

FY 2022 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 31 January 2023

ADIB IR Website



IR App Download link:



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Key Highlights

FY 2022 Earnings Presentation

= Key Highlights

Net income exceeding AED 3.6bn driven by improved revenues, strong asset growth

- = 55% YoY increase in net income to AED 3.6 billion in 2022
- = Revenue up 23% to AED 6.8 billion driven by 24% growth in funded income and 21% improvement in non-funded income
- = ROE improving 7.1 percentage points to reach 21.4%
- = Cost to income ratio improved 5.7 percentage points to 34.9% helped by revenue growth and effective cost control strategy
- = 23% YoY asset growth driven by 22% growth in customers financing
- = 26% YoY deposits growth with CASA increasing 14%
- = Robust capital position with a CET1 of 12.08%
- = 49 fils per share proposed dividend distribution versus 31 fils in 2021

Executing ADIB Strategy

FY 2022 Earnings Presentation

= ADIB Strategy 2025

In 2020 ADIB 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

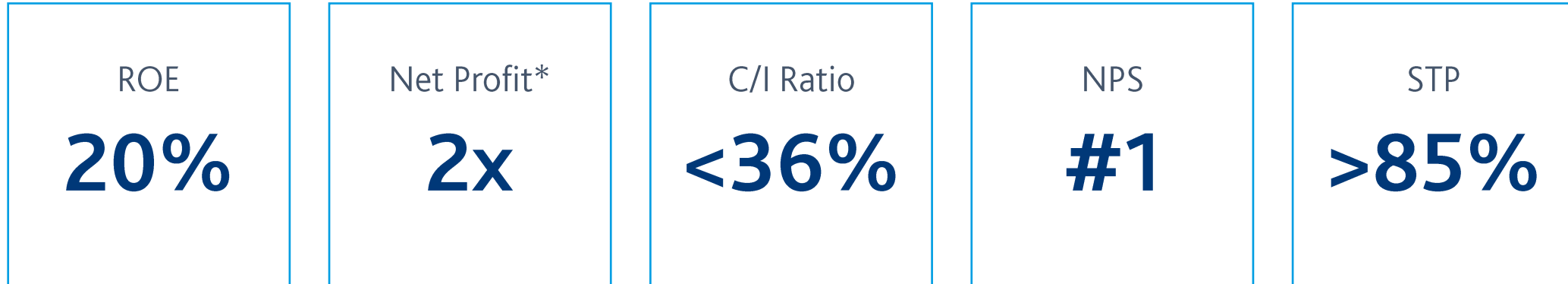
= Update on Strategy Progress

ADIB continues to deliver on its strategy in 2022

| | | | | | |
|------------------------------|---|--|--|---|--|
| Continuous Innovation | Key product launches <ul style="list-style-type: none"> • Yosr salary advance • Small business finance to support SME • Government payment services • Easy instalment plan | Amwali Youth Account 10,000 Accounts | Asset Management \$154 mn Global Sukuk Fund | Payment Service AED 3.9 mn Revenue | |
| Segment Focused | UAE Nationals +48,000 New to bank UAE Nationals | Grow wholesale banking +12% Financing growth YoY | Retail sales +19% Asset growth YoY | Attract new customers +126,000 New customers | Deepen relationships 1.50 Cross-sell Ratio |
| Digital Excellence | Digitize processes 93% Overall STP | Digitize channels 99% Payments: Volumes received from Mobile App & Online Channels 45% Personal finance | Automate processes  63 bots | Leverage digital channels 4.70/5 ★★★★★ AppStore rating 4.54/5 ★★★★★ Google Playrating | Paperless strategy:  5m Papers Saved (2022) |
| Sustainable Future | Leader in financial conduct   Included in ESG MSCI Leaders Index \$2bn in sustainable finance | Employer of choice  78% Employee engagement index | Best customer experience #1 Number 1 bank NPS in UAE: 78%  | | |

= ADIB Strategy 2025 Strategic Targets

A commitment to driving value



*Strategy formulated in 2020

Financial Performance

FY 2022 Earnings Presentation

= Financial Performance Highlights

ADIB delivers AED 3.6 billion in net income, up 55% from 2021

= Strong YoY Growth in Profitability

3.6bn

Net Income

+55%



6.8bn

Revenues

+23%



2.4bn

Expenses

+6%



= Solid Balance Sheet Growth YTD

169bn

Total Assets

+23%



113bn

Gross Customer Financing

+22%



138bn

Deposits

+26%



= Robust Capital Position and Strong Return

17.2%

CAR

-140bps



21.4%

Return on Equity

+713bps



34.9%

Cost to Income Ratio

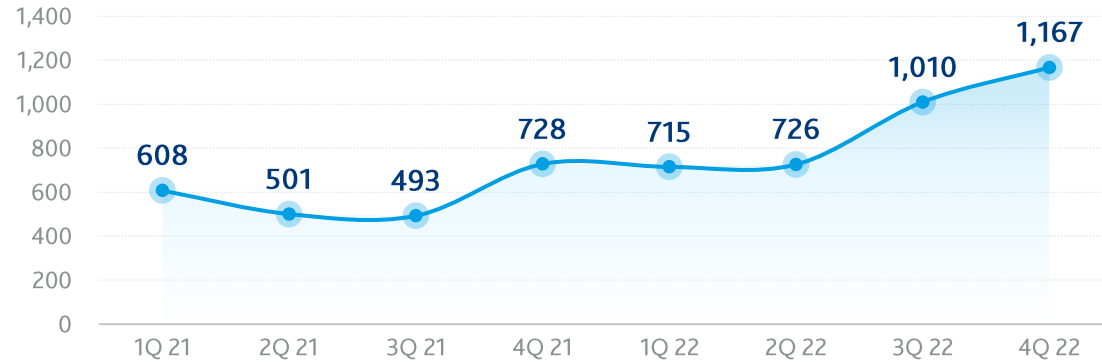
-573bps



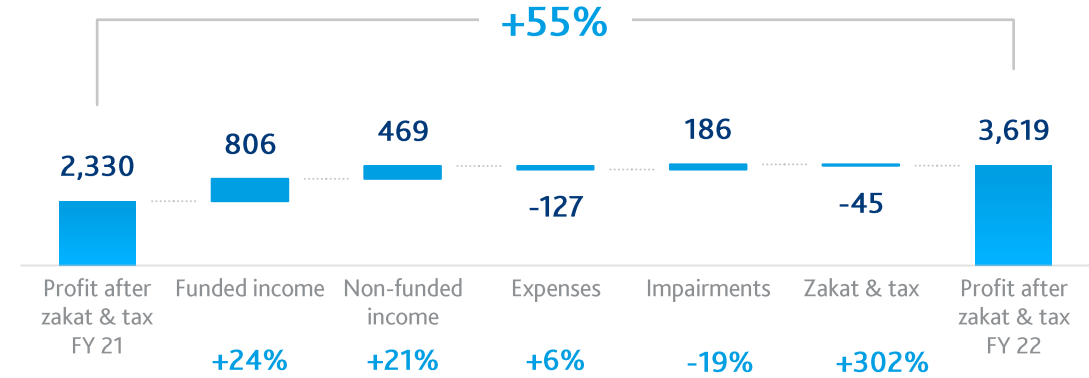
= Income Statement

55% growth in profitability underscored by positive increases in our assets, gross financing and revenue

= Net Income (AEDmn)



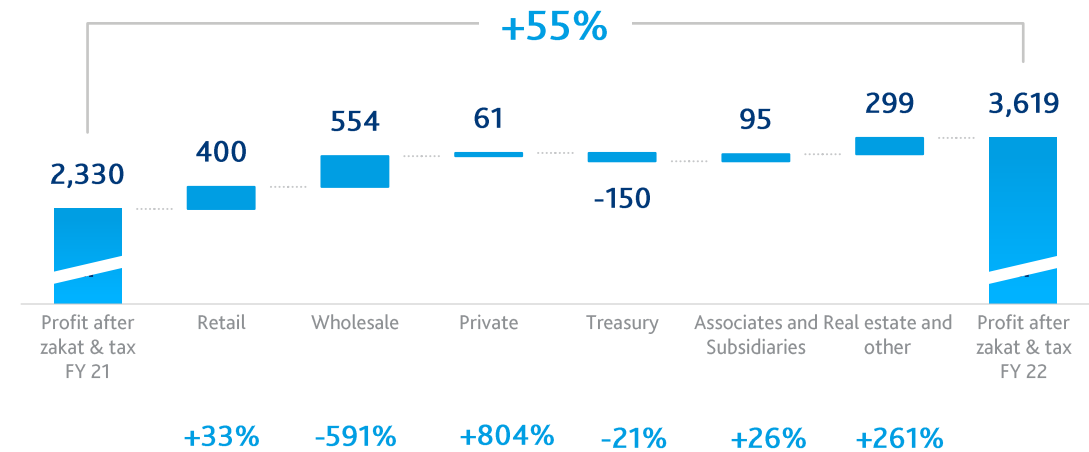
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

| AED (mn) | FY 2022 | FY 2021 | Δ% | 4Q 2022 | 4Q 2021 | Δ% |
|--|--------------|--------------|-------------|--------------|--------------|-------------|
| Funded income | 4,151 | 3,345 | +24% | 1,349 | 800 | +69% |
| Non-funded income | 2,684 | 2,215 | +21% | 970 | 667 | +45% |
| Revenues | 6,835 | 5,560 | +23% | 2,319 | 1,467 | +58% |
| Operating expenses | (2,387) | (2,260) | +6% | (688) | (531) | +30% |
| Provision for impairment | (769) | (954) | -19% | (416) | (203) | +105% |
| Net Income after zakat and income tax | 3,619 | 2,330 | +55% | 1,167 | 728 | +60% |

