

# 9M 2022 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 26 October 2022

ADIB IR Website



IR App Download link:



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# Key Highlights

9M 2022 Earnings Presentation

## = Key Highlights

ADIB recorded its best quarter ever crossing AED 1 billion mark in net income driven by improved revenues and strong asset growth

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- = 53% YoY increase in net income to AED 2.45 billion for the first 9 months of 2022
- = Revenue up 10% to AED 4.5 billion driven by 22% growth in fees and commissions and 10% growth in funded income
- = ROE improving 6.6 percentage points to reach 19.6%
- = Cost to income ratio improved 4.6 percentage points to 37.6% helped by revenue growth and effective cost control strategy
- = 10% YoY asset growth driven by 16% growth in customers financing
- = 11% YoY deposits growth with CASA improving 8%
- = Robust capital position with a CET1 of 12.8%

# Executing ADIB Strategy

9M 2022 Earnings Presentation

## = ADIB Strategy 2025

ADIB has launched strategy 2025 with a renewed purpose and vision

= Purpose

**Lifelong partner** for customers, colleagues and community

= Vision

The world's **most innovative Islamic bank**

▶ 4-Pillar Strategy



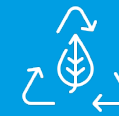
Continuous  
Innovation



Segment  
Focused









Digital  
Excellence



Sustainable  
Future

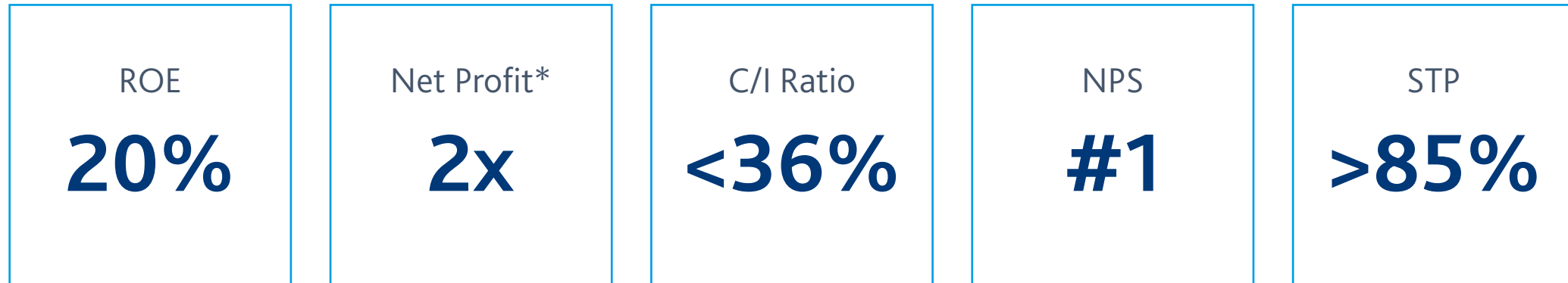
# = Update on Strategy Progress

ADIB continues to deliver on its strategy in 9M 2022

<b>Continuous Innovation</b>	Key product launches <ul style="list-style-type: none"> <li>• Yosr salary advance</li> <li>• Small business finance to support SME</li> <li>• Government payment services</li> <li>• Easy instalment plan</li> </ul>	Amwali Youth Account  <b>8,000</b> Accounts	Asset Management  <b>\$154 mn</b> Global Sukuk Fund	Payment Service  <b>AED 3.9 mn</b> Revenue	
<b>Segment Focused</b>	UAE Nationals  <b>+40,000</b> New to bank UAE Nationals	Grow wholesale banking  <b>+20%</b> Financing growth YoY	Retail sales  <b>+23%</b> Asset growth YoY	Attract new customers  <b>+93,000</b> New customers	Deepen relationships  <b>1.50</b> Cross-sell Ratio
<b>Digital Excellence</b>	Digitize processes  <b>86%</b> Overall STP	Digitize channels  <b>99%</b> Payments: Volumes received from Mobile App & Online Channels  <b>37%</b> Personal finance	Automate processes   <b>69 bots</b>	Leverage digital channels  <b>4.70/5</b> ★★★★★ AppStore rating <b>4.54/5</b> ★★★★★ Google Play rating	Paperless strategy:   <b>2m</b> Papers Saved (2021)
<b>Sustainable Future</b>	Leader in financial conduct    1 <sup>st</sup> ESG report GRI accreditation	Employer of choice   <b>78%</b> Employee engagement index	Best customer experience  <b>#1</b> Number 1 bank NPS in UAE: 78% 		

# = ADIB Strategy 2025 Strategic Targets

A commitment to driving value



\*Strategy formulated in 2020



# Financial Performance

9M 2022 Earnings Presentation

## = Financial Performance Highlights

ADIB delivers AED 2.5 billion in net income higher than 2021 full year net income

### = Strong YoY Growth in Profitability

**2.5bn**

Net Income

**+53%**



**4.5bn**

Revenues

**+10%**



**1.7bn**

Expenses

**-2%**



### = Solid Balance Sheet Growth YTD

**147bn**

Total Assets

**+8%**



**103bn**

Gross Customer Financing

**+11%**



**119bn**

Deposits

**+8%**



### = Robust Capital Position and Strong Return

**17.9%**

CAR

**-157bps**



**19.6%**

Return on Equity

**+660bps**



**37.6%**

Cost to Income Ratio

**-463bps**



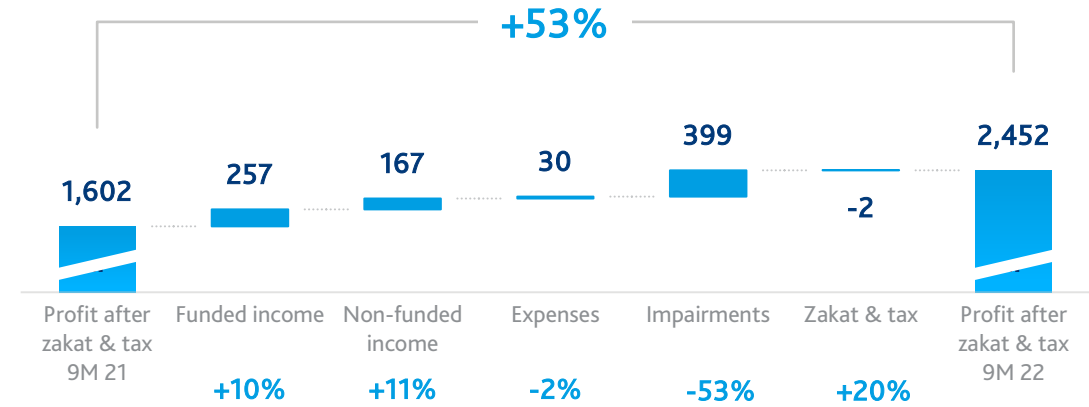
## = Income Statement

53% growth in profitability underscored by positive increases in our assets, gross financing and revenue

### = Net Income (AEDmn)



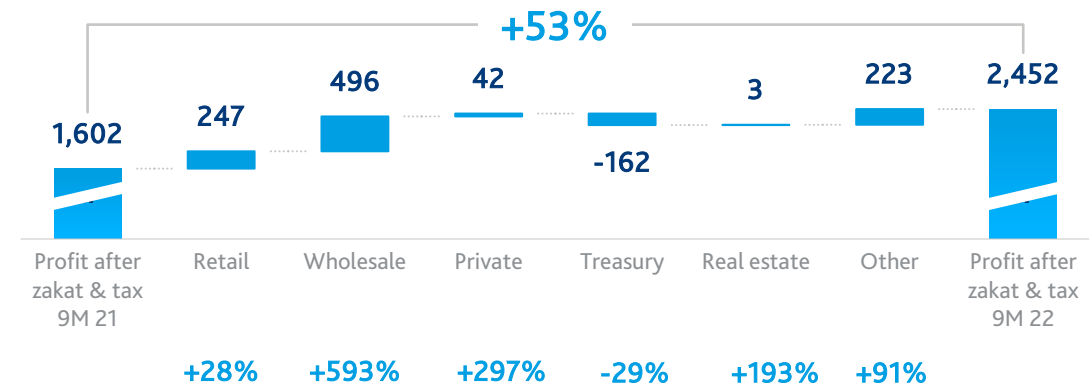
### = Net Income Movement YoY (AEDmn)



### = Income Statement Highlights

AED (mn)	9M 2022	9M 2021	Δ%	3Q 2022	3Q 2021	Δ%
Funded income	2,802	2,545	+10%	1,132	957	+18%
Non-funded income	1,715	1,548	+11%	546	491	+11%
<b>Revenues</b>	<b>4,516</b>	<b>4,093</b>	<b>+10%</b>	<b>1,678</b>	<b>1,448</b>	<b>+16%</b>
Operating expenses	(1,699)	(1,729)	-2%	(539)	(567)	-5%
Provision for impairment	(352)	(751)	-53%	(125)	(384)	-67%
<b>Net Income after zakat and income tax</b>	<b>2,452</b>	<b>1,602</b>	<b>+53%</b>	<b>1,010</b>	<b>493</b>	<b>+105%</b>

