

1H 2023 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 27 July 2023

ADIB IR Website



IR App Download link:



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Key Highlights

1H 2023 Earnings Presentation

= Key Highlights

Another solid set of results with a net profit in 1H 2023 of AED 2.3 bn up 61% from last year

61% YoY increase in net profit to AED 2.3 billion in 1H 2023 driven by broad-based revenue growth

Revenue up 50% to AED 4.3 billion driven by 75% growth in funded income and 14% growth in non-funded income

ROE improving 7.6 percentage points YoY to reach 24.9% in 1H 2023

1H 2023 Cost / Income ratio improved 7.0 percentage points to 33.9% helped by strong revenue growth

28% YoY asset growth driven by 18% growth in gross customer financing

31% YoY deposits growth with CASA increasing 14% representing 66% of total deposits

Robust capital position with a CAR of 17.7%

Successfully raised USD 750 million AT1 sukuk at 7.25%

1H'23 Net Profit growth YoY

+61%



1H'23 Revenue growth YoY

+50%



1H'23 ROE

+24.9%



1H'23 gross financing growth YoY

AED 18bn



Executing ADIB Strategy

1H 2023 Earnings Presentation

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2

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= Update on Strategy Progress

ADIB continues to deliver on its strategy in 2023

Continuous Innovation	<p>Key product launches</p> <ul style="list-style-type: none"> • Salary cash back campaign • Digital on-boarding for business banking • New cash back card • UAE's first long term home finance fixed rate • Remittance programs to new corridors 	<p>Amwali Youth Account</p> <p>10,701Accounts</p>	<p>Asset Management</p> <p>\$147 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>+31,041</p> <p>New to bank UAE Nationals</p>	<p>Grow wholesale banking</p> <p>+14%</p> <p>Financing growth YoY</p>	<p>Retail sales</p> <p>+14%</p> <p>Asset growth YoY</p>	<p>Attract new customers</p> <p>+95,783</p> <p>New customers</p>	<p>Deepen relationships</p> <p>1.50</p> <p>Cross-sell Ratio</p>
Digital Excellence	<p>Digitize processes</p> <p>91%</p> <p>Overall STP</p>	<p>Digitize channels</p> <p>98% Payments: Volumes received from Mobile App & Online Channels</p> <p>54% Personal finance</p>	<p>Automate processes</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>Paperless strategy:</p> <p> 5m Papers Saved (2022)</p>
Sustainable Future	<p>Leader in financial conduct</p> <p> </p> <p>Included in ESG MSCI Leaders Index</p> <p>\$1.7bn in sustainable finance</p>	<p>Employer of choice</p> <p> 78% Employee engagement index</p>	<p>Best customer experience</p> <p>#1 Number 1 bank NPS in UAE: 78%</p> 		

Financial Performance

1H 2023 Earnings Presentation

= 1H 2023 Financial Performance Highlights

Strong results in 1H 2023, maintaining our growth momentum by delivering a 61% growth of net income to AED 2.3bn

