

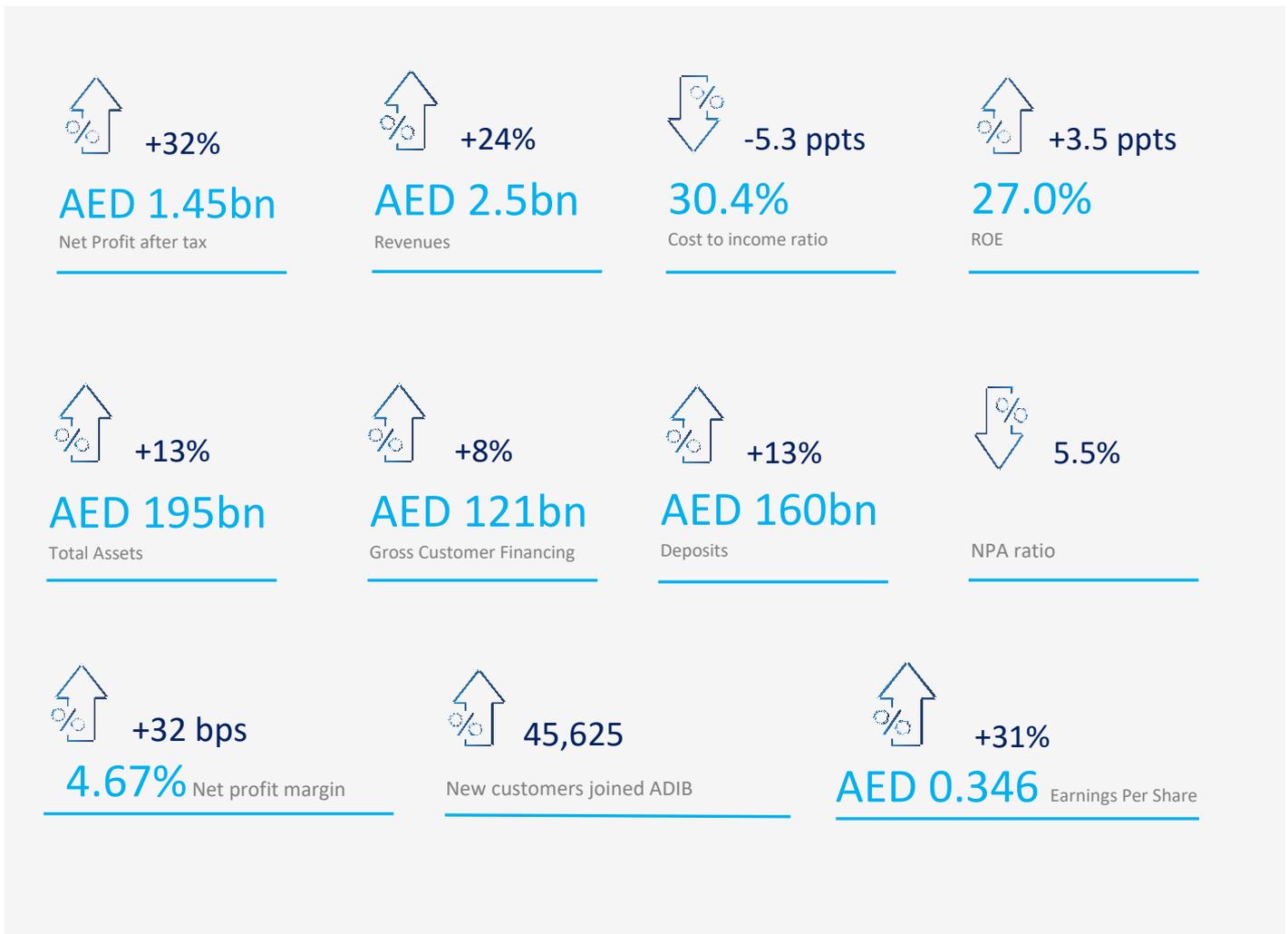
MANAGEMENT DISCUSSION & ANALYSIS

Q1 2024 Financial Results

ADIB continued its strong financial performance in Q1 2024, delivering a Net Profit (before tax) of AED 1.64 billion, which represents a 41% y-o-y growth. Net profit (after tax) is up 32% y-o-y to AED 1.45 billion.