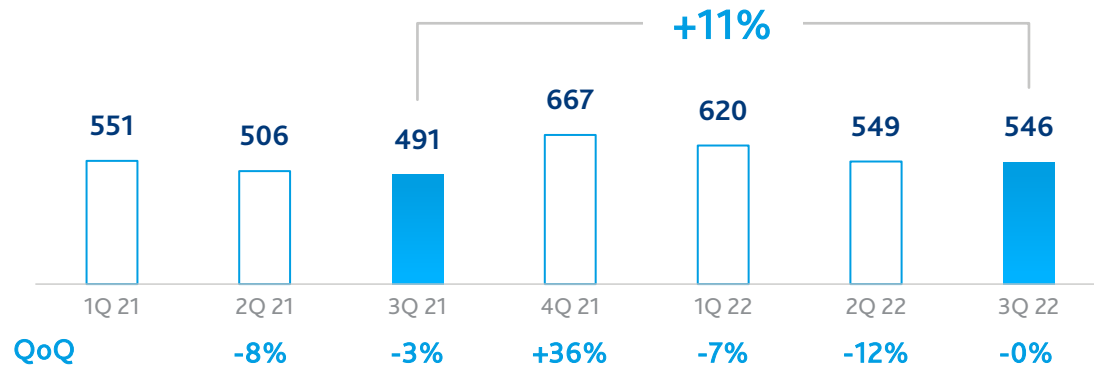
### = Net Income Movement by Segment YoY (AEDmn)



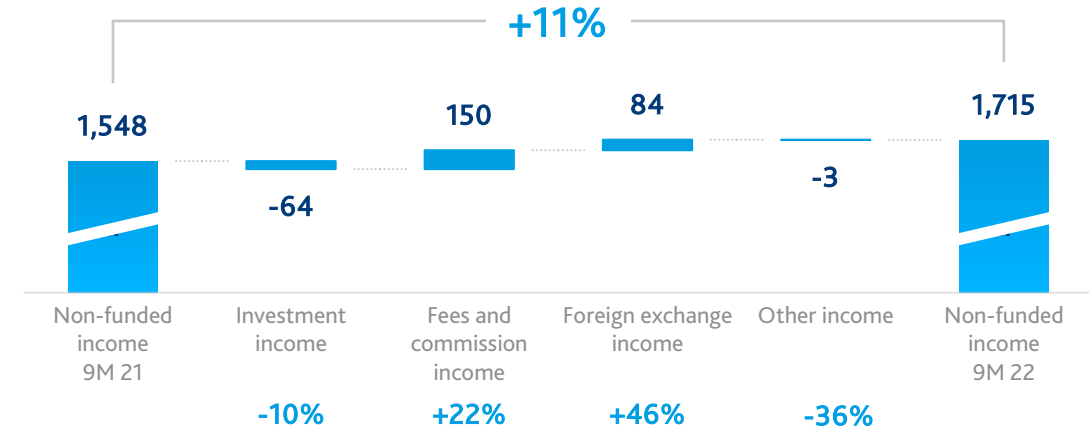
## = Non-Funded Income

Robust fee generation drives 11% YoY growth in non-funded income

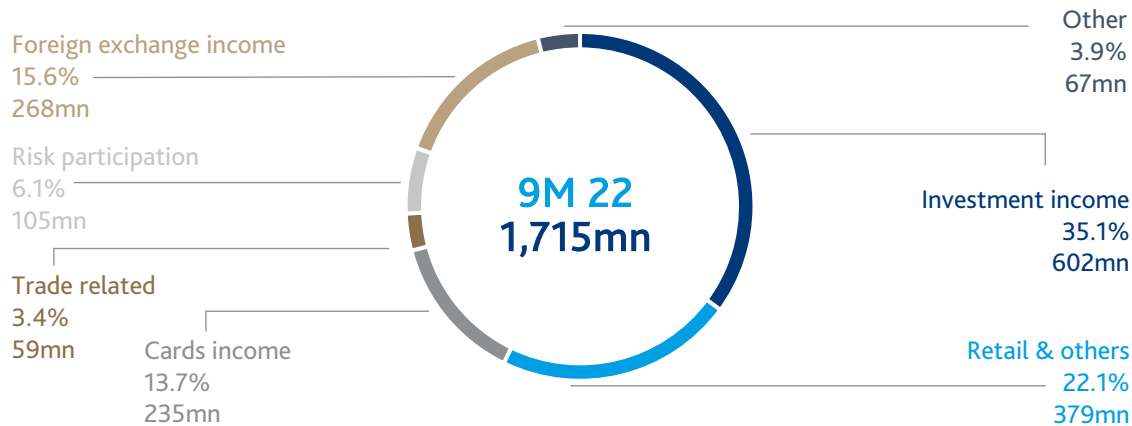
### = Non-Funded Income (AEDmn)



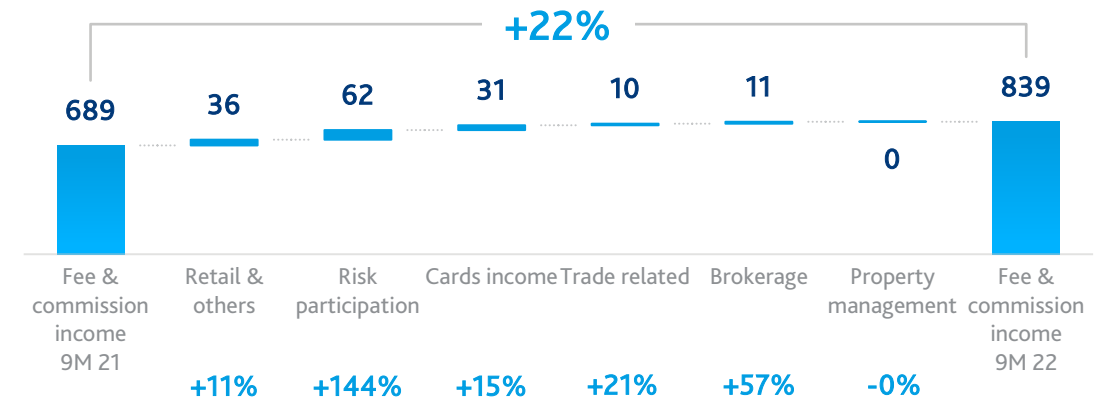
### = Non-Funded Income Movement YoY (AEDmn)



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



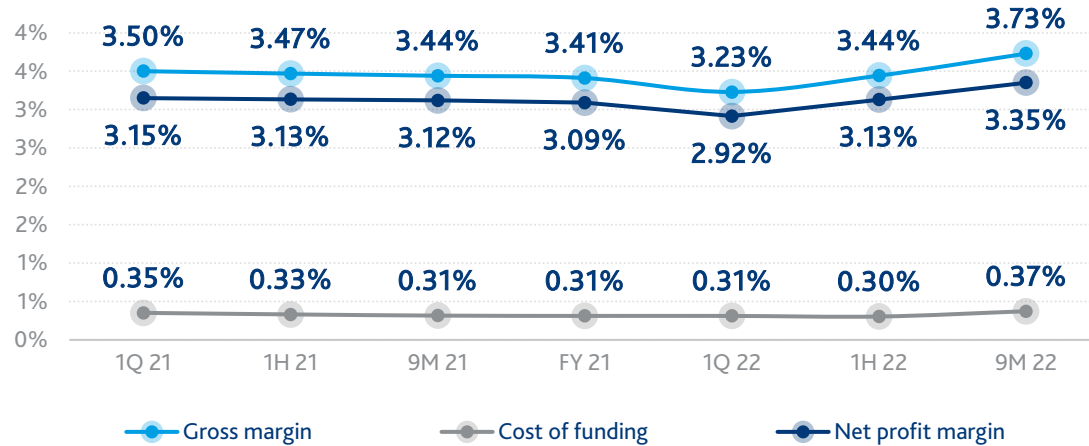
### = Fee & Commission Income Movement YoY (AEDmn)



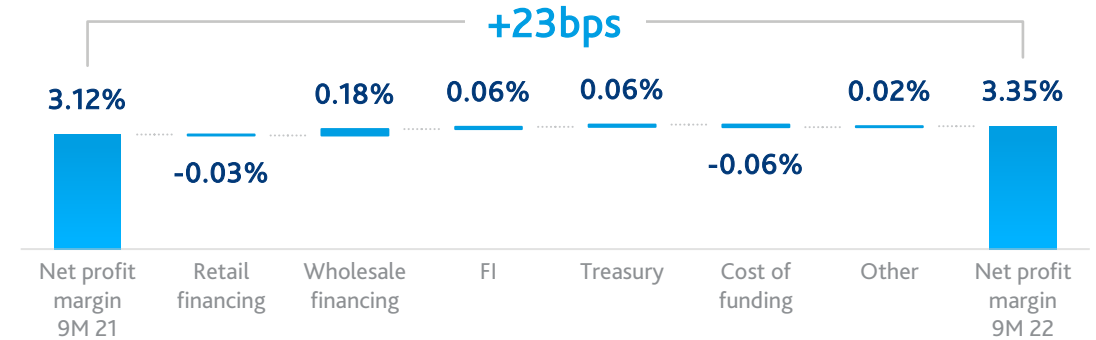
## = Funded Income

Net profit margin saw a 23bps increase from 1H 2022 reflecting higher rates and stronger volumes

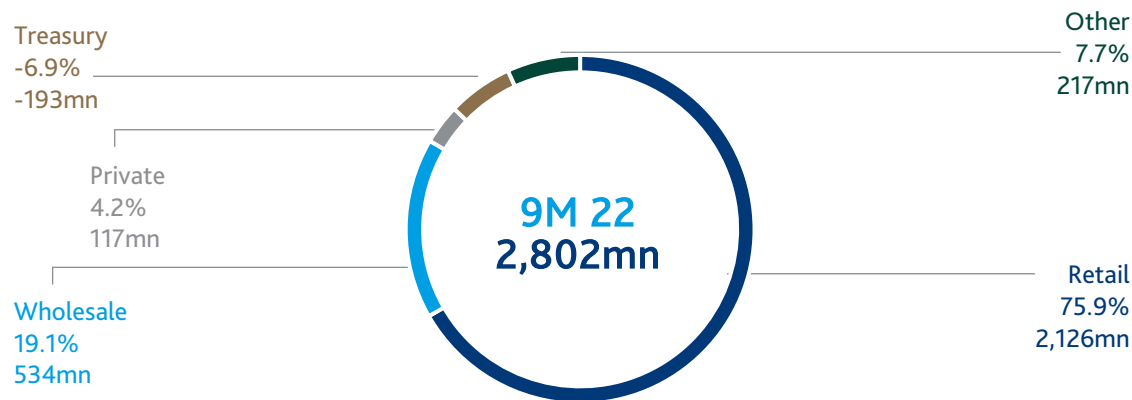
### = Net Profit Margin (%)