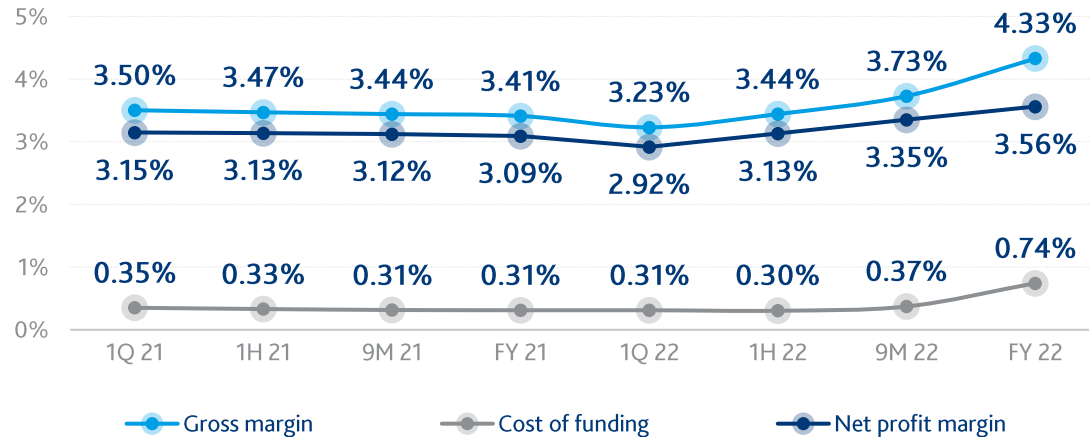
= Net Income Movement by Segment YoY (AEDmn)



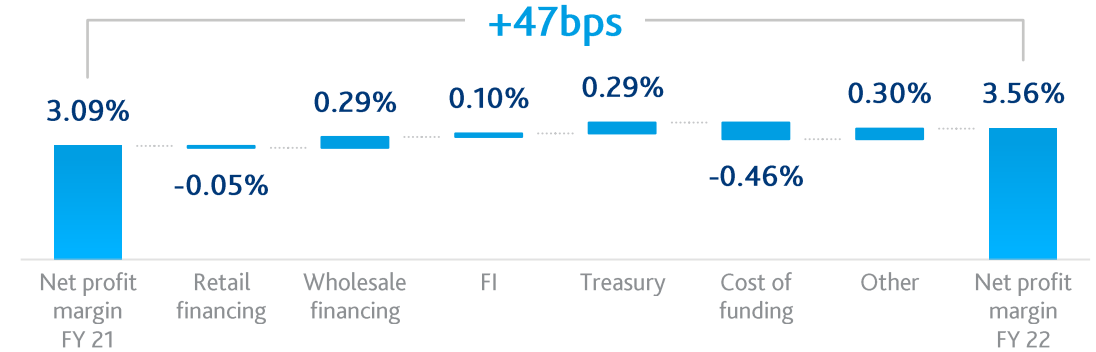
= Funded Income

Net profit margin rose 47bps reflecting stronger volumes and higher rates environment

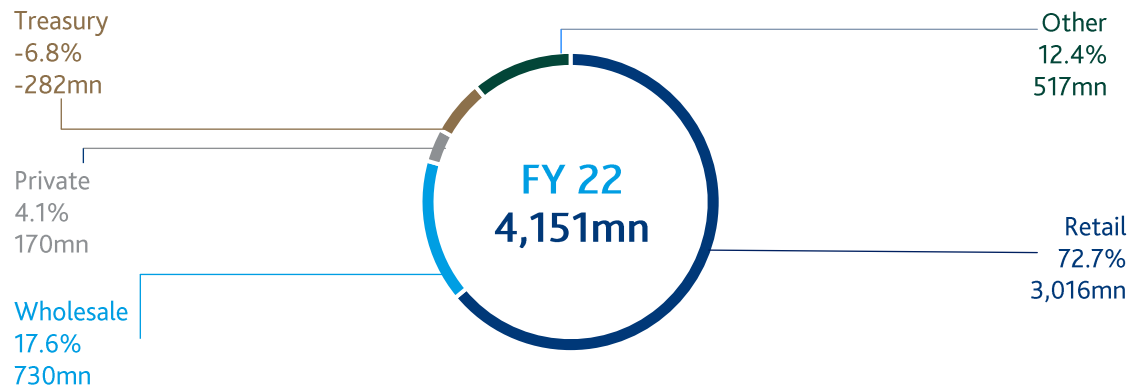
= Net Profit Margin (%)



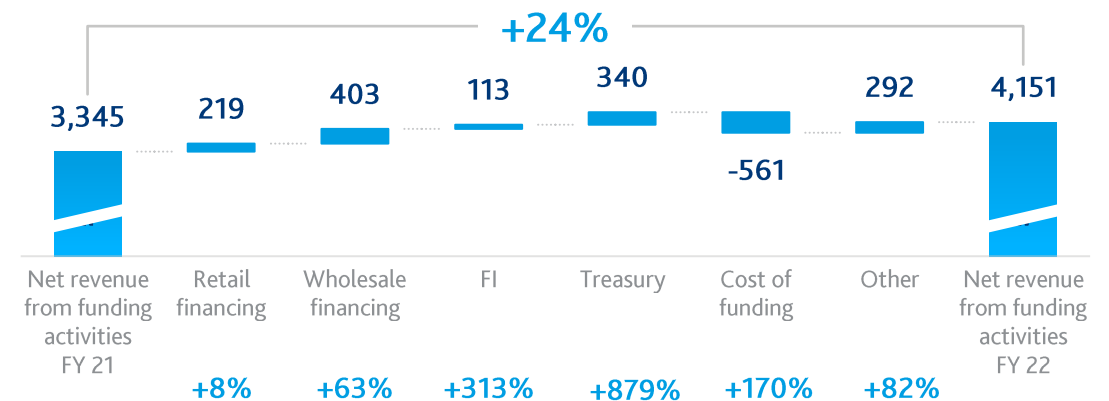
= Net Profit Margin Movement YoY (%)



= Net Revenue From Funding Activities Composition AEDmn



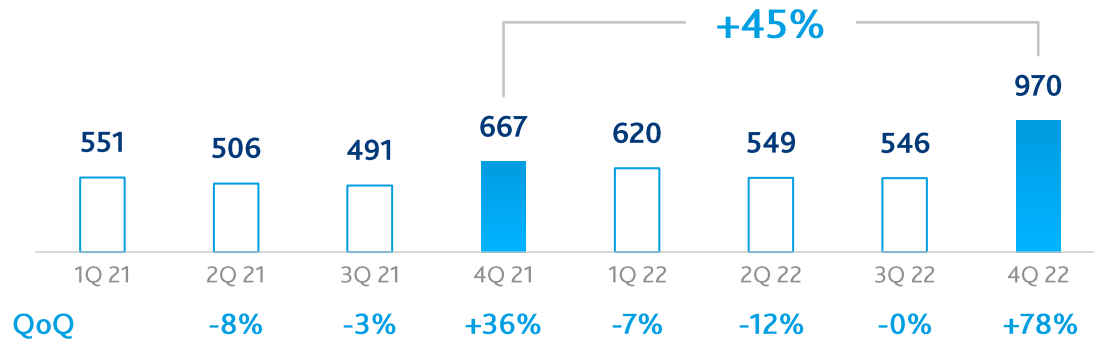
= Net Revenue From Funding Activities Movement YoY (AEDmn)



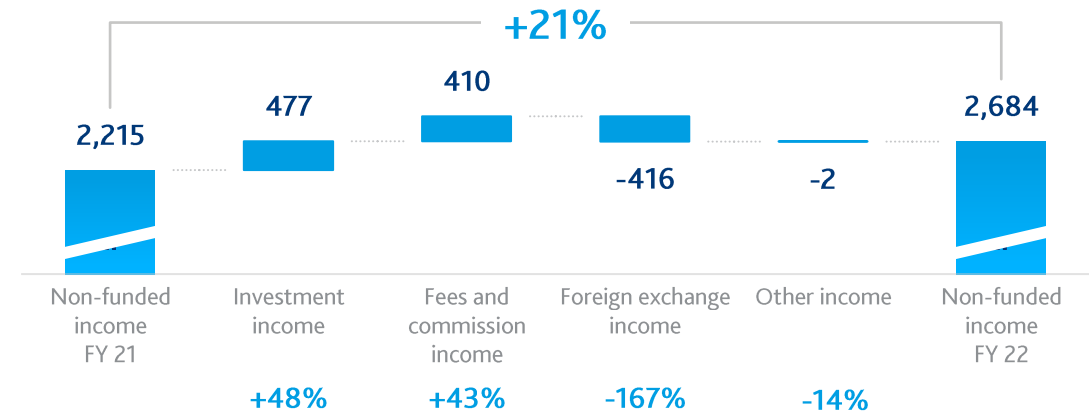
= Non-Funded Income

Robust fee generation drives 21% YoY growth in non-funded income in 2022

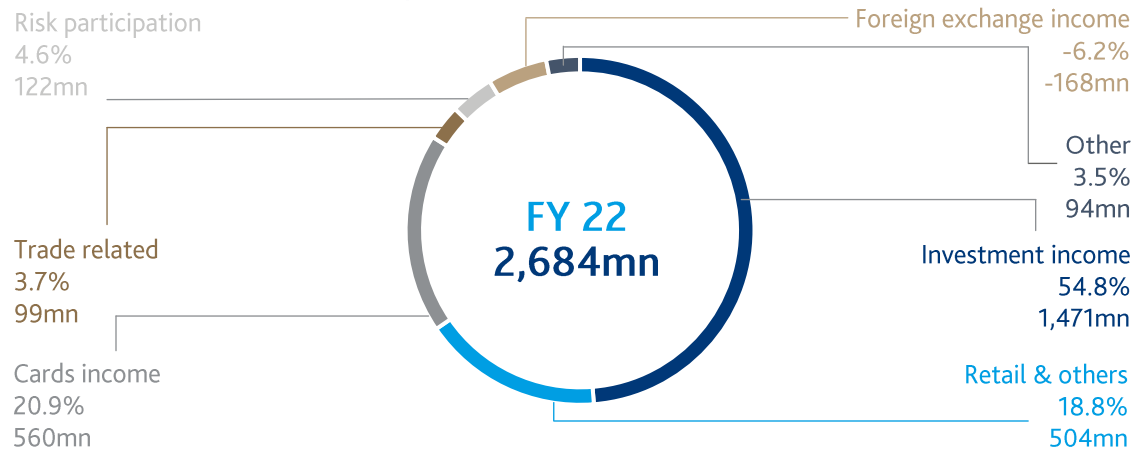
= Non-Funded Income (AEDmn)