Return on equity increased to an industry leading 27%, reflecting ADIB’s effectiveness in creating value for our shareholders.

ADIB’s strong start to 2024 is driven by solid underlying performance.



Abu Dhabi Islamic Bank reported a **growth in Net Profit after tax of 32%** for Q1 2024 to **AED 1.45 billion** from AED 1.1 billion in Q1 2023, reflecting a consistent trend of strong growth. **Net profit before tax** was **AED 1.64 billion, up 41%** versus Q1 2023.

Revenue for Q1 2024 **improved by 24% to AED 2.5 billion** compared to AED 2.0 billion last year due to supported by growth across all business segments and products.

Funded income grew by 19% to **AED 1.7 billion** compared to AED 1.4 billion last year, driven by higher volumes and better margins. **Non-funded income grew by 35%** to reach **AED 827 million** in Q1 2024 versus AED 611 million last year driven by **40% growth in fees and commissions**. Non-funded Income contributes 33% to Operating Income versus 30% In Q1 2023.

Cost to income ratio was Improved by 5.3 percentage points to **30.4%** versus 35.7% in prior year. This was predominantly driven by growth in Income and enhanced productivity.

Impairments decreased 25% to **AED 109 million** for Q1 2024. **Non-Performing asset ratio improved to 5.5%** lowest since Q4 2019 due to active management of our legacy portfolio coupled with strong underwriting standards whilst **the Provision Coverage ratio** including collaterals improved by 16.0 percentage points **to 144.7%**.

Total assets increased 13% to reach **AED 195 billion**, driven by **8% growth** YoY in financing and **25%** growth in investments.

Customer deposits rose 13% **to reach AED 160 billion** versus AED 142 billion in Q1 2023 driven mainly by **9% growth in Current and Savings Accounts (CASA)** with **CASA comprising 66% of total deposits**.

ADIB maintained a robust capital position with a **Common Equity Tier 1 ratio** of **12.6%** and a **total Capital Adequacy Ratio** of **17.2%**. The bank's liquidity position was healthy and within regulatory requirements, with the **advances to stable funding ratio** at **76.6%** and the **eligible liquid asset ratio** at **20.3%**.

“We started 2024 on a strong note with net profit after tax growing 32% to **AED 1.45 billion** and **ROE of 27%** driven by sustained business momentum and a healthy and resilient local economy.”



H.E Jawaan Awaidah Al Khaili

Chairman

27%

Return on
shareholders' equity



1.311mn

Total number of
customers

“Building on a record year in 2023, we started 2024 on a strong note **with net profit after tax growing 32% to AED 1.45 billion** and a **return on equity of 27%** reflecting the healthy and resilient local economy coupled with our focus on sustaining business momentum and delivering transformational initiatives.

We have seen notable improvement across all metrics driven by strong business volume across all segments and product lines.

By leveraging our technology and continuous investment in digital and putting customers at the center of everything we do, we have successfully deepened our relationships with our customers and expanded our customer base across all our businesses **adding 46,000 new customers** in the first quarter of 2024 bringing the total number of **customers to 1.311 million**.

Equally pleasing is that this sound financial performance is underpinned by a clear commitment to excellence. It is a matter of great pride that ADIB has received an upgrade to its Baseline Credit Assessment from Moody's indicating continued stability and improvement in the bank's financial health.

ADIB is fully aligned with the UAE's ambition of sustainable economy including supporting our customers, ensuring a sustainable economic growth and a commitment to sustainable financial practices. Building on this, we have made **significant progress towards our Net Zero journey** by setting carbon emission reduction targets across the highest emitting sectors in our portfolio.