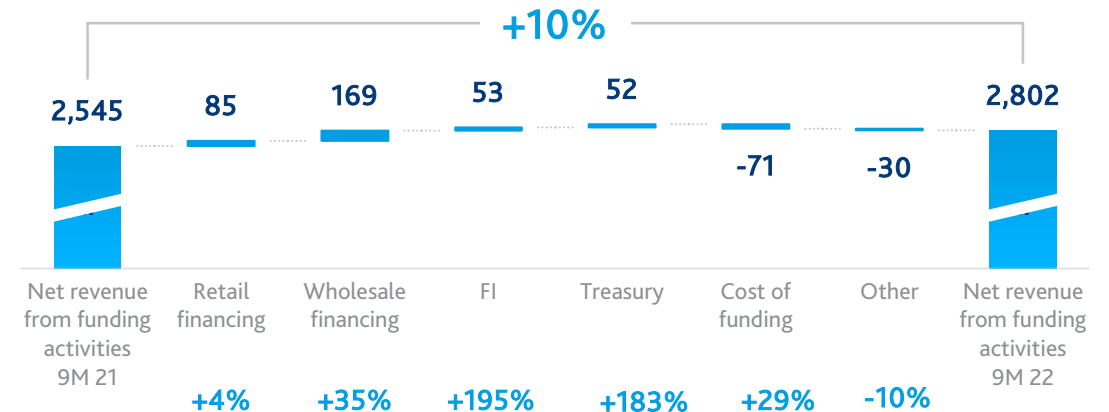
### = Net Profit Margin Movement YoY (%)



### = Funded Income Composition (AEDmn)



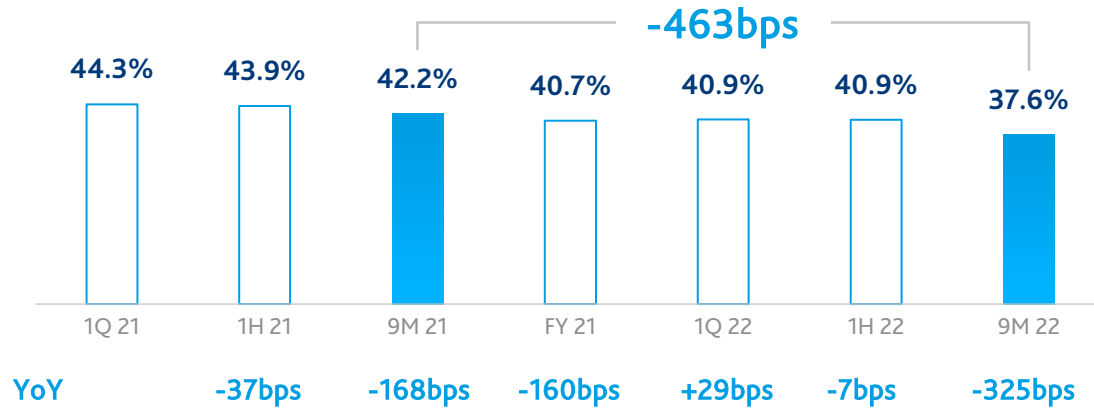
### = Net Revenue from Funding Activities Movement YoY (AEDmn)



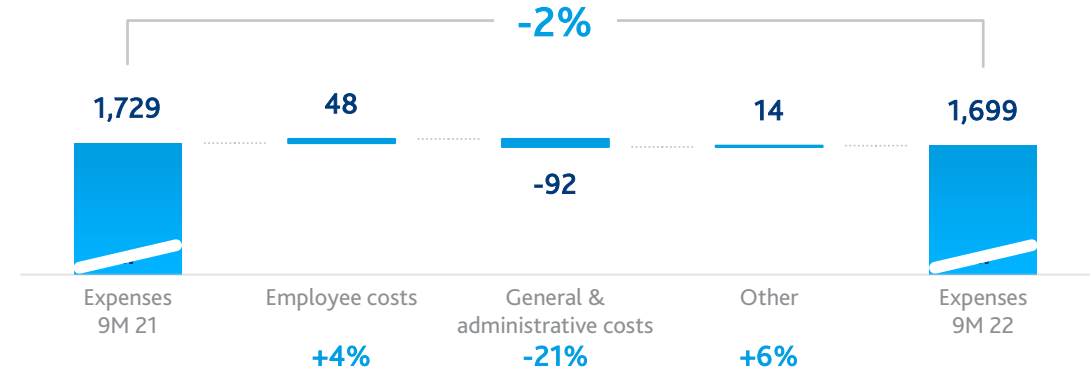
## = Operating Expenses

Cost to income ratio improved to 37.6% helped by revenue growth and effective cost control strategy

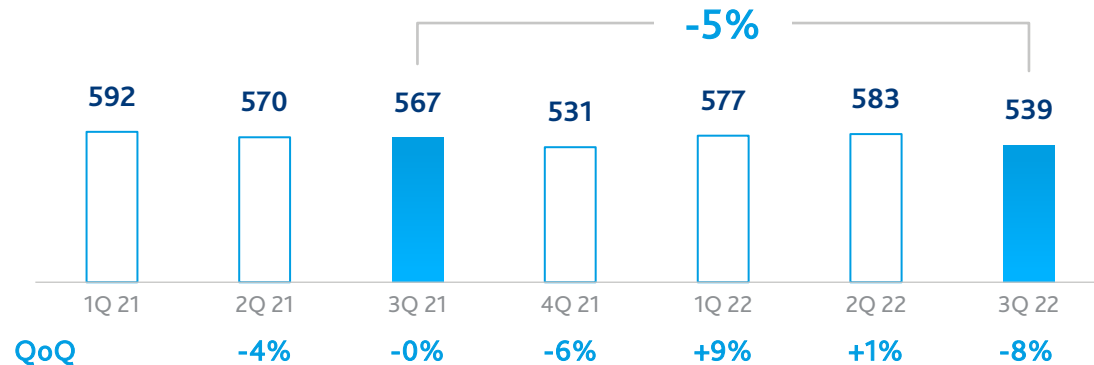
### = Cost To Income Ratio (%)



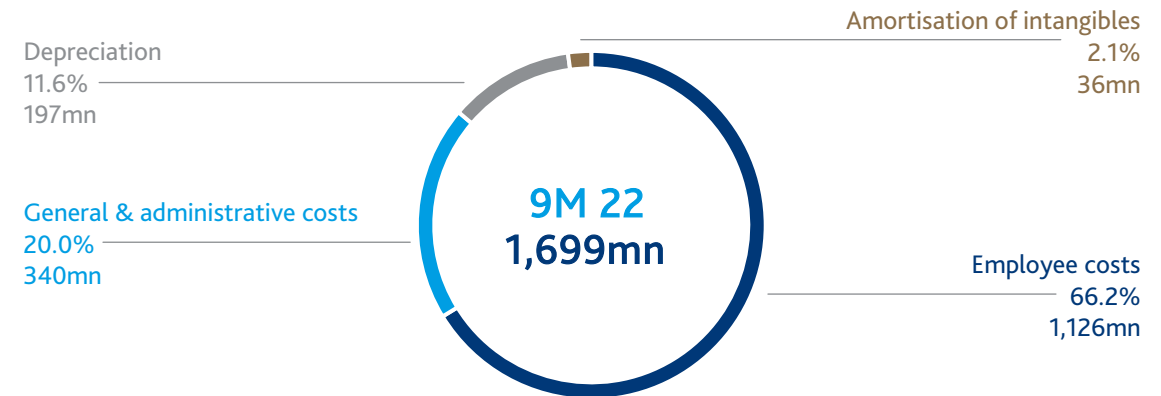
### = Expenses Movement YoY (AEDmn)



### = Expenses (AEDmn)



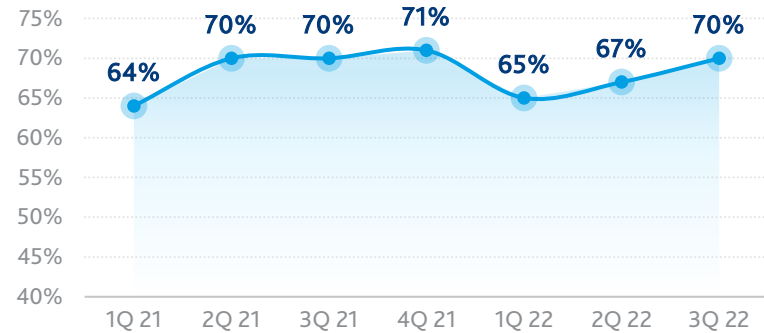
### = Expenses Composition (%)



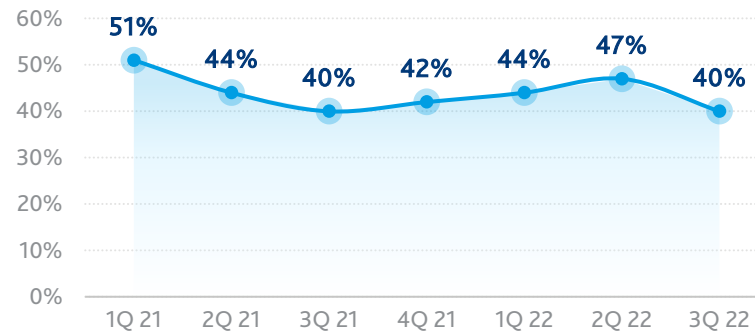
# = Digital Banking

Progress made on ADIB's digital strategy is reflected in UAE's highest customer ratings and other key digital metrics.