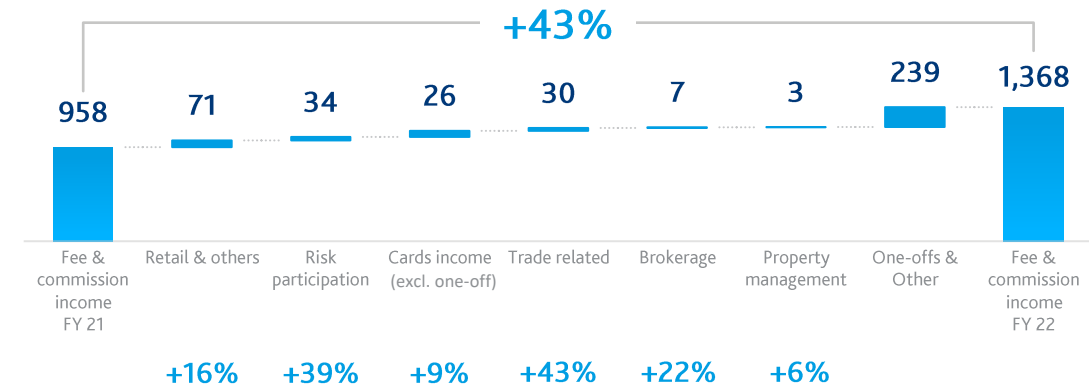
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



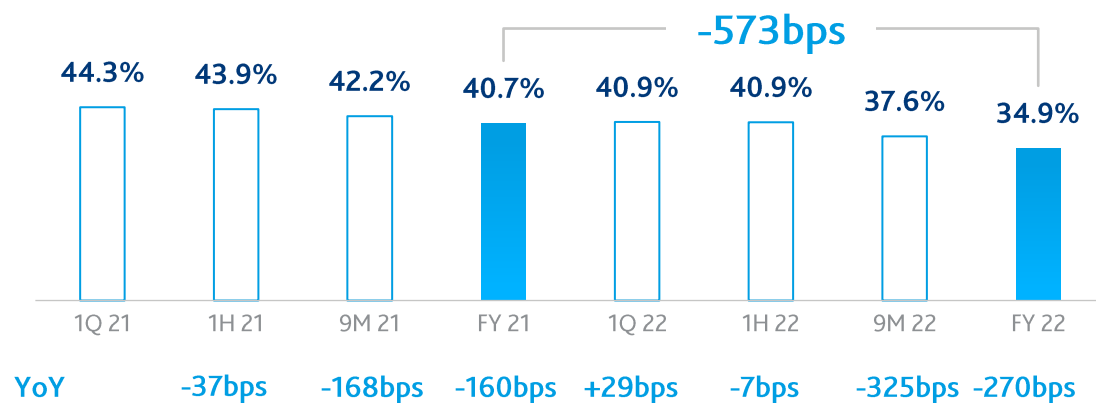
= Fee & Commission Income Movement YoY (AEDmn)



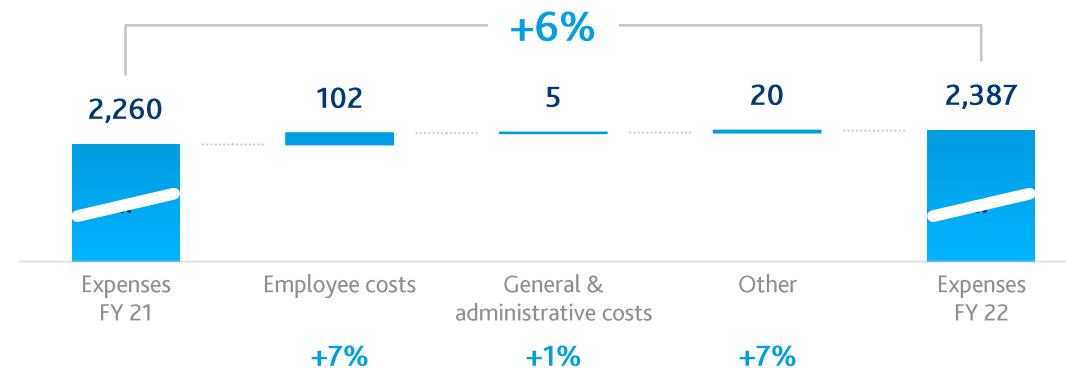
= Operating Expenses

Cost to income ratio improved by 573bps to 34.9% helped by revenue growth and effective cost control strategy

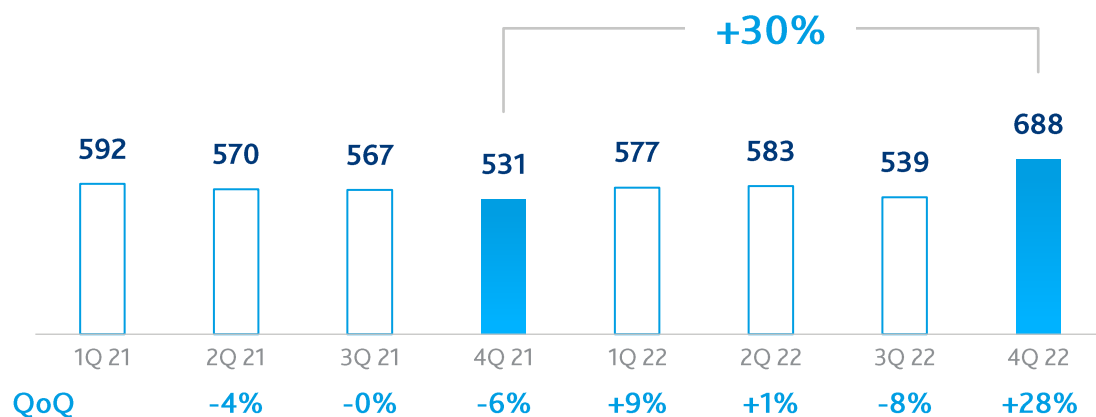
= Cost To Income Ratio (%)



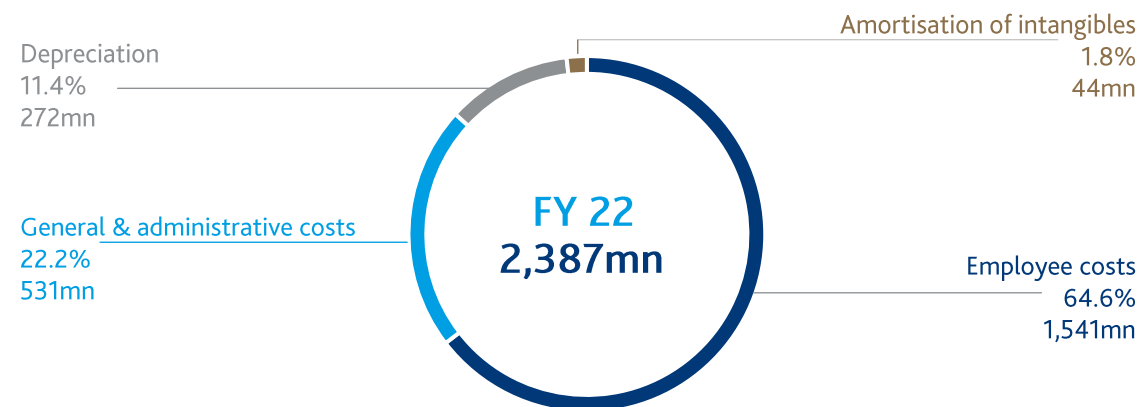
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



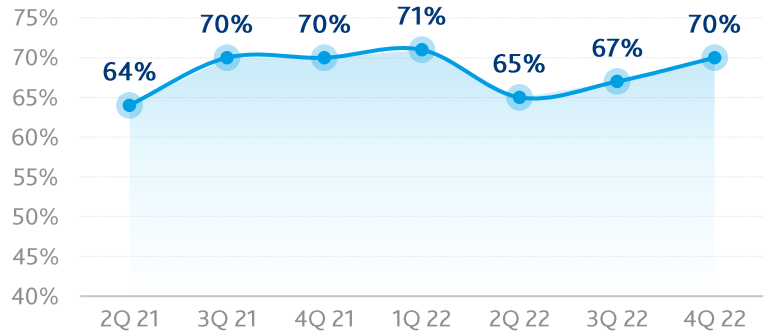
= Expenses Composition (%)



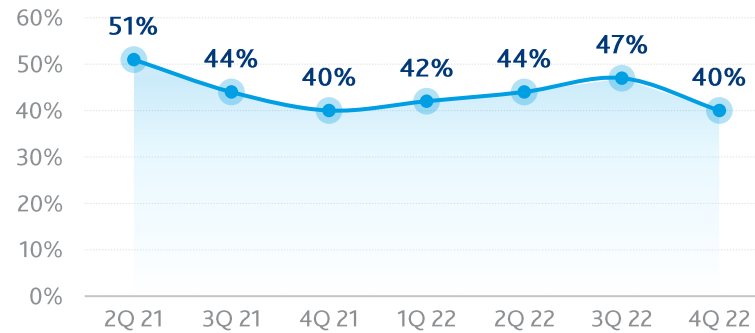
= Digital Banking

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

= Digitally Active Customers (%)