Amid global economic uncertainty, the UAE economy continues to grow, benefiting from strong domestic activity and from foreign inflows of capital. ADIB is uniquely positioned to continue to work towards creating value for all our stakeholders as we aim to become the world's most innovative Islamic bank.”

“Building on our strong foundation, 2024 started with impressive results. We saw consistent growth across all businesses, fueled by strong business performance, disciplined cost management, and a healthy balance sheet with a solid capital and liquidity position.”

Mohamed Abdelbary

Acting Group Chief Executive Officer (GCEO)



1.45bn

Net profit after tax for Q1 2024, up 32%



2.5bn

Revenues for Q1 2024, up 24%



“I am honored to lead ADIB. We are delivering strong progress on our growth strategy and transformation, solidifying our path to sustainable value creation for our shareholders.

We had a very successful start into 2024 as we continued to see healthy underlying growth across all our businesses. Our progress was remarkable across all indicators and was driven by positive business growth, cost and risk discipline, and our ability to maintain a sound balance sheet foundation, including a solid capital position and a very strong liquidity profile.

We generated **record revenue with 24% growth** versus last year, backed by strong growth in business momentum and improved margins led by an efficient funding base and higher yields. **This was complemented by a strong growth in fee income of 40%.**

From a balance sheet perspective, we saw continued organic growth in our businesses as **we grew customer financing by 8%** gaining market share in key segments. This was efficiently funded by adding **AED 19 billion of new deposits** including **growing our Current and Savings accounts by AED 8.5 billion.**

The Cost-to-Income ratio at 30.4% has significantly improved year-on-year reflecting our ability to drive higher income while maintaining cost discipline amid continued investments to drive digitization, further efficiencies and future growth.

On digital, we upgraded our mobile banking app by adding new features and capabilities to our mobile application. Our enhanced digital offerings have led to an increase in the number of digitally active customers **to 80%.**

Asset quality improved with our **Non-Performing asset ratio reaching 5.5%** which is the lowest since Q4 2019 due to active management of legacy portfolio coupled with strong underwriting standards.

Despite an uncertain global economic outlook, we are confident in capturing growth opportunities in 2024 and beyond. Our strong financial position, capital, and liquidity ratios position us well to navigate the environment and deliver continued income momentum across the Group.”

GROUP FINANCIAL REVIEW

> Income statement

AED (Mn)	Q1 2024	Q1 2023	Δ%	Q4 2023	Δ%
Gross revenue from funds	2,666	2,014	+32%	2,566	+4%
Distribution to depositors	(975)	(589)	+66%	(950)	+3%
Net revenue from funds	1,690	1,425	+19%	1,616	+5%
Investment income	326	213	+53%	275	+18%
Fees, commissions income, net	418	300	+40%	577	-28%
Foreign exchange income, net	68	88	-23%	131	-48%
Other income	15	10	+55%	0.1	+20176%
Non-funded income	827	611	+35%	984	-16%
Total operating income	2,517	2,037	+24%	2,599	-3%
Total operating expenses before impairment charge	(765)	(726)	+5%	(876)	-13%
Provision for impairment	(109)	(146)	-25%	(189)	-42%
Profit before zakat and tax	1,643	1,164	+41%	1,534	+7%
Zakat and tax	(192)	(62)	+210%	(33)	+478%
Profit after zakat and tax	1,451	1,102	+32%	1,501	-3%
EPS (AED) – YTD	0.346	0.264	+31%		
Net profit margin – YTD	4.67%	4.35%	+32bps		
Cost to income ratio - YTD	30.4%	35.7%	-5.3ppts		
Cost of risk – YTD	0.38%	0.29%	+9bps		
ROAE – YTD	27.0%	23.4%	+3.5ppts		
ROAA – YTD	3.17%	2.84%	+33bps		