## = Digitally Active Customers (%)

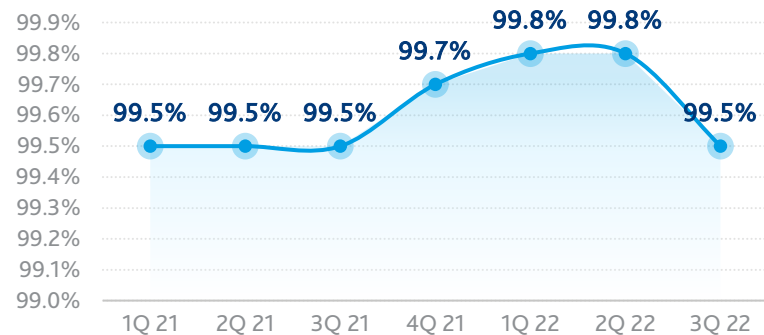


## = Digital Sales (% of Total)

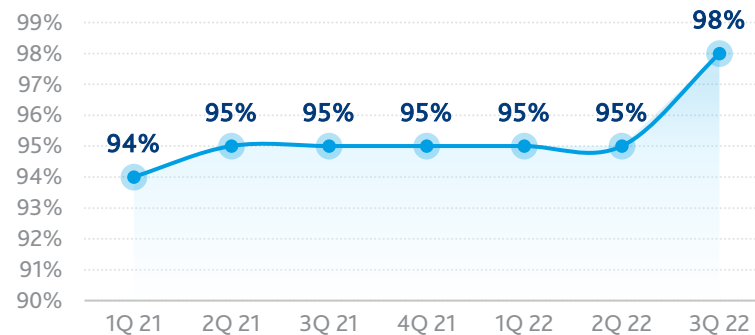


- 22 ITM machines deployed across the network
- Fully digital application process for cards, personal finance and account opening
- Launched 1<sup>st</sup> open API platform
- Enabled digital IPO subscription
- Launched Amwali – 1<sup>st</sup> digital Islamic proposition for youth
- New features added to mobile app including push notifications

## = Digital Transfers (%)



## = Straight Through Processing (%)

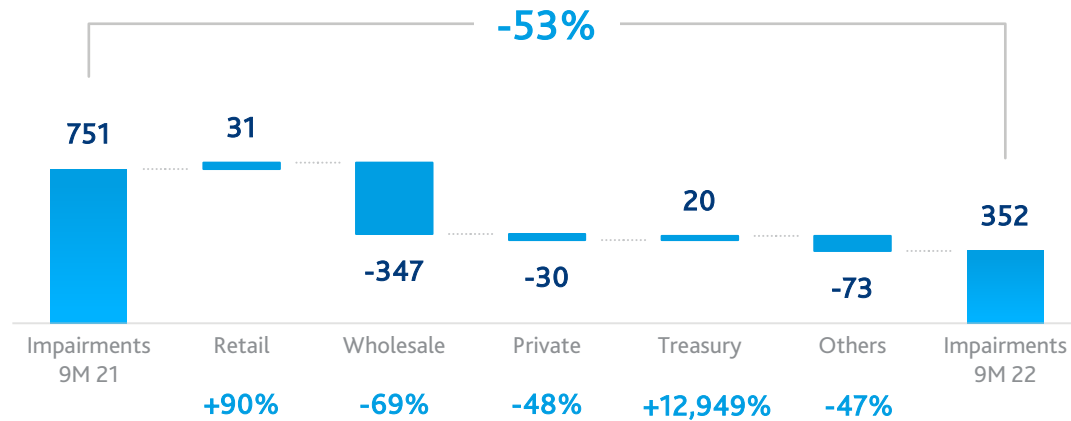


- Facial recognition account opening
- Auto Wealth management portal
- Partnership with UTC platform on Blockchain transaction
- Digital remote sales
- Analytics Center of Excellence

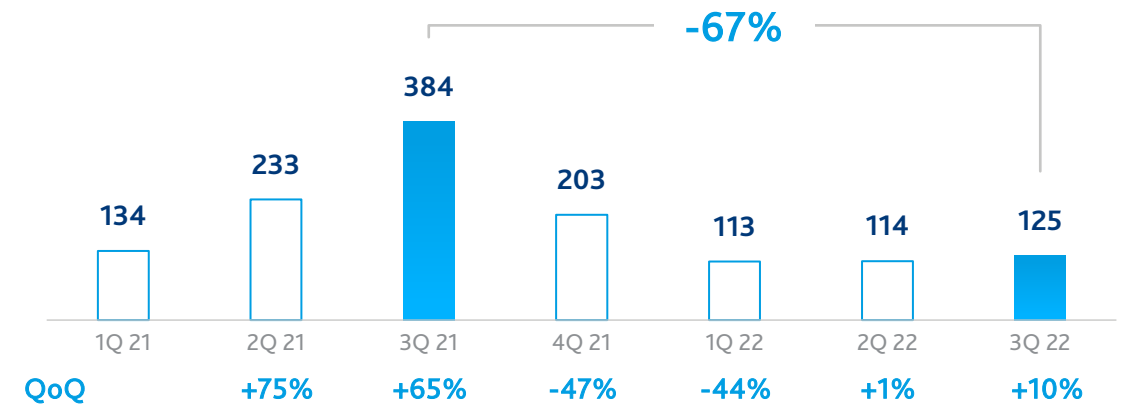
## = Impairments

A 53% decline in impairments and 72bps decline in cost of risk YoY due to an improved economic outlook

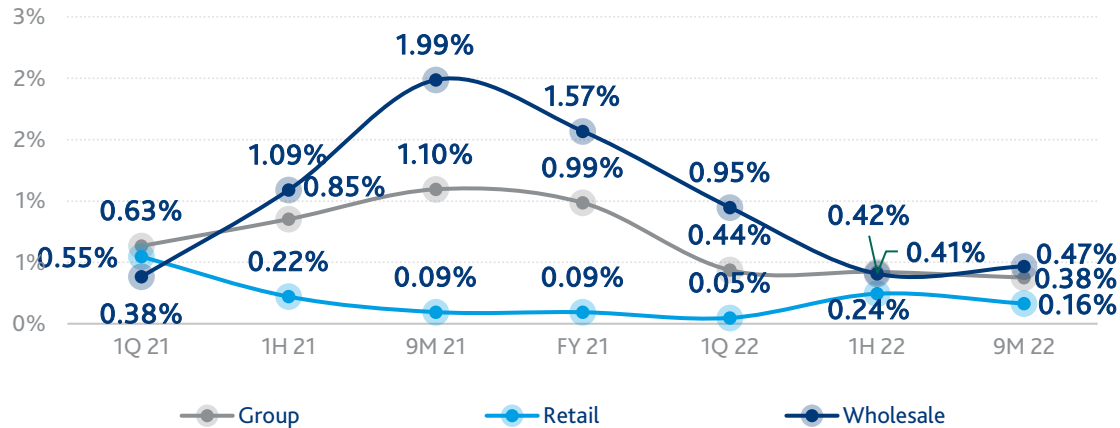
### = Impairments Movement YoY (AEDmn)



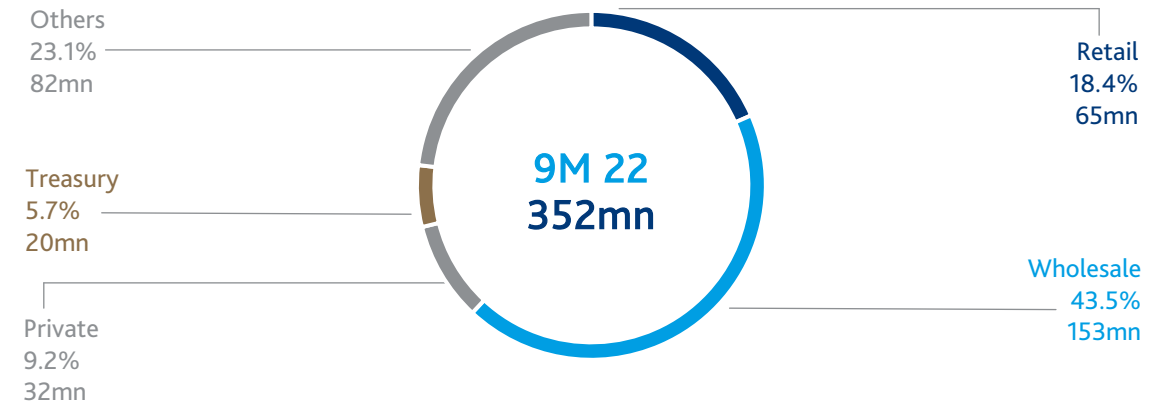
### = Impairments (AEDmn)



### = Cost Of Risk (%)



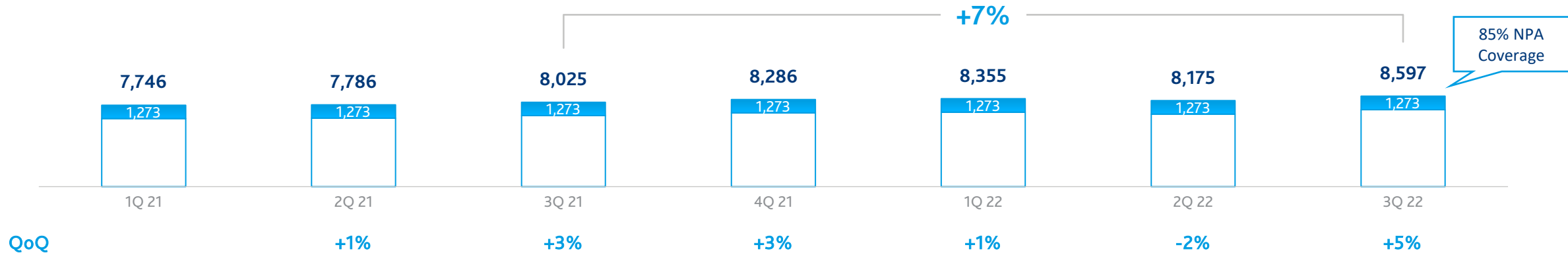
### = Impairments Composition (%)