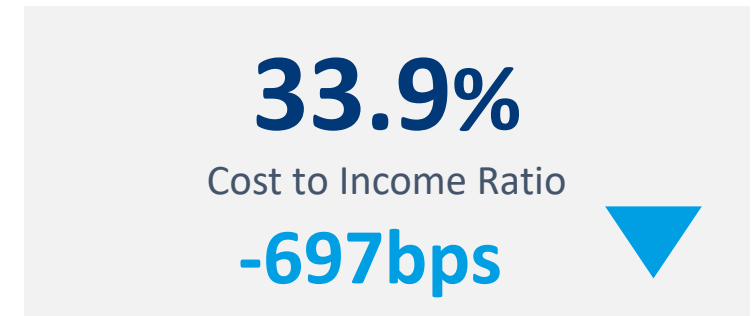
= Strong YoY Growth in Profitability



= Solid Balance Sheet Growth YoY



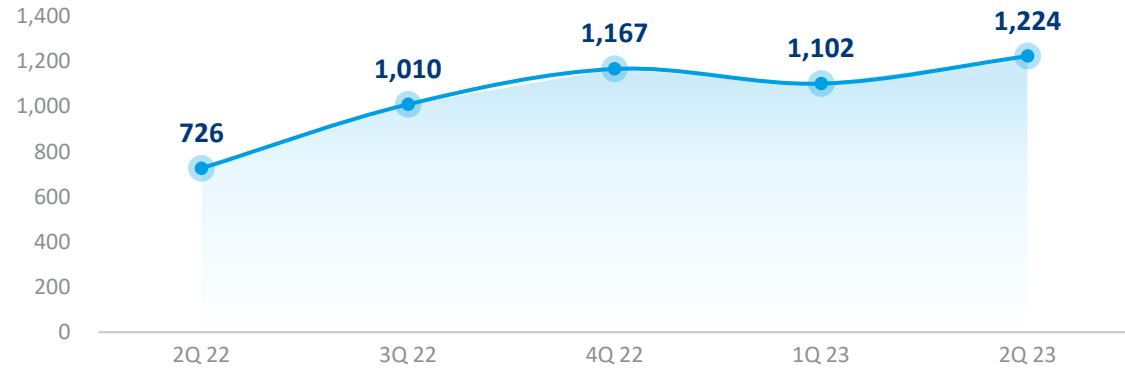
= Strong Capital Position and Return YoY



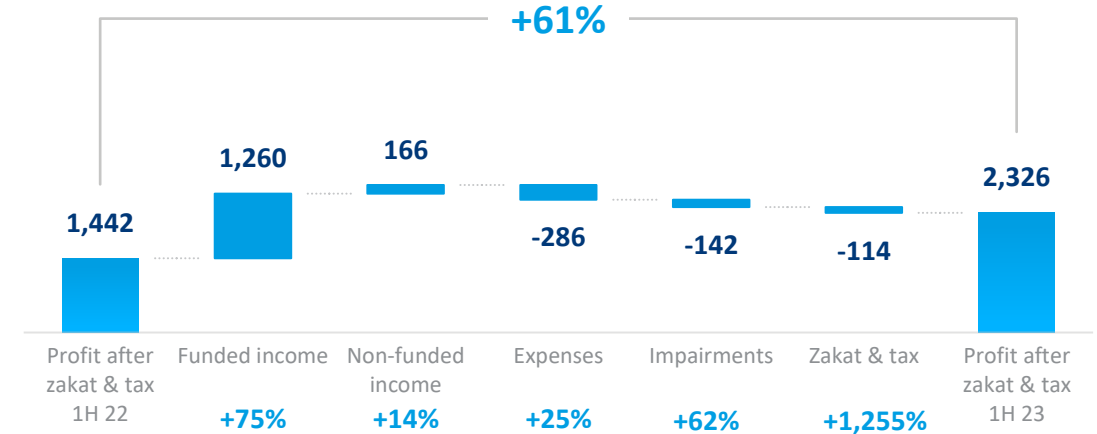
= Income Statement

61% YoY growth in 1H 2023 Net income underscored by strong funded and non-funded revenue growth

= Net Income (AEDmn)



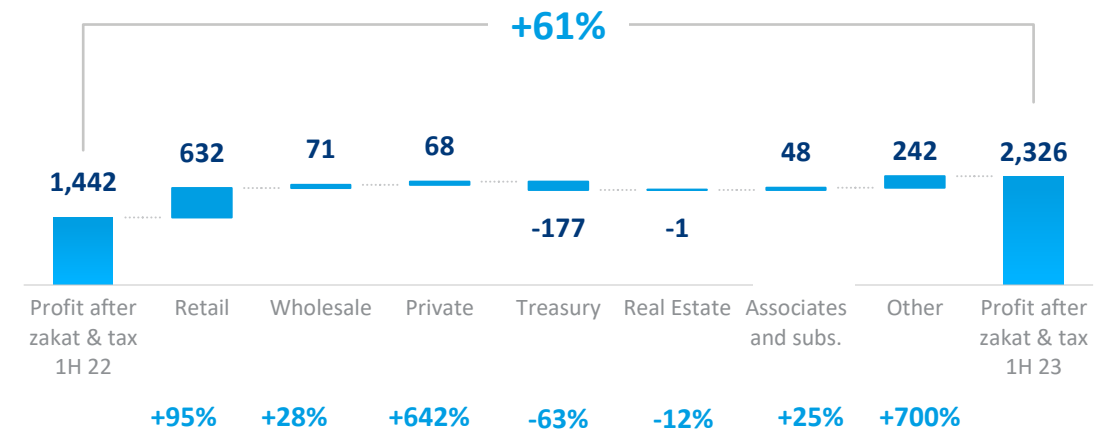
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Funded income	2,930	1,669	+75%	1,504	880	+71%
Non-funded income	1,335	1,169	+14%	724	549	+32%
Revenues	4,264	2,838	+50%	2,228	1,429	+56%
Operating expenses	(1,446)	(1,160)	+25%	(719)	(583)	+23%
Provision for impairment	(369)	(227)	+62%	(223)	(114)	+95%
Net Income before zakat and income tax	2,326	1,442	+61%	1,224	726	+68%