- ▷ **Group net profit after tax grew 32%** in Q1 2024 to **AED 1.45 billion** compared to AED 1.10 billion in Q1 2023 implying earnings per share of AED 0.346.
- ▷ **Net profit before tax** was **AED 1.64 billion**, up **41%** YoY.
- ▷ **Revenues increased by 24%** in Q1 2024 to **AED 2.5 billion** versus AED 2.0 billion in Q1 2023 on strong business volumes and improved margins coupled with strength in fee-based businesses and higher Investment income.
- ▷ **Funded income rose 32%** to reach **AED 1.7 billion** supported by higher volumes and high rates with 11% growth in average earning assets thereby increasing the **net profit margin to 4.67%** as compared to 4.35% in Q1 2023, despite an increase in the cost of funding. ADIB preserves one of the highest margins in the market, supported by one of the lowest cost of funds in the market.
- ▷ **Non-funded income increased by 35%** to **AED 827 million** for Q1 2024 driven by a 53% increase in investment income and 40% increase in fees and commissions. **Non-funded income represents 33% of total income**, underlining the strategic focus on revenue diversification.
- ▷ **Fees and commissions income was up 40%** year-on-year driven mainly by card related fees.
- ▷ Overall revenues were supported by growth in **new customers** of approximately **45,625** during Q1 2024, evidencing ADIB's long-term commitment to its customers and continuous efforts to deliver superior customer service.
- ▷ **Operating expenses** were up by 5% only YoY to AED 765 million demonstrating continued investments in talent and strategic initiatives to support business growth, partially offset by efficiency savings. Despite this, there was an overall improvement in **the cost-to-income ratio** of 5.3 percentage points to 30.4%.
- ▷ **The net impairment charge** for the period **decreased** by **25%** to **AED 109 million**. The **cost of risk** saw a slight increase of 9 basis points to **0.38%**. The provision coverage of non-performing financing (including collaterals) improved by 16.0 percentage points to **144.7%**.

> Balance Sheet

AED (Mn)	31 Mar 2024	31 Mar 2023	Δ%
Cash and balances with central banks	32,459	26,586	+22%
Due from financial institutions	8,584	7,198	+19%
Customer financing, net	116,943	107,274	+9%
Investments	26,271	20,954	+25%
Investment in associates	849	792	+7%
Investment and development properties	1,981	1,988	-0.3%
Other assets	7,561	7,355	+3%
Total assets	194,647	172,147	+13%
Due to financial institutions	3,269	2,938	+11%
Depositors' accounts	160,262	141,756	+13%
Other liabilities	5,265	5,197	+1%
Sukuk financing instrument	1,836	-	+100%
Total liabilities	170,633	149,891	+14%
Share capital	3,632	3,632	-
Retained earnings	9,850	7,823	+26%
Other reserves	4,976	5,198	-4%
Equity attributable to shareholders of the bank	18,458	16,654	+11%
Tier 1 sukuk	4,754	4,754	-
Non - controlling interest	802	847	-5%
Equity attributable to equity holders of the bank	24,014	22,255	+13%
Customer financing, gross	121,433	112,886	+8%
Non-performing financing	6,625	8,710	-24%
NPA ratio	5.5%	7.7%	-2.3ppts
NPA coverage ratio	73.0%	70.8%	+2.3ppts
NPA coverage ratio with collaterals	144.7%	128.7%	+16.0ppts
Risk weighted assets	142,286	122,840	+16%
Common Equity Tier 1 Ratio	12.6%	12.5%	+7bps
Tier 1 Ratio	16.0%	16.4%	-42bps
Capital Adequacy Ratio	17.2%	17.5%	-39bps
Financing to deposit ratio	73.0%	75.7%	-2.7ppts
Advances to stable fund ratio (ASFR)	76.6%	80.3%	-3.7ppts
Eligible Liquid Asset Ratio (ELAR)	20.3%	19.6%	+70bps