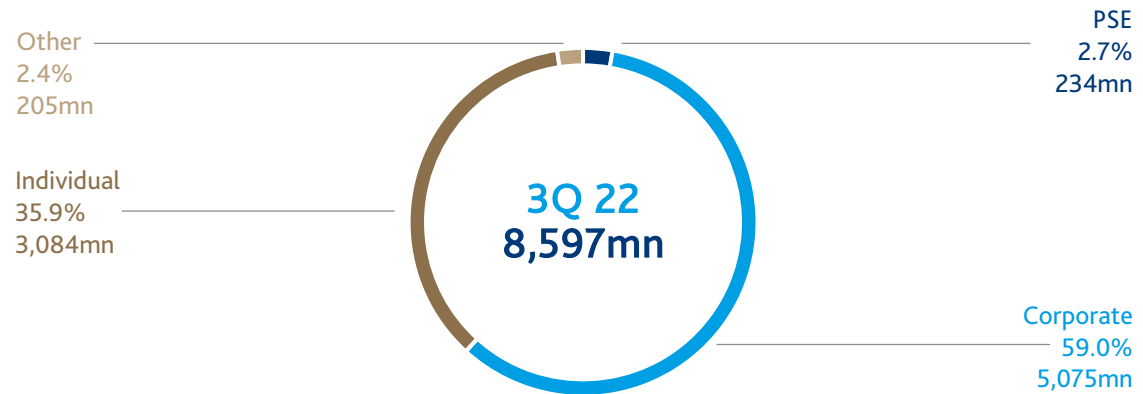


# = Non-Performing Financing

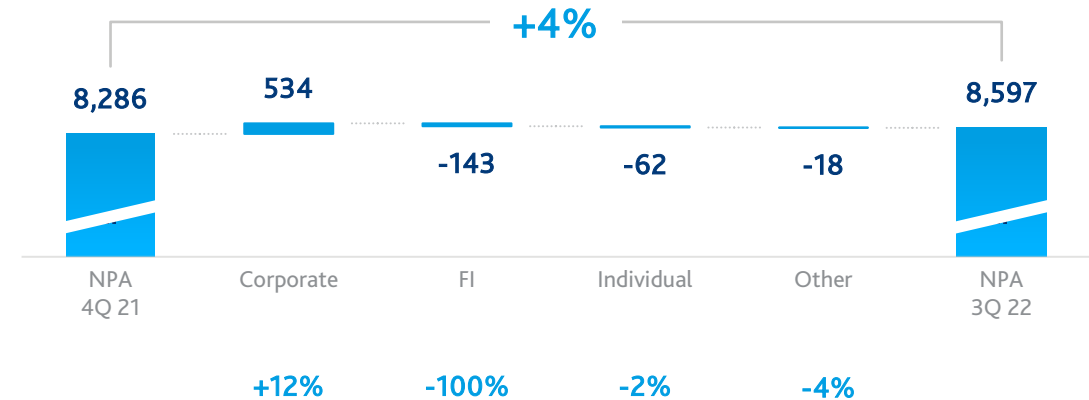
= NPA (AEDmn) ■ NMC Group



= NPA Composition by Sector (%)



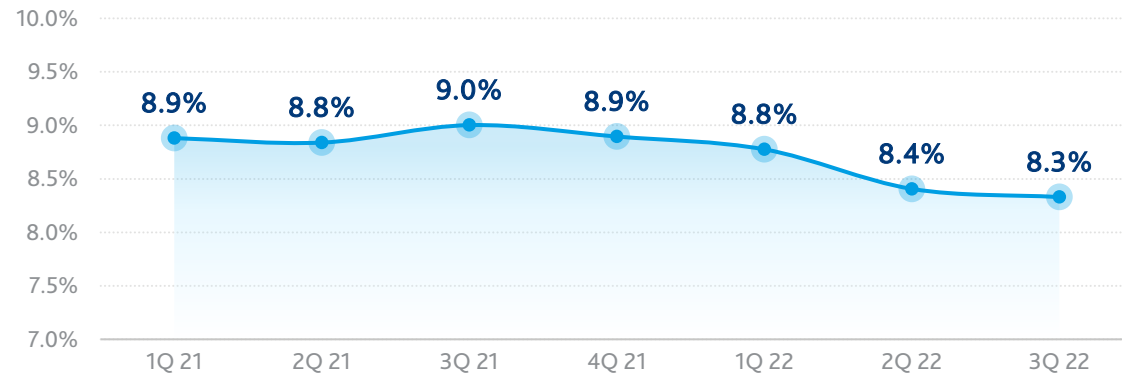
NPA Movement YTD (AEDmn)



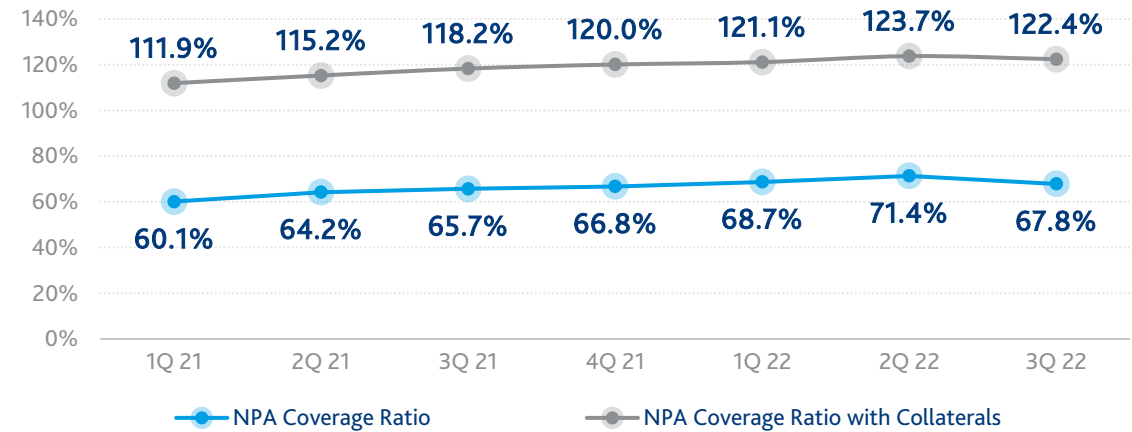
## = Non-Performing Financing

NPA ratio and coverage ratio stabilizing with improved economic environment

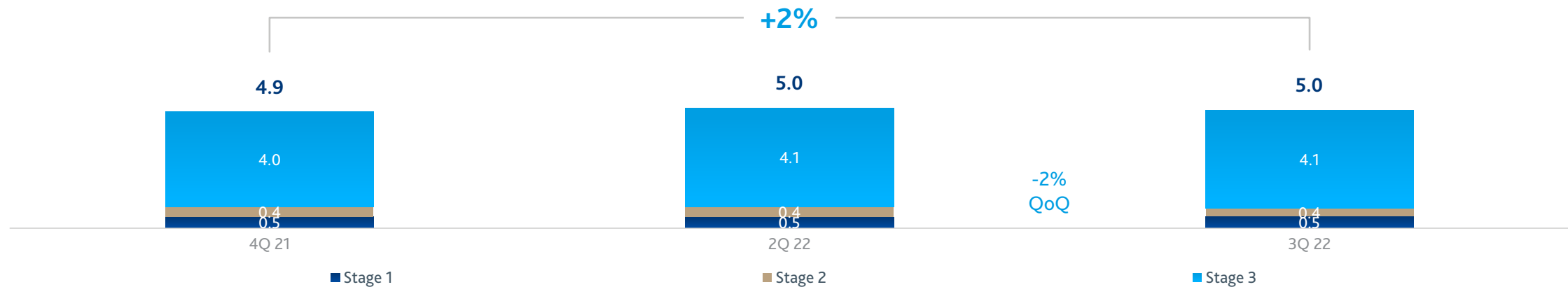
### = NPA Ratio (%)



### = NPA Coverage Ratio (%)



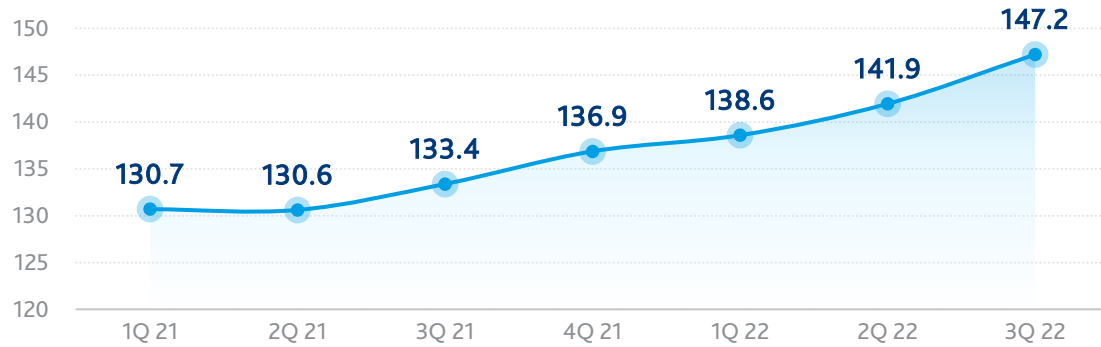
### = ECL by Stage (AEDbn)