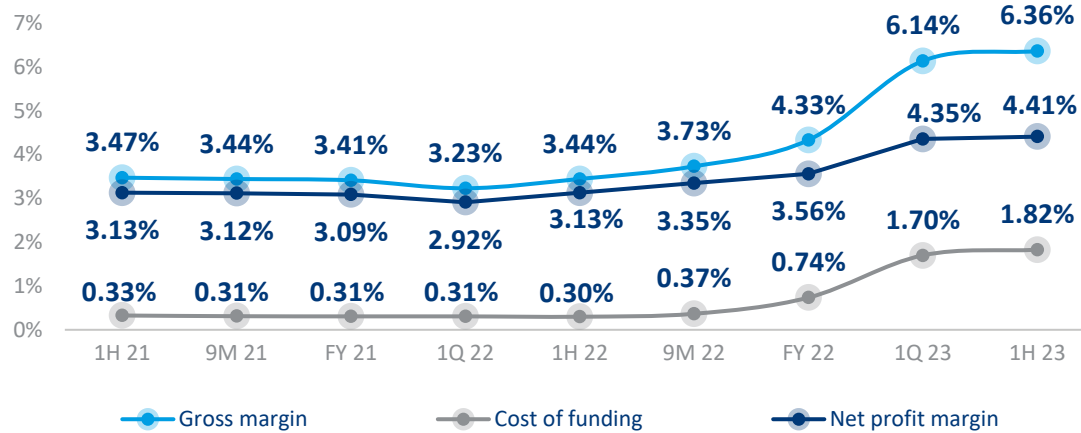
= Net Income Movement by Segment (AEDmn)



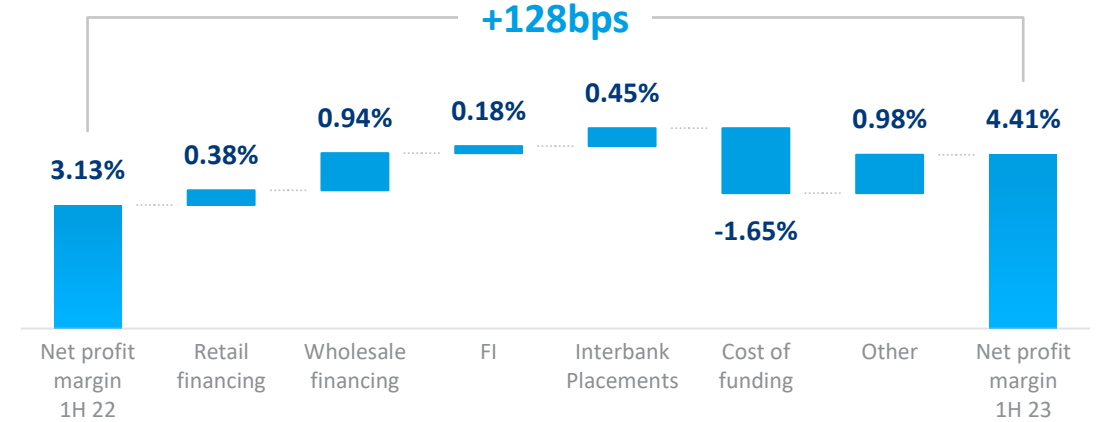
= Funded Income

Strong growth in funded income driven by strong business volumes and higher rates with NPM improving 128 bps