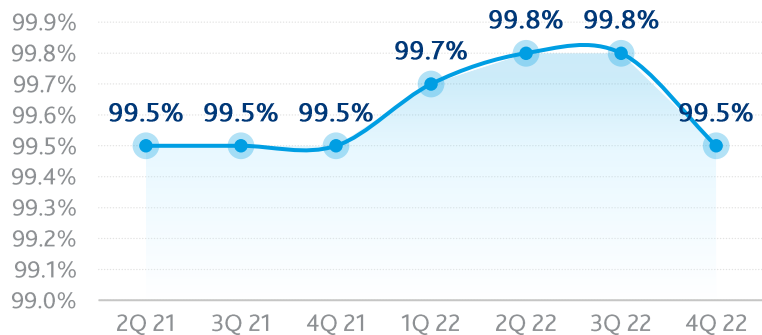


= Digital Sales (% of Total)

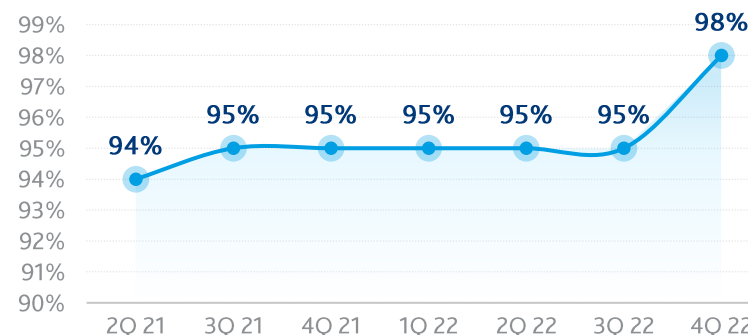


- 22 ITM machines deployed across the network
- Fully digital application process for cards, personal finance and account opening
- Launched 1st open API platform
- Enabled digital IPO subscription
- Launched Amwali – 1st digital Islamic proposition for youth
- New features added to mobile app including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

= Digital Transfers (%)



= Straight Through Processing (%)

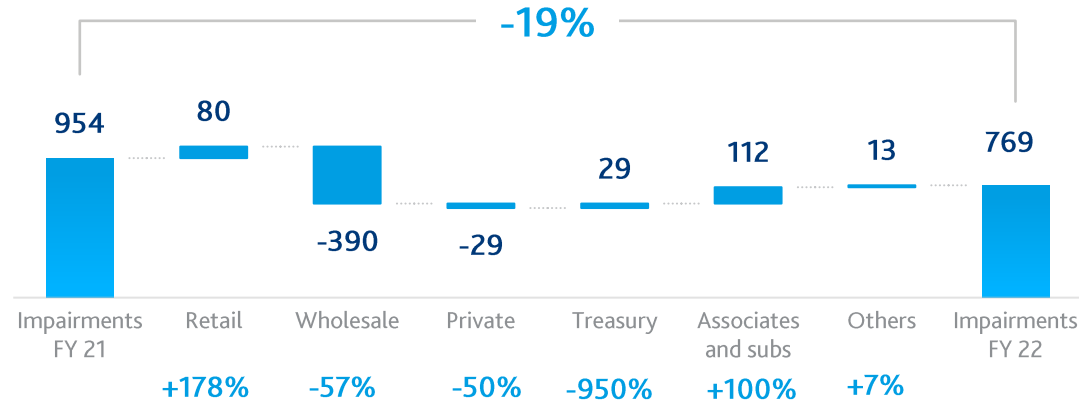


- Facial recognition account opening
- Auto Wealth management portal
- Partnership with UTC platform on Blockchain transaction
- Digital remote sales
- Analytics Center of Excellence

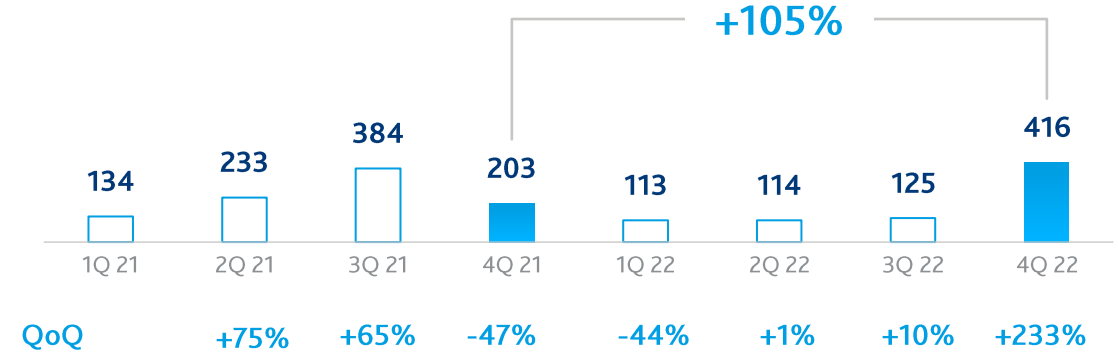
= Impairments

A 19% decline in impairments and 40bps decline in cost of risk YoY due to an improved economic outlook

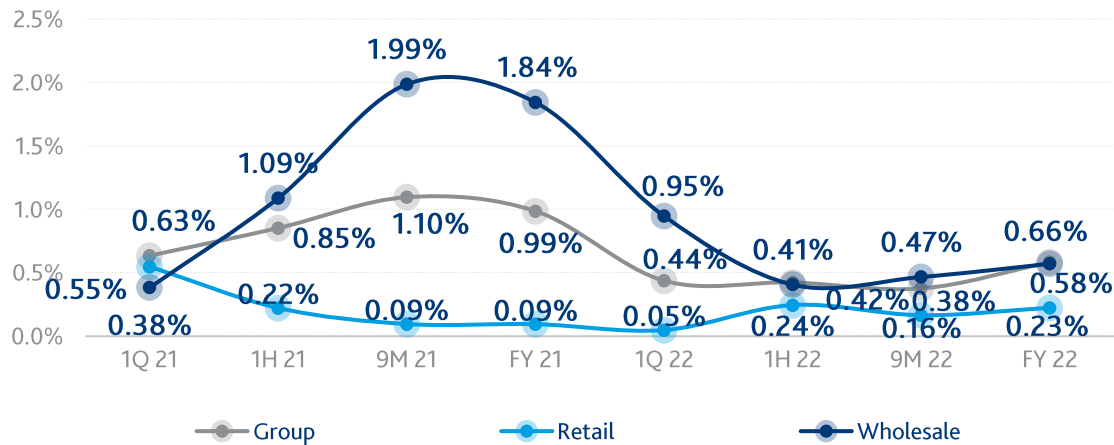
= Impairments Movement YoY (AEDmn)



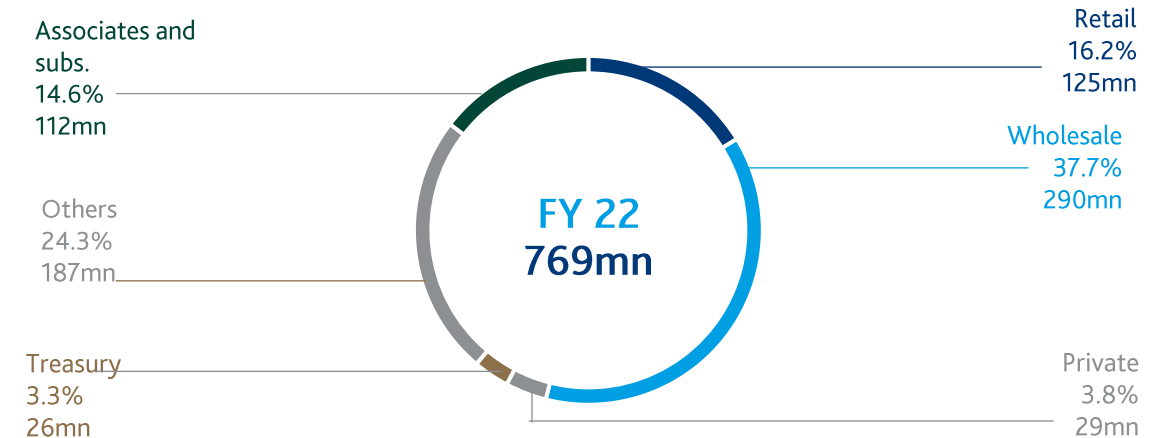
= Impairments (AEDmn)



= Cost Of Risk (%)



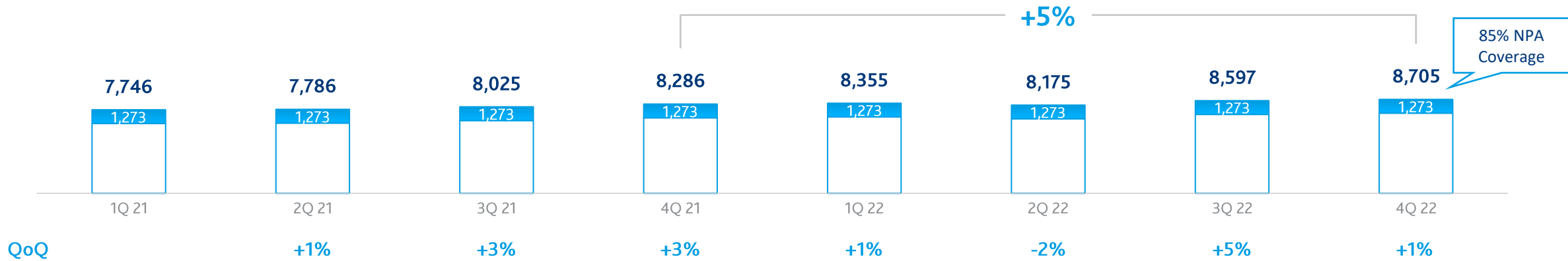
= Impairments Composition (%)