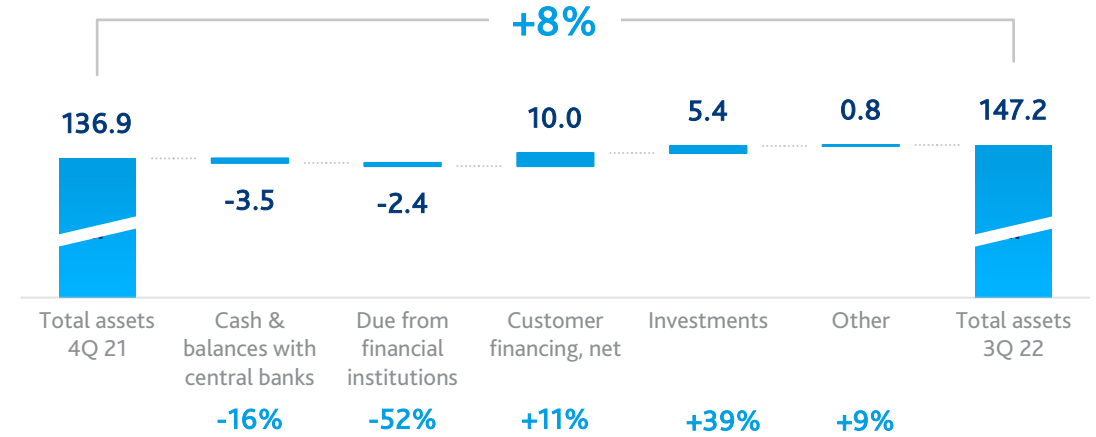
## = Balance Sheet

ADIB reported 8% YTD growth in total assets

### = Total Assets (AEDbn)



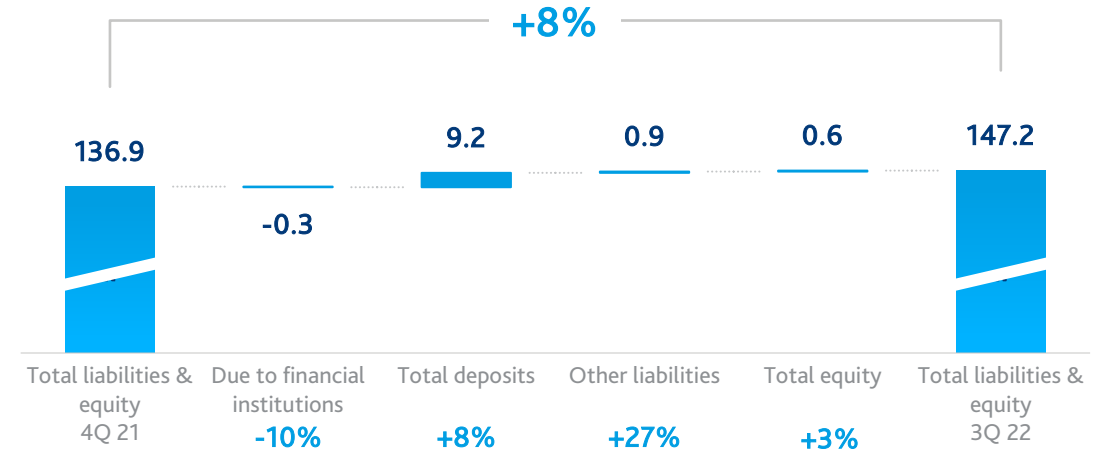
### = Total Assets Movement YTD (AEDbn)



### = Balance Sheet Highlights

AED (mn)	3Q 2022	2Q 2022	Δ%	4Q 2021	Δ%
Customer financing, net	98,240	92,190	+7%	88,252	+11%
Investments	19,072	18,572	+3%	13,691	+39%
<b>Total assets</b>	<b>147,209</b>	<b>141,944</b>	<b>+4%</b>	<b>136,868</b>	<b>+8%</b>
Total Deposits	118,823	115,188	+3%	109,611	+8%
<b>Total liabilities</b>	<b>126,036</b>	<b>121,541</b>	<b>+4%</b>	<b>116,309</b>	<b>+8%</b>
<b>Total equity</b>	<b>21,173</b>	<b>20,404</b>	<b>+4%</b>	<b>20,559</b>	<b>+3%</b>

### = Funding Movement YTD (AEDbn)



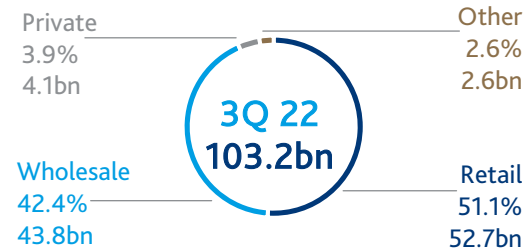
# = Customer Financing

...with 11% YTD customer financing growth driven mainly by strong volumes from Capital and Retail...

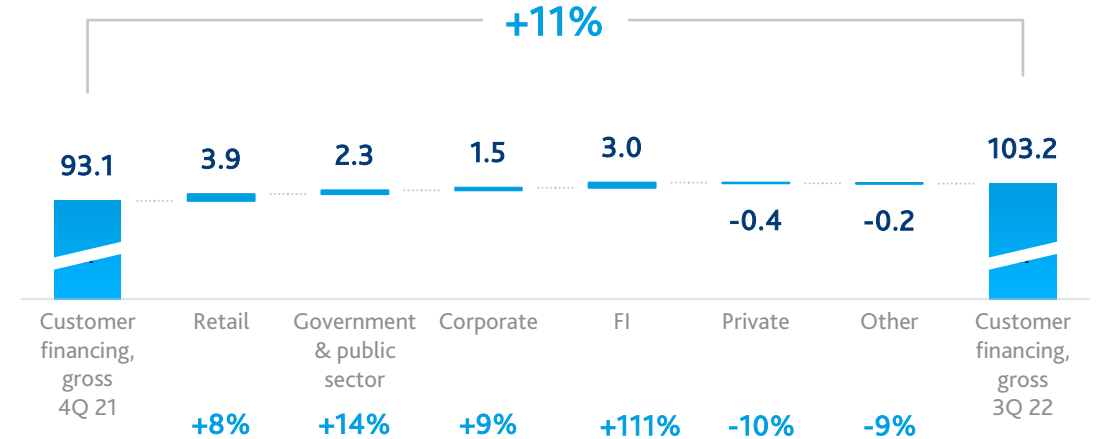
= Customer Financing, Net (AEDbn)



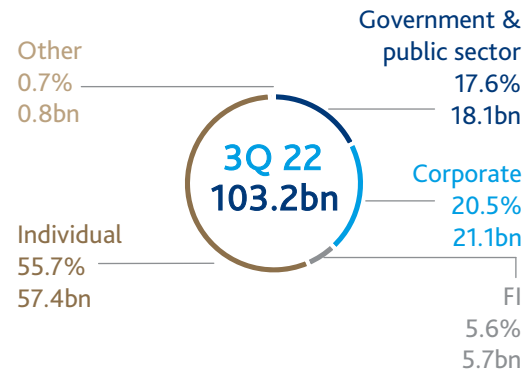
= Customer Financing, Gross by Segment (%)



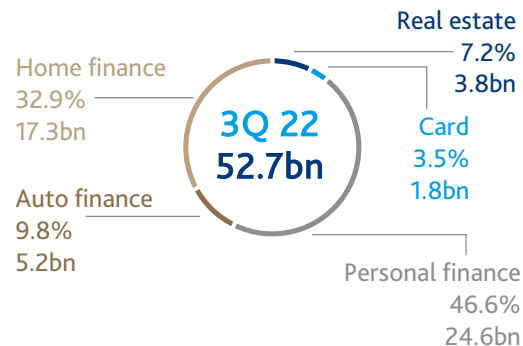
= Customer Financing, Gross Movement YTD (AEDbn)



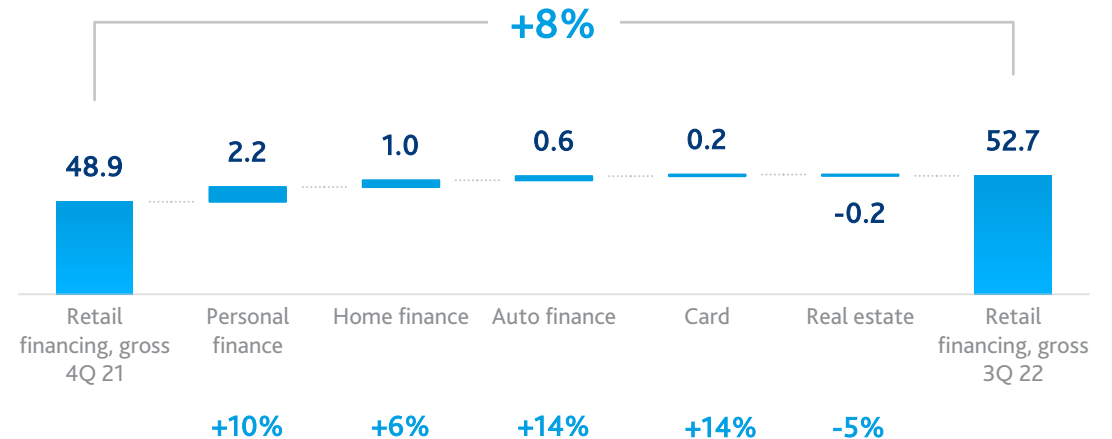
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



