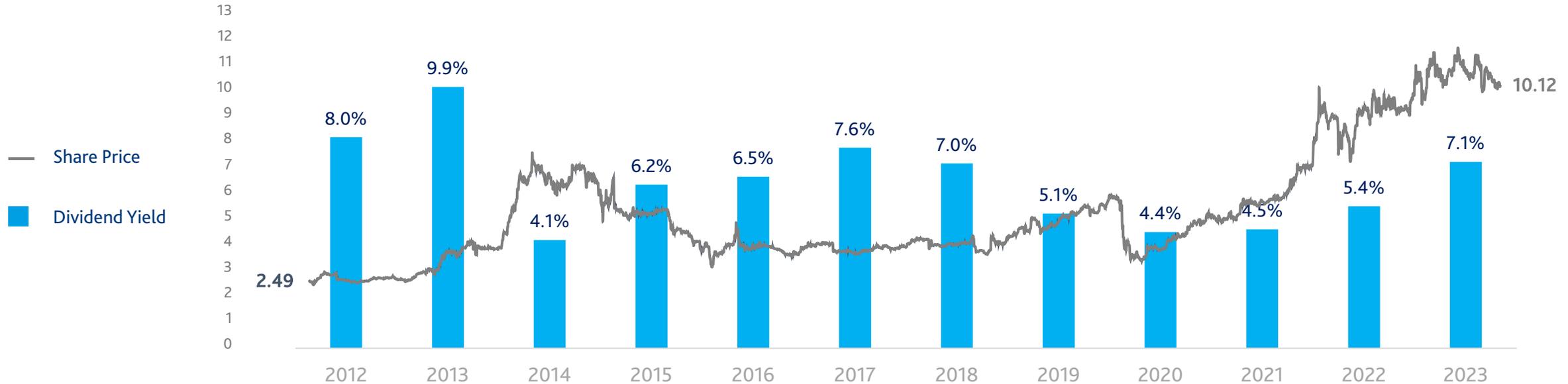
## Strong Capitalisation

- Strong capitalisation ratios
- Strong Buffers
- Strong distance to MDA
- Strong Coverage of MDA and ADI

## = 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
<b>Net Profit in AED mn</b>	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604	2,330	3,619	5,251
<b>Cash Dividend Payout ratio (% of Net Profit)</b>	50.0%	50.0%	40.0%	39.8%	39.8%	39.8%	39.8%	38.2%	46.6%	48.5%	49.2%	49.4%
<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%	31.1%	49.0%	71.9%
<b>Cash dividend in AEDmn</b>	600	725	700	770	778	915	995	994	747	1,130	1,779	2,595
<b>Bonus shares</b>	-	635	-	-	-	-	-	-	-	-	-	-
<b>Bonus shares (% of Share Capital)</b>	-	26.9%	-	-	-	-	-	-	-	-	-	-

# = Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

## = Credit Ratings

MOODY'S  
**A2**  
Stable Outlook

## = ADIB's MSCI ESG Rating



## = Recent Accolades



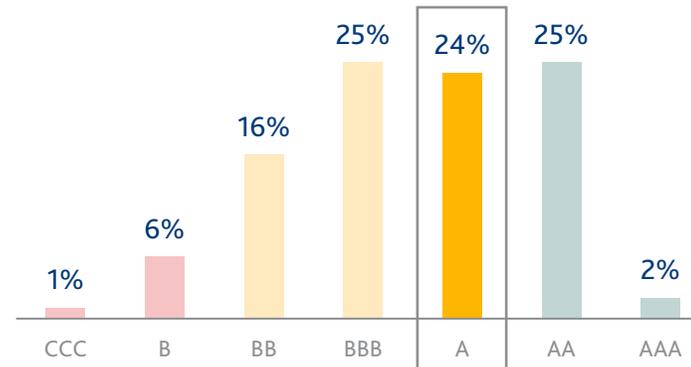
**#1**  
Islamic Retail  
bank



**#1**  
Market leader in  
digital

## = MSCI Rating Distribution

FitchRatings  
**A+**  
Stable Outlook



**#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

### = ADIB Investor Relations Contact

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### ADIB Investor Relations Website

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

### = ADIB Investor Relations App



Download link:



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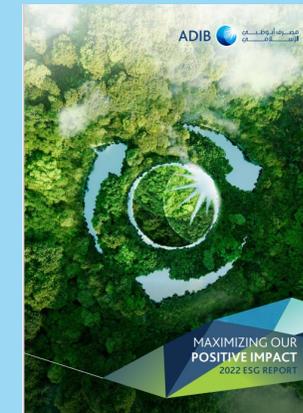
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