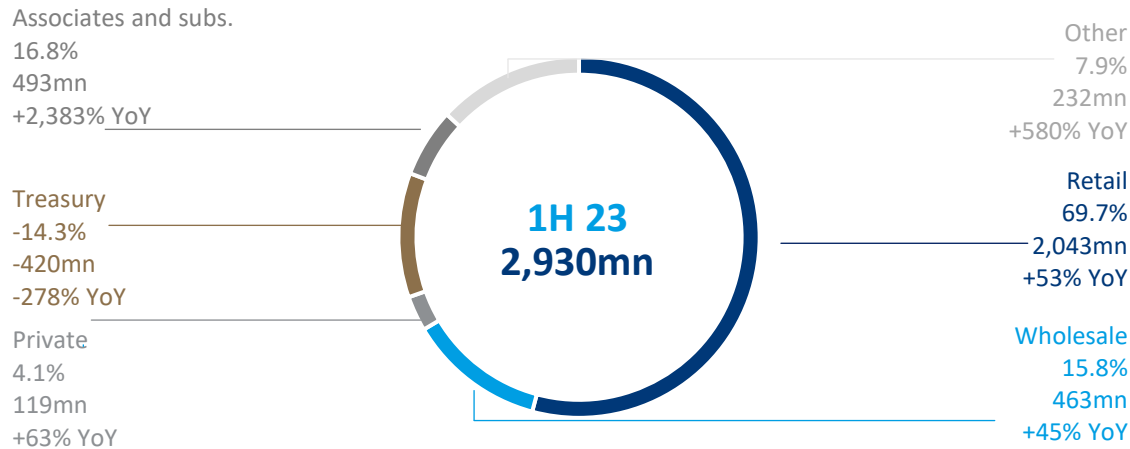
= Net Profit Margin (%)



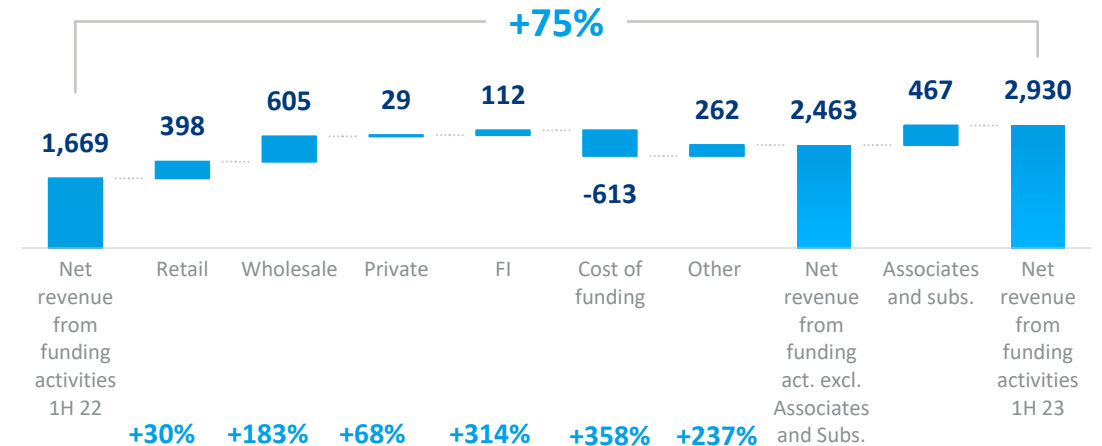
= Net Profit Margin Movement YoY (%)



= Net Revenue from Funding Activities Composition (AEDmn)