- ▷ **Total assets reached AED 194.6 billion** as of 31 March 2024, an **increase of 13%** from 31 March 2023, driven mainly by a growth in net financing, growth in cash and balances with central bank, and growth of the investment portfolio.
- ▷ **Gross customer financing increased 8%** to **AED 121.4 billion** from growth in retail financing portfolios and wholesale financing across government and public sector enterprises reflecting our ability to gain market share across different segments.
- ▷ The bank's **investment portfolio increased 25%** on 31 March 2024 to **AED 26.3 billion**.
- ▷ **Customer deposits** amounted to **AED 160.3 billion** as of 31 March 2024, **up 13%** from 31 March 2023 as CASA deposits increased by **9%** to **AED 105.5 billion** comprising **66%** of total customer deposits.
- ▷ **Non-performing financing totaled AED 6.6 billion** as of 31 March 2024 compared to AED 8.7 billion as of 31 March 2023.
- ▷ Non-performing financing ratio **improved to 5.5%** versus 7.7% as of 31 March 2023.
- ▷ ADIB continued to maintain a **healthy liquidity position** with an **advance to stable funding ratio** at **76.6%** compared with 80.3% on 31 March 2023, while the **eligible liquid asset ratio** was **20.3%** as of 31 March 2024 versus 19.6% at 31 March 2023.
- ▷ The bank **further strengthens its capital position** with the **Common Equity Tier 1 ratio** at **12.62%**, as compared to 12.55% as of 31 March 2023 on the back of strong earnings and ongoing optimization initiatives. **Capital adequacy ratio** of **17.15%** as of 31 March 2024, exceeding regulatory requirements prescribed by the UAE Central Bank.

Strategy

Strategy

ADIB Strategy defined the bank's renewed purpose of becoming a lifelong partner for our clients, community, and colleagues. Furthermore, ADIB's vision was revamped to be the world's most innovative Islamic bank.

The bank has delivered the below strategic initiatives under the 4 strategic pillars:

Continuous Innovation

ADIB launched various products that enabled a growth in market share and continue to drive innovation to better serve our customers.

- ▷ **Istiqrar:** ADIB launched UAE's first long-term, fixed-rate home finance. This unique product offers customers a consistent, fixed monthly instalment throughout the chosen tenor rate, eliminating any variations or fluctuations.
- ▷ **Cashback Card:** ADIB launched its new Cashback Visa Covered Card signifying an expanded role for cards in the bank's retail strategy. The new card is considered one of the industry's best cashback cards and offers customers the opportunity to earn 4% cash rewards when they use the card across a wide range of daily spending categories.
- ▷ **Digital SME Instant Account Opening:** ADIB became the first bank in the UAE to provide small and medium-sized enterprises (SMEs) with convenient remote account opening services through a mobile app by deploying Emirates Face Recognition (EFR) technology. This new feature allows businesses to apply for a business account without the need to visit a branch or submit physical documents or signatures. Through this technology, ADIB can perform highly secure identity verification before opening a new account for businesses in less than 24 business hours.
- ▷ **Salary cash cashback:** ADIB launched a unique campaign that rewards customers for consolidating their banking with ADIB. The first-of-its-kind campaign rewards customers with a one-time bonus of 100% of their monthly salary when they transfer their finance (personal or home finance) and salary to ADIB and obtain one of the ADIB Covered Cards, such as Emirates Skywards, Etihad Guest, Etisalat Gold, Platinum & Signature, or Cashback cards.
- ▷ **Exceed loyalty program:** ADIB launched "EXCEED", a new digital reward program that rewards customers for their loyalty to the bank. Customers will receive Exceed Rewards into their mobile bank application, which can be instantly redeemed via the Mobile App for utility payments, e-com vouchers, retail vouchers, flight purchases and more.
- ▷ **Business Souq:** ADIB Business Souq, an innovative digital marketplace designed to provide comprehensive support to Small and Medium-sized Enterprises (SMEs). This all-in-one digital platform aims to significantly reduce the cost of doing business by offering a wide range of exclusive offers and discounts.

Segment Focused

ADIB continued to build on its existing strength in the Emirati retail segment while attracting and developing new business segments where the bank can grow profitably. In Q1 2024, we were able to grow market share and strengthened our relationship with our customers by enhancing new offerings and strategic partnerships.