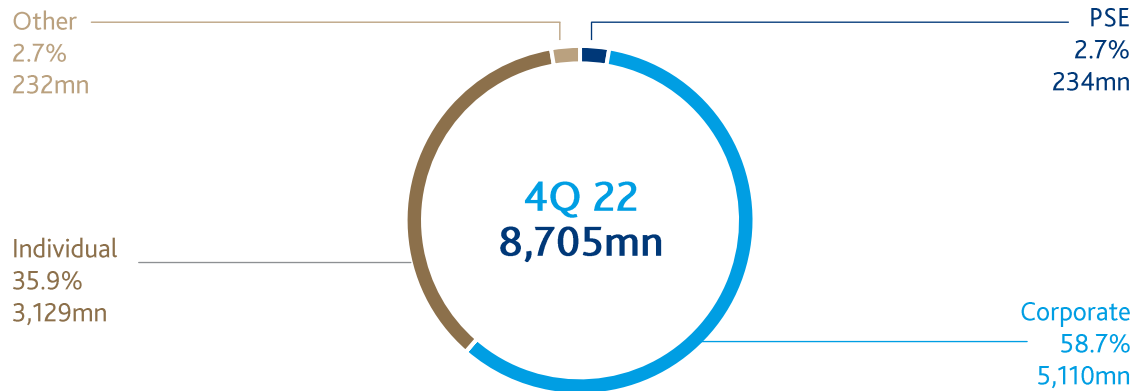
= Non-Performing Financing

NPA rose 5% during 2022 from business-as-usual corporate grade migration

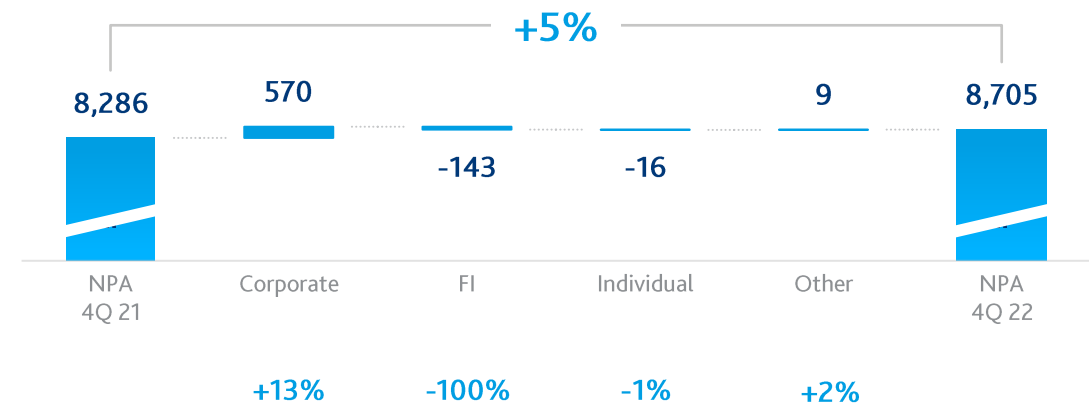
= NPA (AEDmn) ■ NMC Group



= NPA Composition by Sector (%)



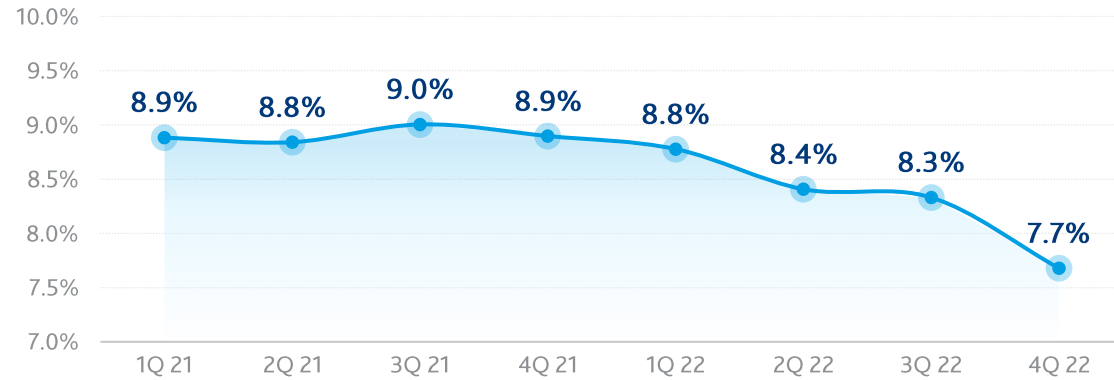
NPA Movement YTD (AEDmn)



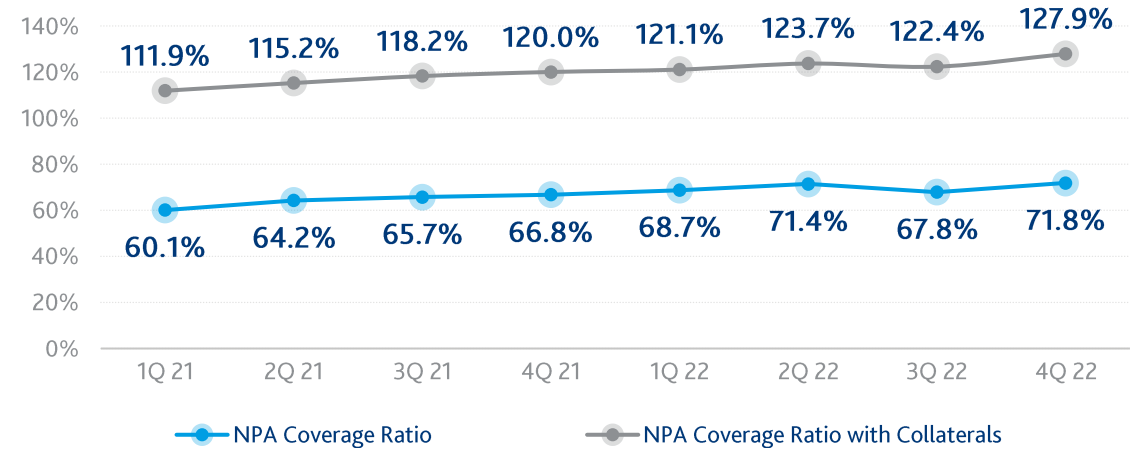
= Non-Performing Financing

NPA ratio moderating and coverage ratio improving with improved economic environment

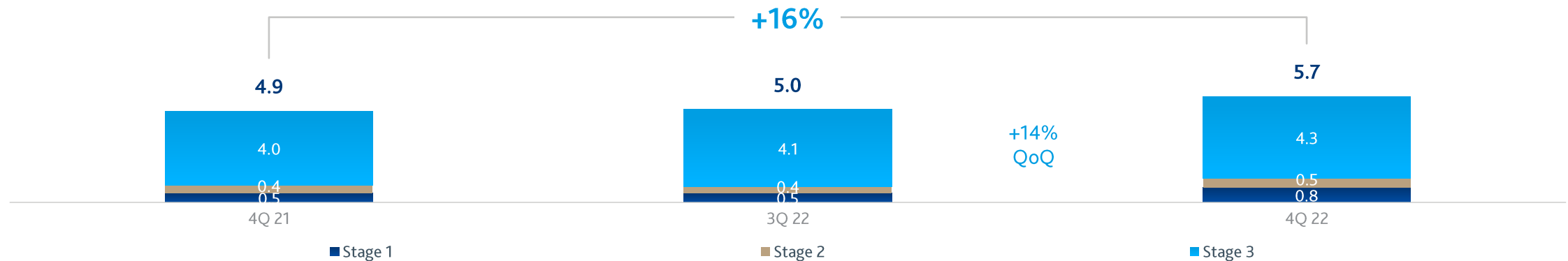
= NPA Ratio (%)



= NPA Coverage Ratio (%)



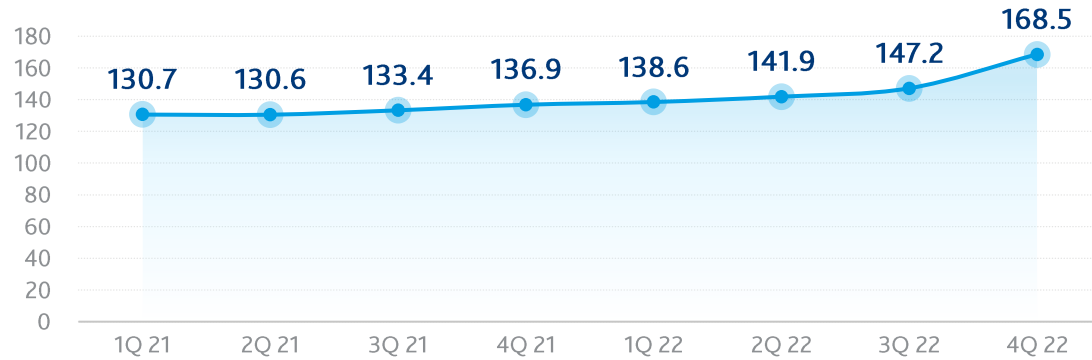
= ECL by Stage (AEDbn)



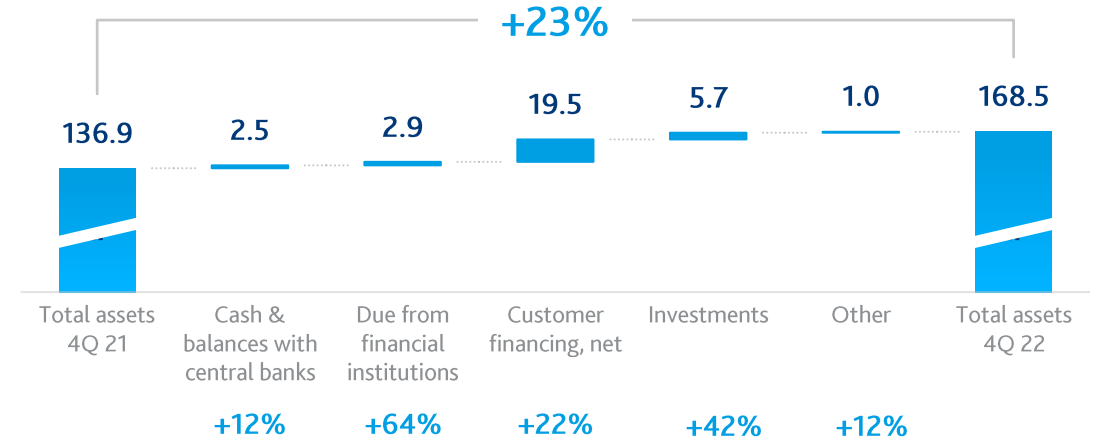
= Balance Sheet

ADIB reported 23% growth in total assets in 2022

= Total Assets (AEDbn)