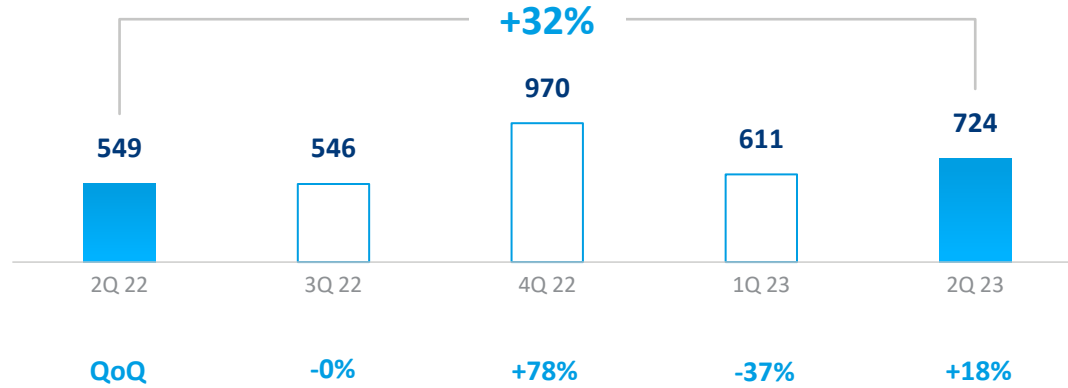
= Net Revenue from Funding Activities YoY (AEDmn)



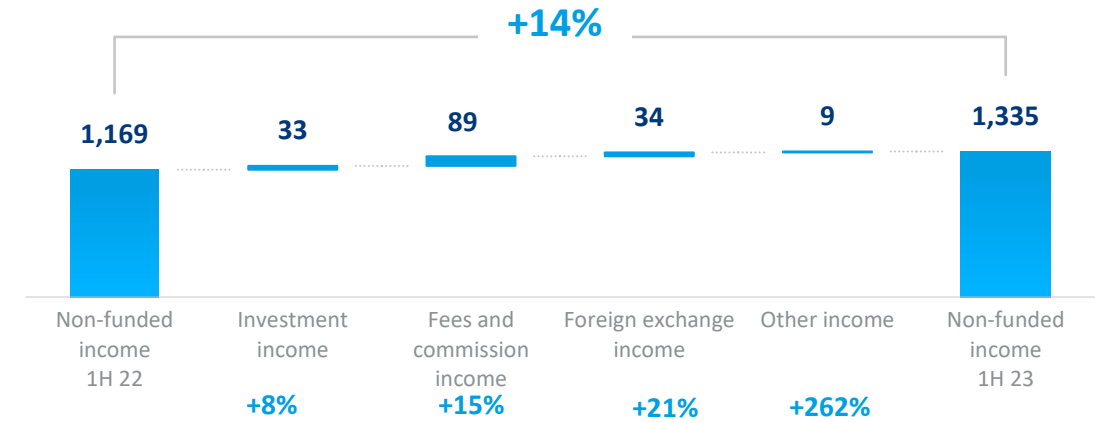
= Non-Funded Income

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

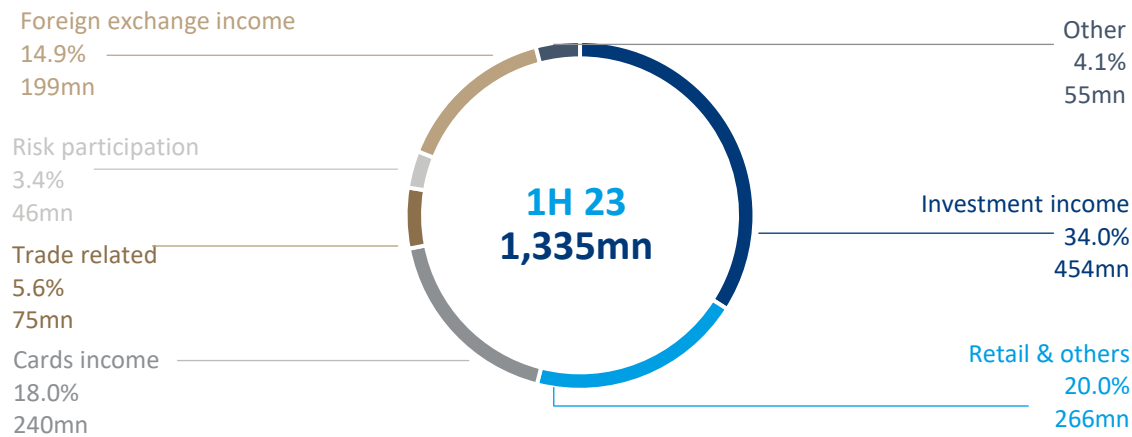
= Non-Funded Income (AEDmn)