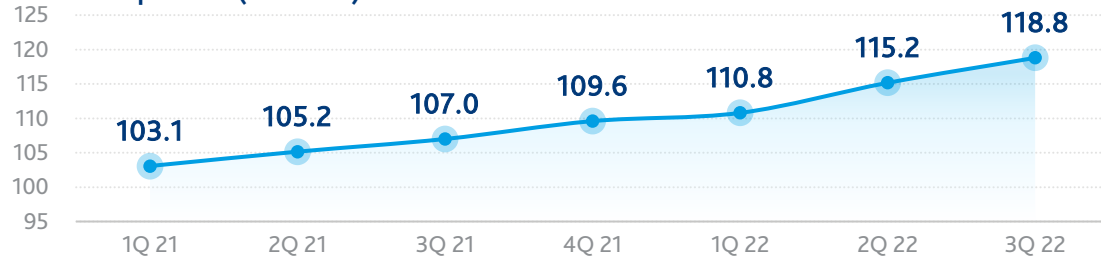
= Retail Financing, Gross Movement YTD (AEDbn)



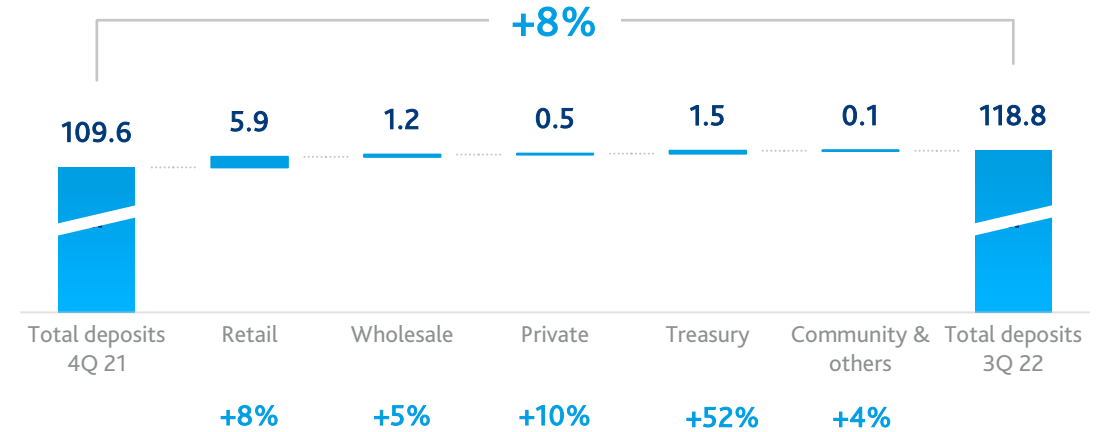
# = Customer Deposits

...8% YTD deposit growth with CASA comprising 74% of total customer deposits

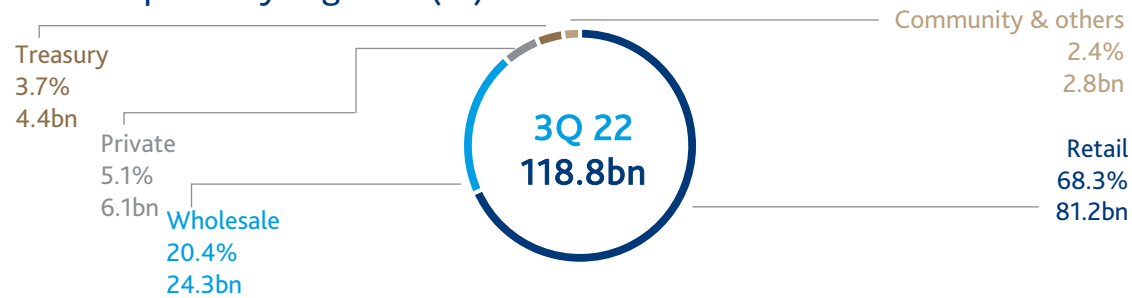
## = Total Deposits (AEDbn)



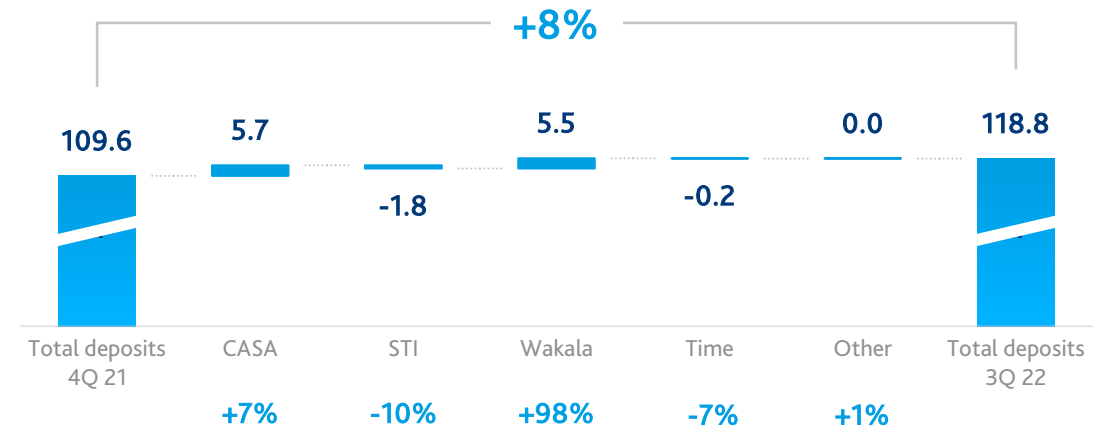
## = Total Deposits Movement by Segment YTD (AEDbn)



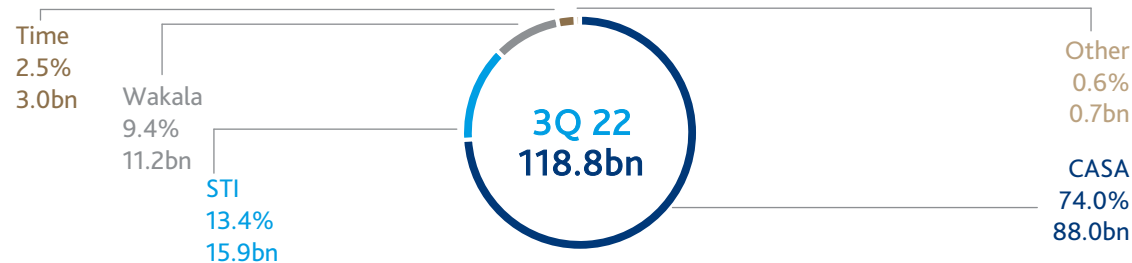
## = Total Deposits by Segment (%)



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



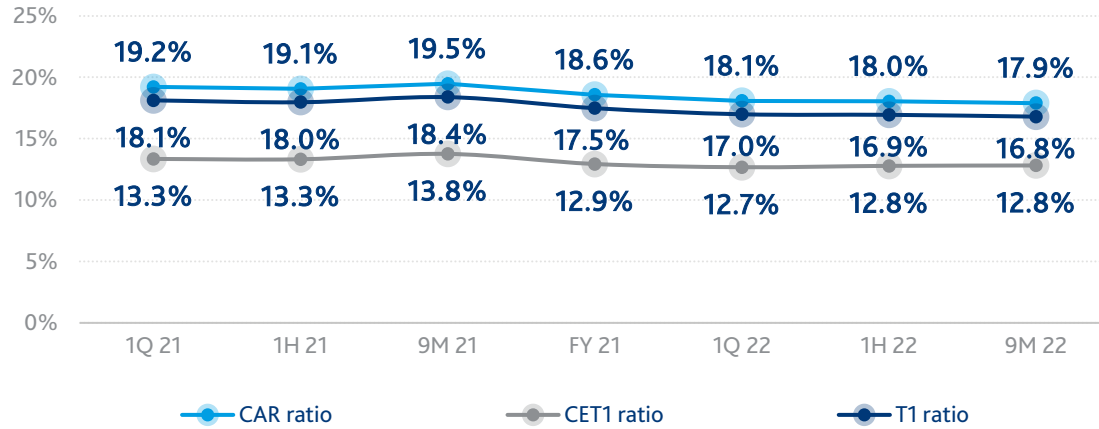
## = Total Deposits by Type (%)



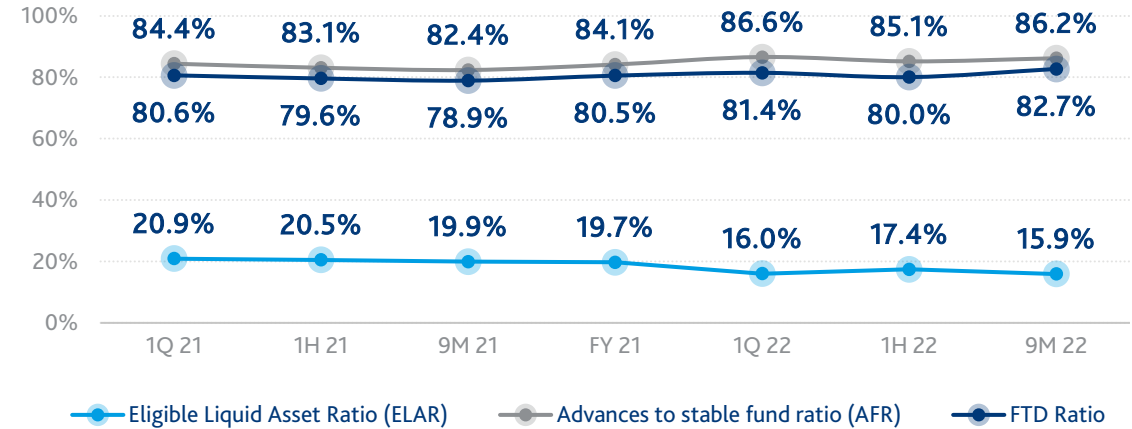
# = Capital and Liquidity

Robust capitalization and liquidity positions, well within regulatory requirements