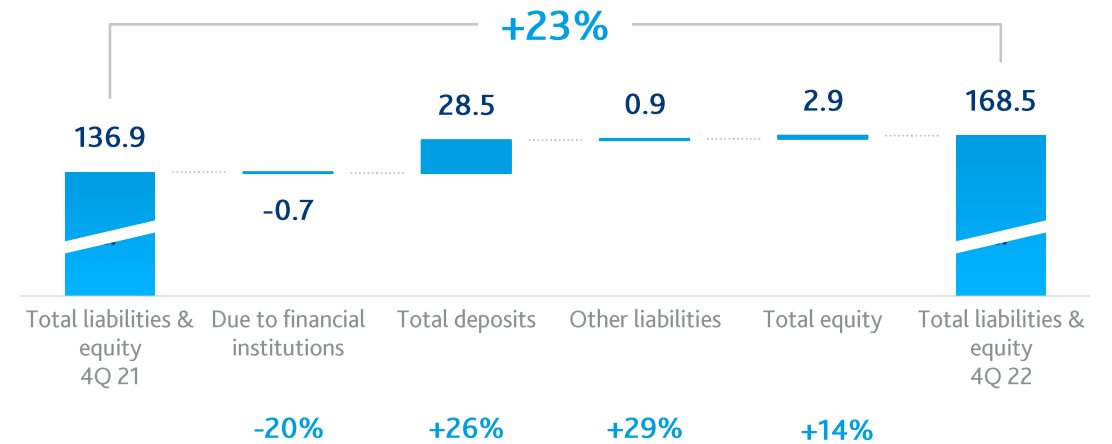
= Total Assets Movement YoY (AEDbn)



= Balance Sheet Highlights

| AED (mn) | 4Q 2022 | 3Q 2022 | Δ% | 4Q 2021 | Δ% |
|--------------------------|----------------|----------------|-------------|----------------|-------------|
| Customer financing, net | 107,717 | 98,240 | +10% | 88,252 | +22% |
| Investments | 19,432 | 19,072 | +2% | 13,691 | +42% |
| Total assets | 168,517 | 147,209 | +14% | 136,868 | +23% |
| Total Deposits | 138,137 | 118,823 | +16% | 109,611 | +26% |
| Total liabilities | 145,056 | 126,036 | +15% | 116,309 | +25% |
| Total equity | 23,461 | 21,173 | +11% | 20,559 | +14% |

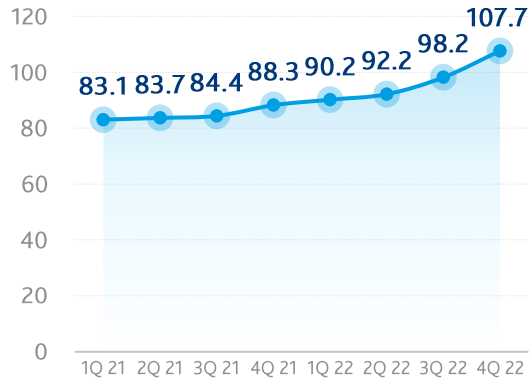
= Funding Movement YoY (AEDbn)



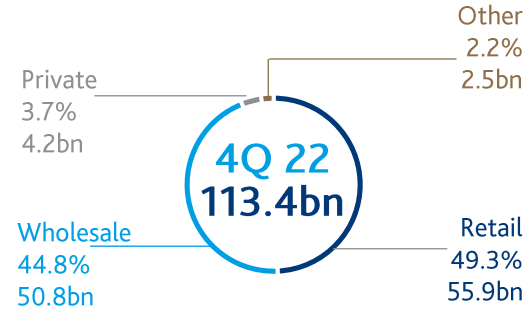
= Customer Financing

Financing growth of 22% driven by Retail, Government & Public Sector

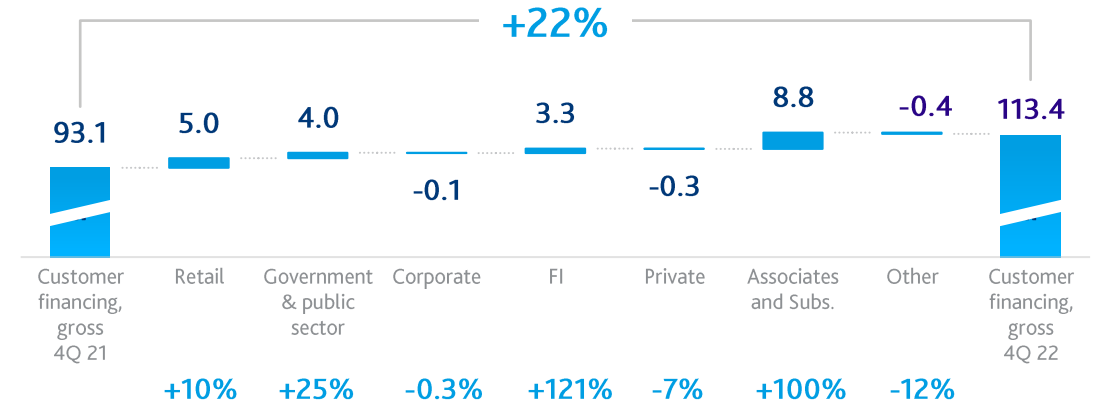
= Customer Financing, Net (AEDbn)



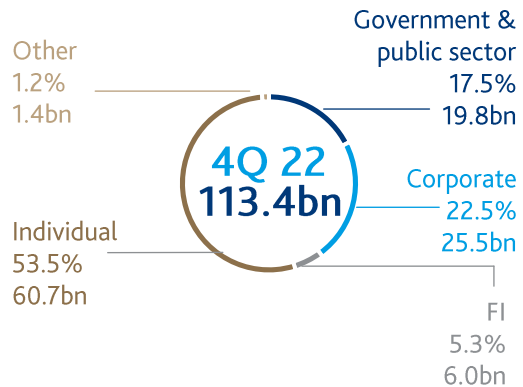
= Customer Financing, Gross by Segment (%)



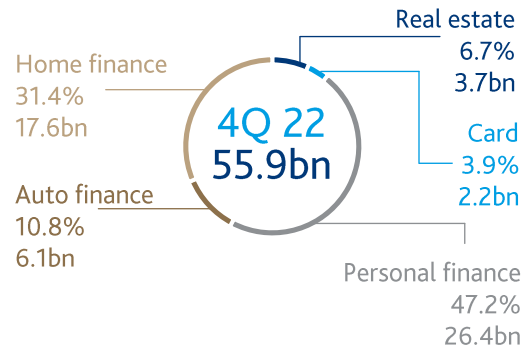
= Customer Financing, Gross Movement YTD (AEDbn)



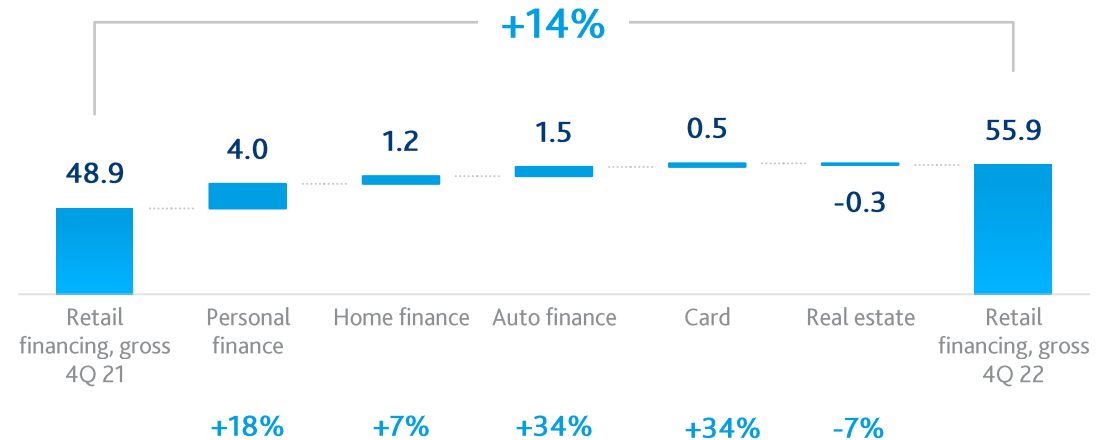
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



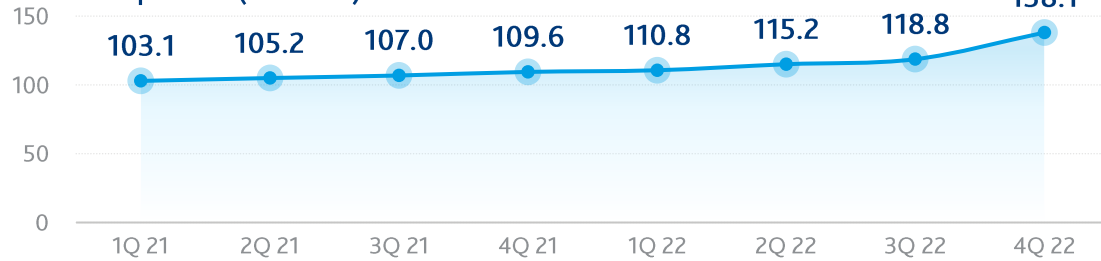
= Retail Financing, Gross Movement YoY (AEDbn)