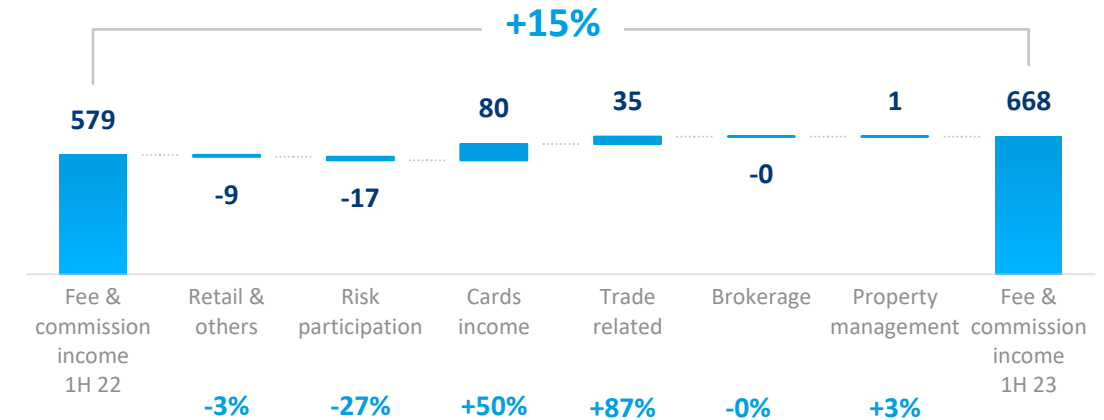
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



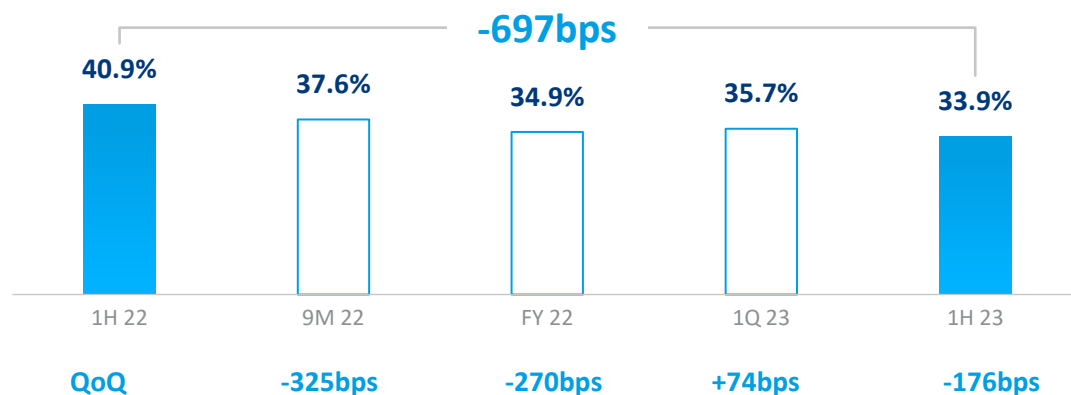
= Fee & Commission Income Movement YoY (AEDmn)