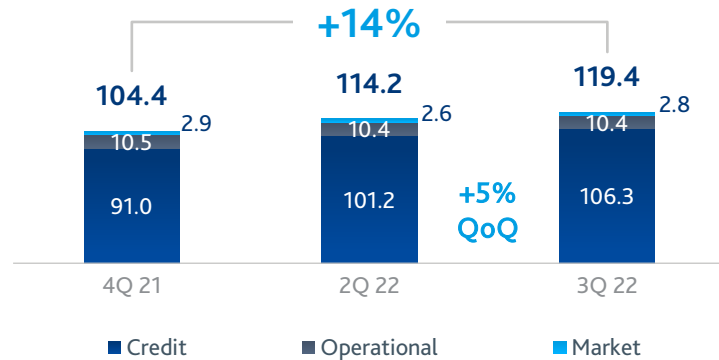
## = Capitalization Ratios (%)



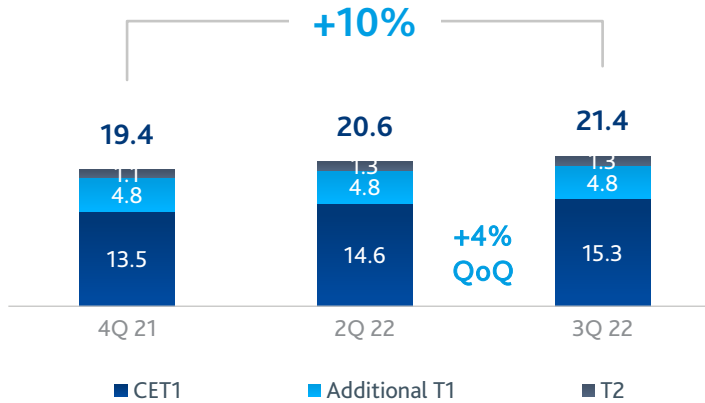
## = Liquidity Ratios (%)



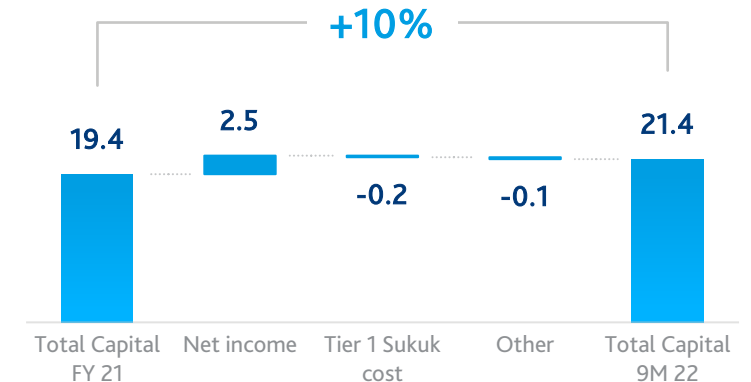
## = RWA (AEDbn)



## = Capitalization (AEDbn)



## = Total Capital Movement YTD (AEDbn)



# Outlook and Guidance

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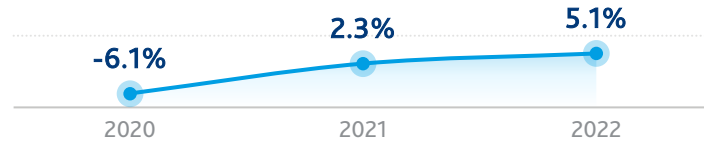
## = Outlook and Guidance

Improving economic fundamentals and solid YTD financial performance drive a promising outlook for 2022

### = Market Outlook

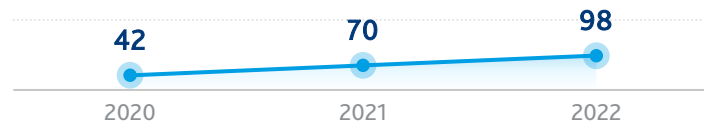
#### = GDP growth from rising oil prices

Real GDP growth (%)



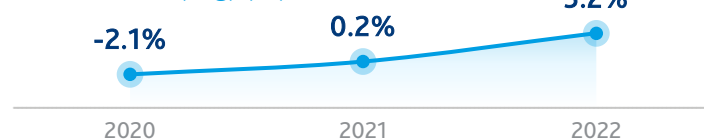
#### = Expected improvement in oil prices

Brent Price / Barrel (avg) (USD)



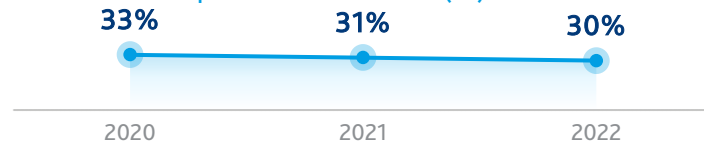
#### = Return from deflation to inflation

UAE Inflation (avg) (%)



#### = Expenditure expected to remain at 2020 level

Government expenditure % of GDP (%)



### = Management Guidance

#### = Gross Financing Growth

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

9M 2022 Reported

+11%

FY 2022 Guidance  
as at 9M 2022

11% to 12%

#### = Net Profit Margin

Early benefit of expected rate hikes offset by continued competitive yield pressure

3.35%

3.35% to 3.45%

#### = Cost of Risk

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

0.38%

0.50% to 0.60%

#### = Cost to Income Ratio

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

37.6%

37% to 39%

#### = Return on Equity

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

19.6%

18.0% to 19.0%



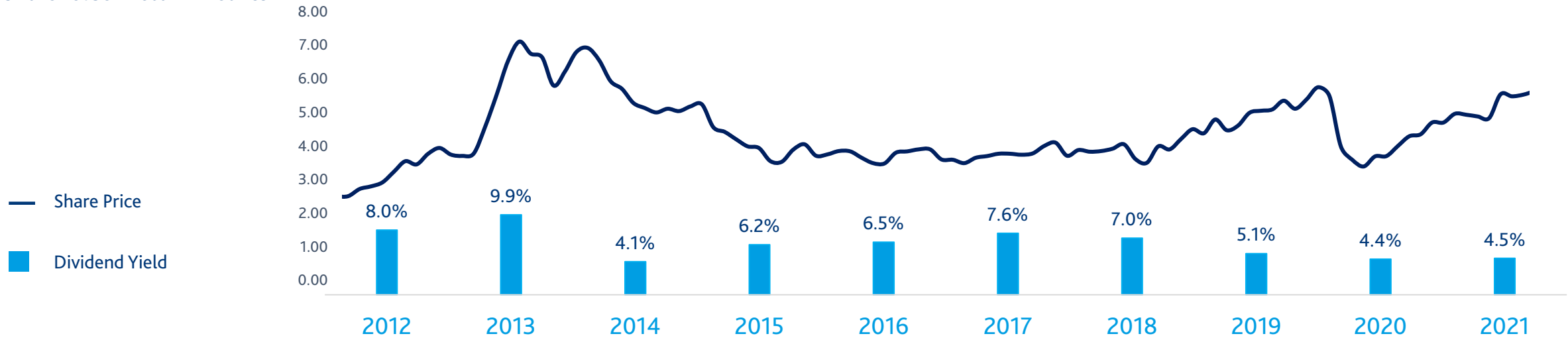
# Questions & Answers

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## = Consistent dividend distribution

ADIB consistently distribute dividends with average yield of 4%

### = Shareholder Return Metrics



Net Profit in AEDmn	1,201	1,450	1,751	1,934	1,954	2,300	2,501	2,601	1,604	2,330
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%
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%
Cash Dividend in AEDmn	601	725	700	769	777	915	994	994	747	1,130
Bonus shares	-	635.3	-	-	-	-	-	-	-	-
Bonus Shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-	-

# = Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

## = Credit Ratings

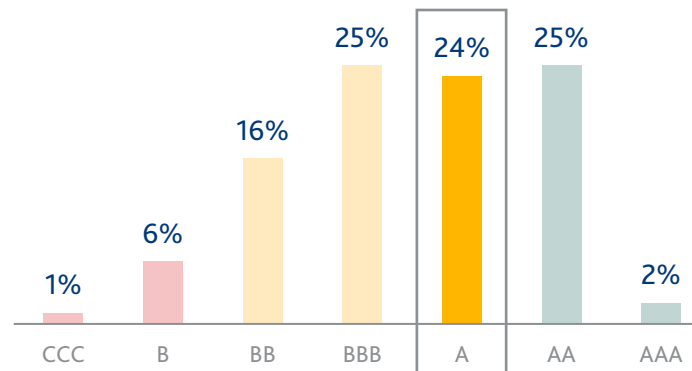
MOODY'S  
**A2**  
Stable Outlook

FitchRatings  
**A+**  
Stable Outlook

## = ADIB's MSCI ESG Rating



## = MSCI Rating Distribution



## = Recent Accolades

THE DIGITAL BANKER  
**#1**  
Digital Transformation Program

BEST ISLAMIC FINANCIAL INSTITUTIONS 2021  
GLOBAL FINANCE  
**#1**  
Islamic Bank in the UAE (March 2021)

Forbes 2021  
WORLD'S BEST BANKS  
**#1**  
Bank in the UAE (April 2021)

BEST ISLAMIC FINANCIAL INSTITUTIONS 2021  
GLOBAL FINANCE  
**#1**  
Islamic Bank in Egypt (March 2021)

# = ADIB Share Price Performance

From 1Q 2020 to 3Q 2022 ADIB's share price is up 126.07%

## = ADIB Share Price Chart



# Contacts

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## = Additional Information

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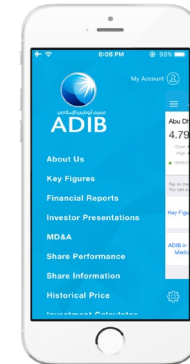
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