- ▷ ADIB launched propositions that support Emirati customers across all financial stages in their lives and **welcomed approximately 15,000 new Emirati customers**.
- ▷ ADIB continued to underpin its market leadership in the Emirati retail segment growing **its market share to 15%**.
- ▷ ADIB continued to grow its wholesale banking portfolio with a focus on GREs and large corporates.
- ▷ ADIB expanded beyond UAE with banking services for selected top-tier names in GCC markets.

Digital excellence

Digital remains at the heart of ADIB's 2025 strategy, and the bank strives to become a digital-first financial institution. We are digitizing at scale, investing in technology and operational capabilities to drive productivity and efficiency across the business.

- ▷ The number of digitally active customers has increased steadily over the past year. **Currently 80% customers are digitally active**.
- ▷ ADIB's mobile app is top ranked on the UAE App store.
- ▷ 54 New features were added to the Mobile app to help increase customer usage and adoption – these include IPO subscription, push notification, Consumer Protection Rights, and additional security features for transfers.

Sustainable Future

- ▷ ADIB is a regional sustainability leader (MSCI ESG rating of 'A'), and a constituent of MSCI ESG Leaders index.
- ▷ ADIB finalized its sustainability and ESG frameworks.
- ▷ ADIB continued to play a crucial role in helping to deliver the region's sustainable finance agenda facilitating new sustainable projects.
- ▷ ADIB has achieved an upgrade to its environmental, social, and governance (ESG) risk score by Sustainalytics, one of the world's leading ESG rating agencies. ADIB's overall Sustainalytics ESG risk score has improved from 34.25 in 2022 to **29.6 in 2023**.
- ▷ ADIB leads the way in Emiratization by significantly investing in upskilling, reskilling, and developing Emiratis through international training and development programs.
- ▷ ADIB launches its Electric Vehicle Finance program "VOLT", with a highly competitive financing rate of 1.79%, the lowest in the industry for new cars (EVs).
- ▷ ADIB made **significant progress towards our Net Zero journey** by setting carbon emission reduction targets across the highest emitting sectors in our portfolio.

Awards List

Awards	Categories
Sheikh Khalifa Excellence Awards	Diamond Category
MEED MENA Banking Excellence Awards 2023	MENA Islamic Finance Bank of the Year
Global Finance	Best bank for transition/sustainability linked bonds in the Middle East
Global finance	Best Bank in the UAE
Global Finance	Safest Islamic Bank Globally
Global Finance	Best Islamic bank in the UAE and Egypt
Digital Banker	Best Islamic Retail Bank
EMEA	Best Islamic bank in the UAE
Global Finance	Best Islamic bank for ESG
Banker FT	Best Private Bank service in UAE

About ADIB

ADIB is a leading bank in the UAE with AED 195 billion in assets. The bank also offers world-class online, mobile and phone banking services, providing clients with seamless digital access to their accounts 24 hours a day. ADIB provides Retail, Corporate, Business, Private Banking and Wealth Management Solutions. The bank was established in 1997 and its shares are traded on the Abu Dhabi Securities Exchange (ADX).

ADIB has a strong presence in six strategic markets: Egypt, where it has 70 branches, the Kingdom of Saudi Arabia, the United Kingdom, Sudan, Qatar, and Iraq.

Named **World's Best Islamic Bank by The Financial Times** - The Banker publication, ADIB has a rich track record of innovation, including introducing the award-winning Ghina savings account, award-winning co-branded cards with Emirates airlines, Etihad and Etisalat and a wide range of financing products.

ADIB Investor relations Mobile application

Please download the ADIB Investor relations dedicated mobile app available on both Apple and Google play stores. The application will keep you up to date with the latest developments - from latest share prices and press releases to investor days, financial results, and our document library. You can view stock exchange announcements, presentations, annual and quarterly reports, and interact with key data onscreen.





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