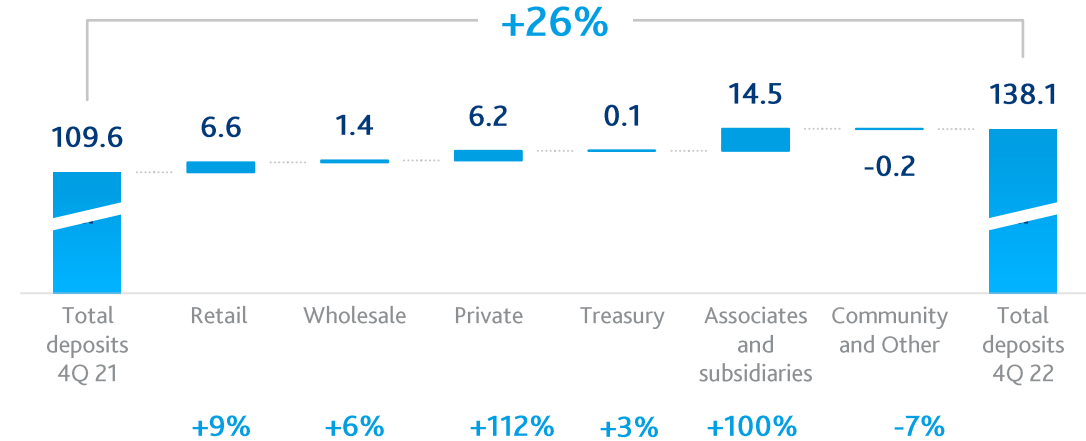
= Customer Deposits

Deposit growth of 26% with CASA comprising 68% of total customer deposits

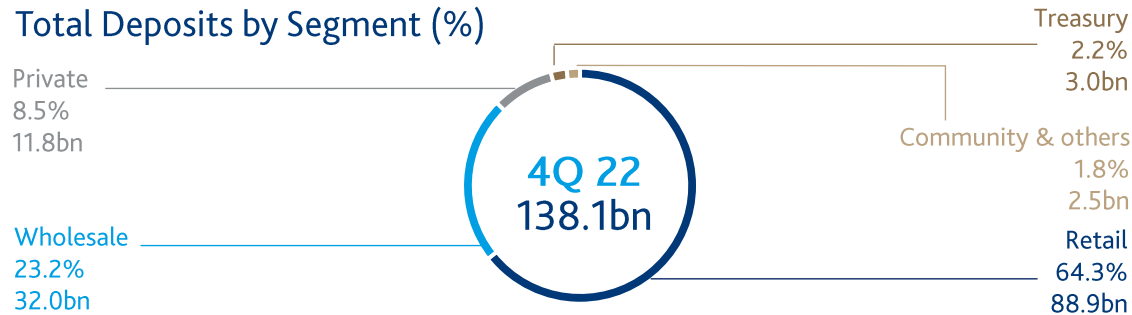
= Total Deposits (AEDbn)



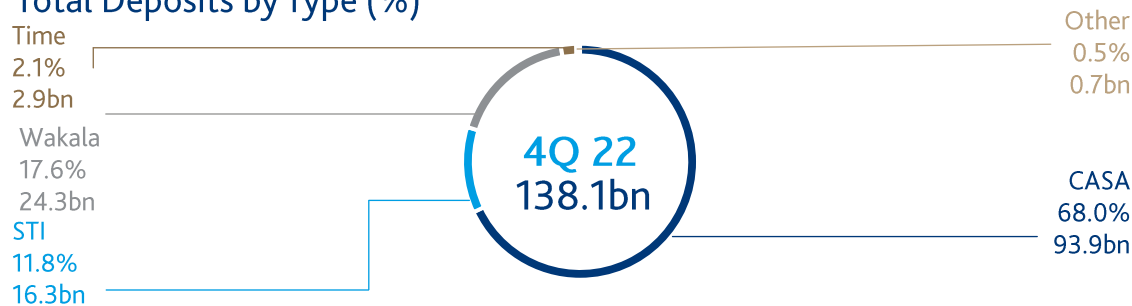
= Total Deposits Movement by Segment YTD (AEDbn)



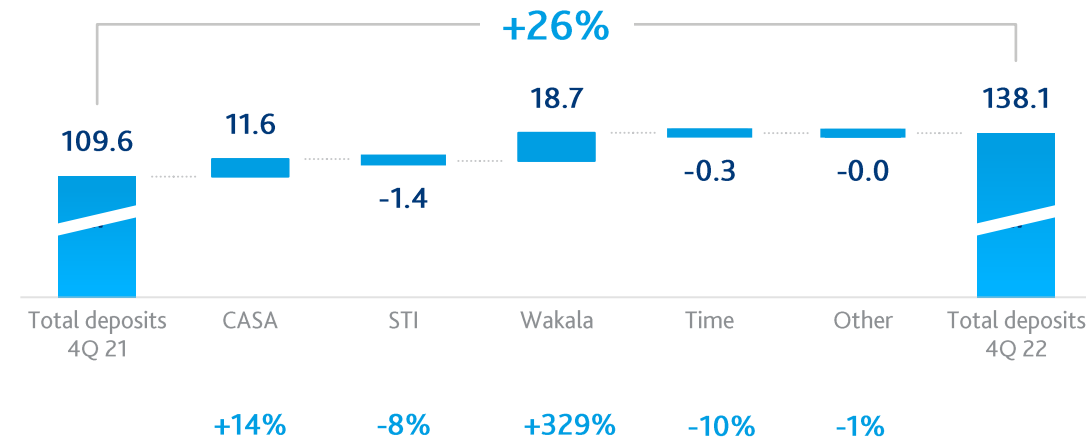
= Total Deposits by Segment (%)



= Total Deposits by Type (%)



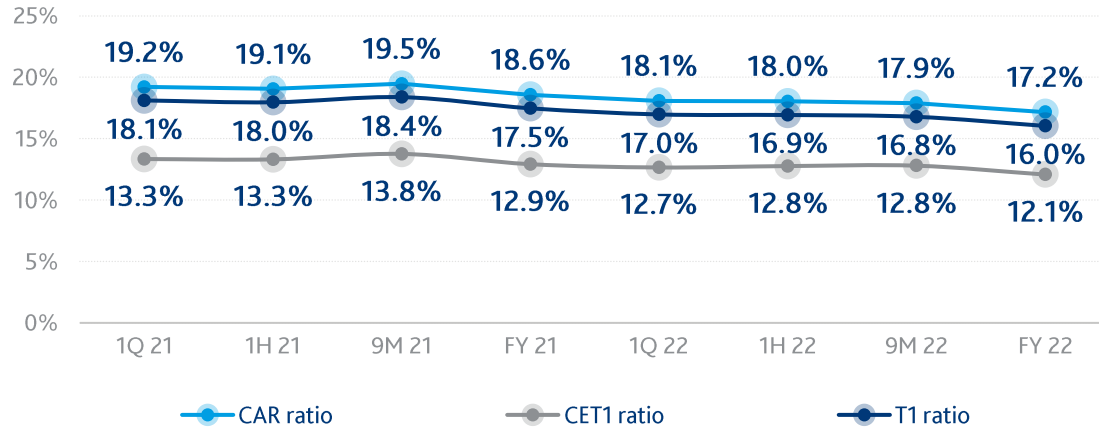
= Total Deposits Movement by Type YTD (AEDbn)



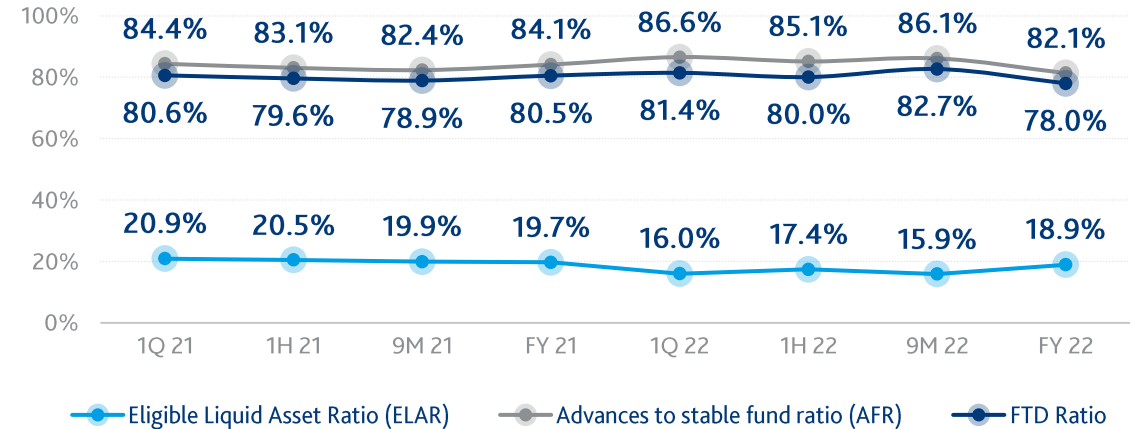
= Capital and Liquidity

Robust capitalization and liquidity positions, well within regulatory requirements

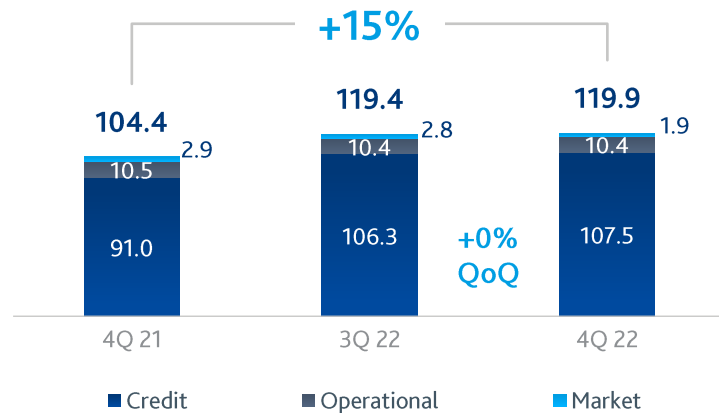
= Capitalization Ratios (%)



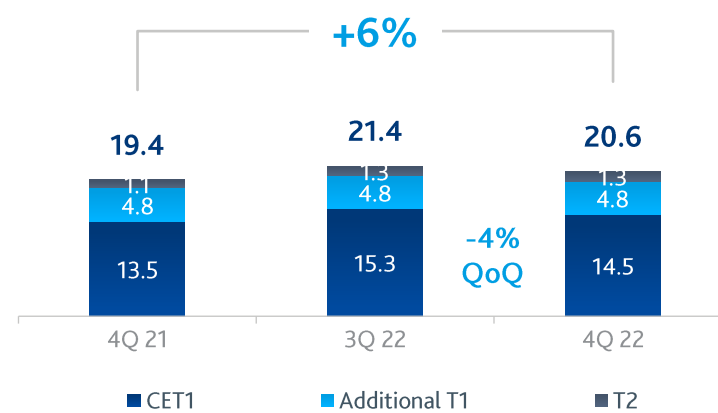
= Liquidity Ratios (%)



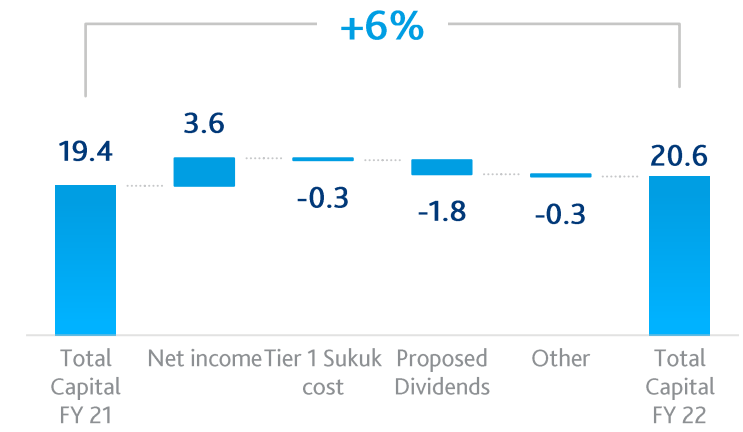
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

FY 2022 Earnings Presentation

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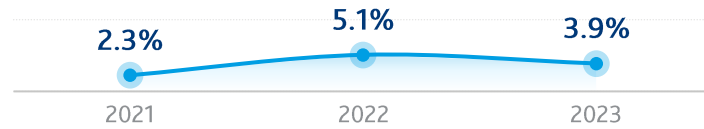
= Outlook and Guidance

Supportive economic backdrop and solid financial & strategic foundations drive a promising outlook for 2023

= Market Outlook

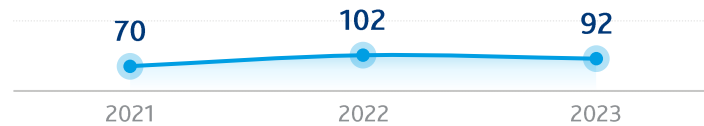
= Solid GDP growth

Real GDP growth (%)



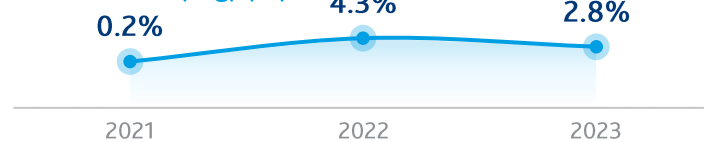
= Oil prices to remain supportive

Brent Price / Barrel (avg) (USD)



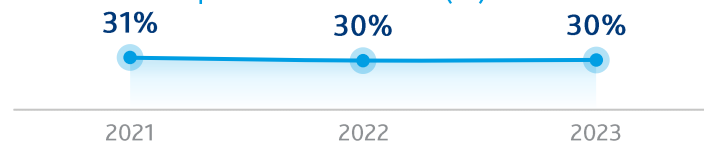
= Inflation to moderate

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2022 level

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

FY 2022 Guidance

11% to 12%

FY 2022 Reported

+22%

FY 2023 Guidance

5% to 8%

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

= Net Profit Margin

3.35% to 3.45%

3.56%

3.8% to 4.1%

Benefit of rate hikes offset by continued competitive yield pressure

= Cost of Risk

0.50% to 0.60%

0.58%

0.55% to 0.65%

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

= Cost to Income Ratio

37% to 39%

34.9%

<35%

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

= Return on Equity

18% to 19%

21.4%

21% to 22%

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

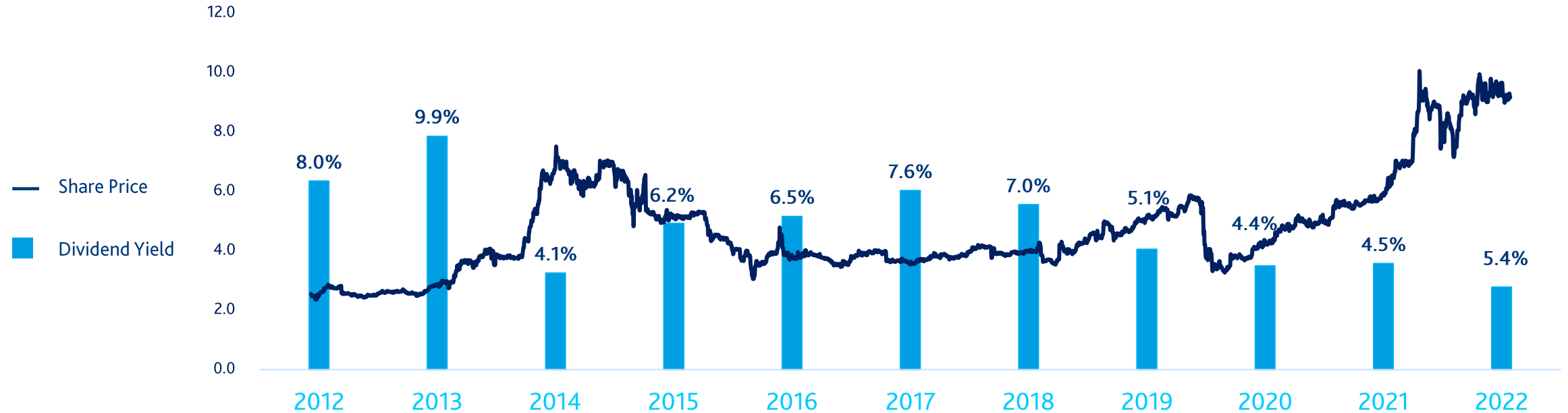
Questions & Answers

FY 2022 Earnings Presentation

= Consistent dividend distribution

ADIB consistently distribute dividends with average yield above 4.5%

= Shareholder Return Metrics



| | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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

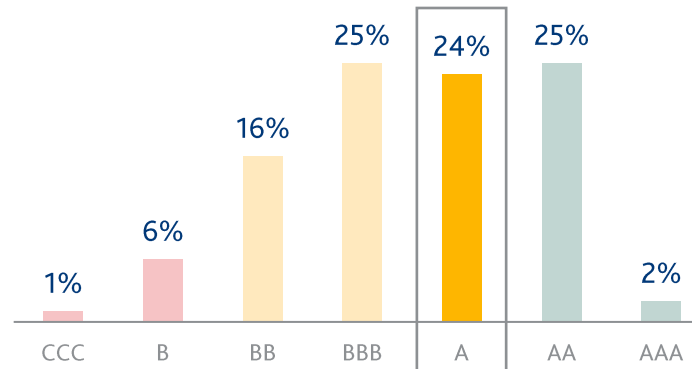
MOODY'S
A2
Stable Outlook

FitchRatings
A+
Stable Outlook

= ADIB's MSCI ESG Rating



= MSCI Rating Distribution



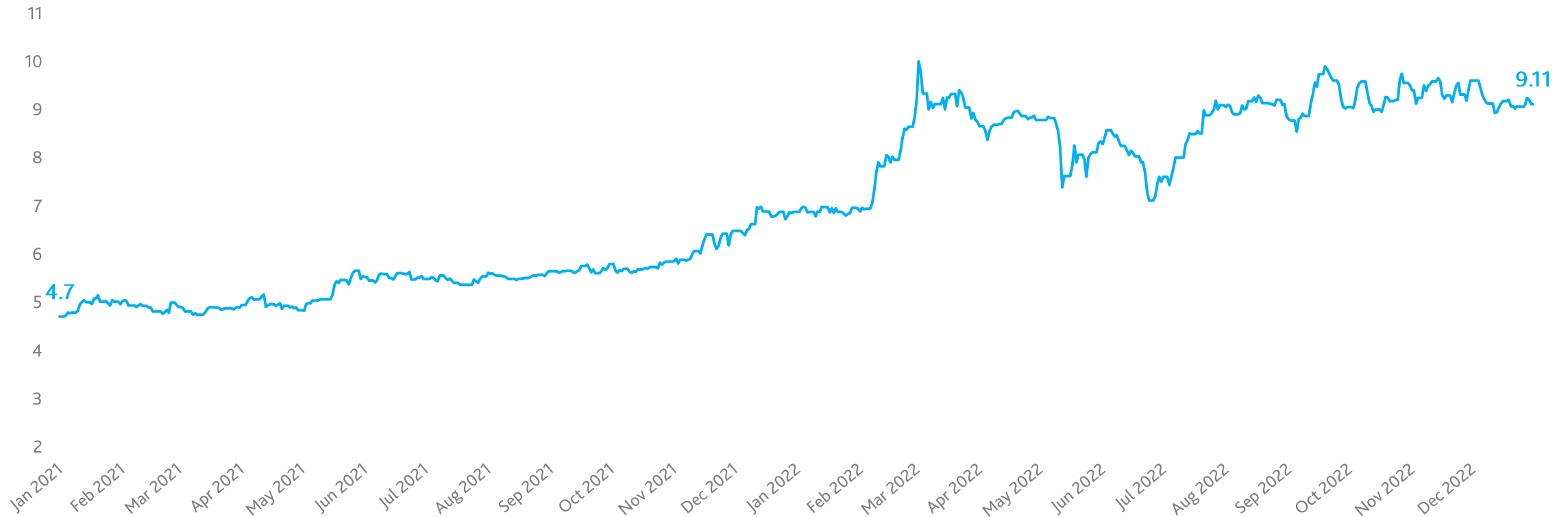
= Recent Accolades

| | |
|--|--|
|  #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

From beginning of 2021 to 4Q 2022 ADIB's share price is up 94%

=



Contacts

FY 2022 Earnings Presentation

= Additional Information

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