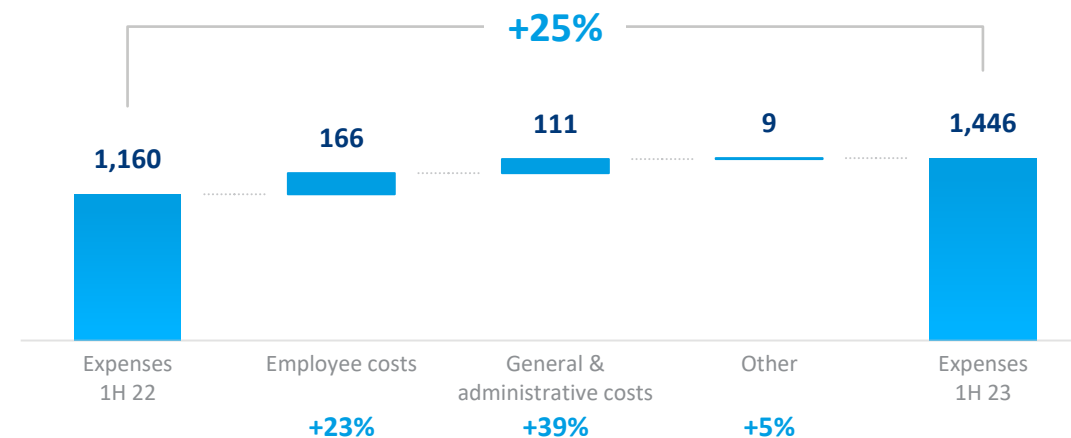
= Operating Expenses

Cost to income ratio improved by 697bps to 33.9% on revenue growth

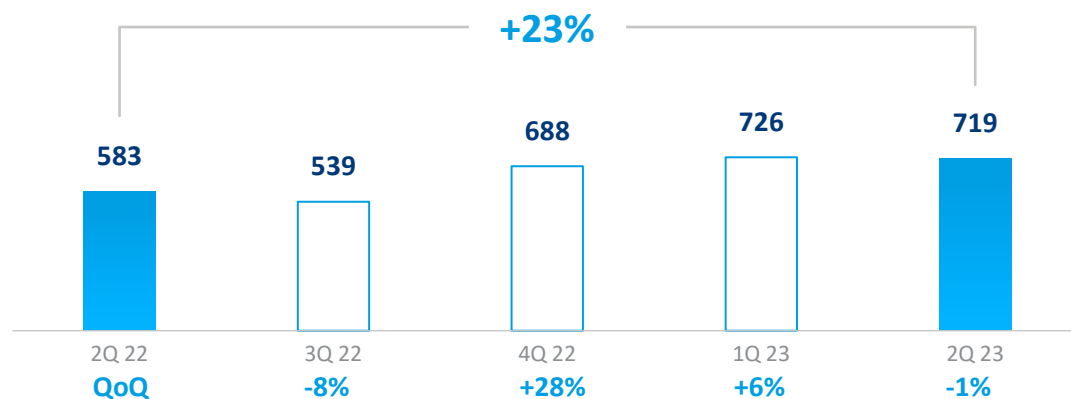
= Cost To Income Ratio (%)



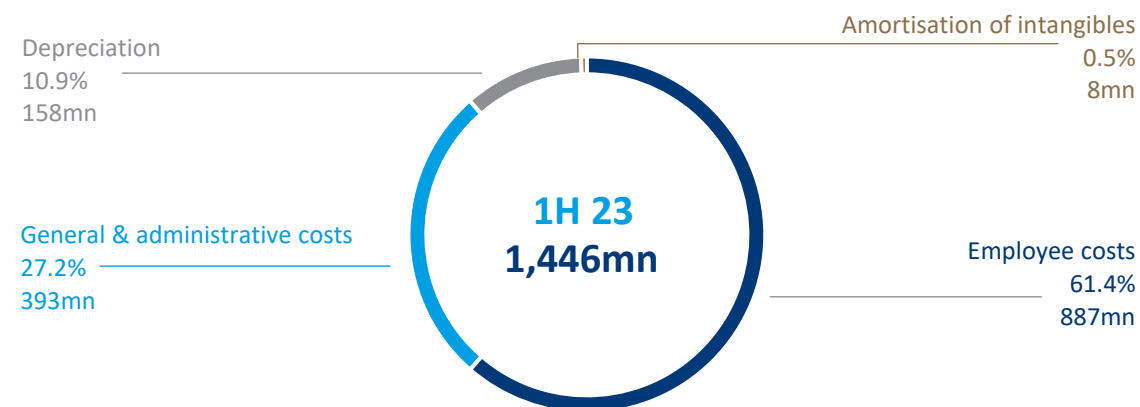
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



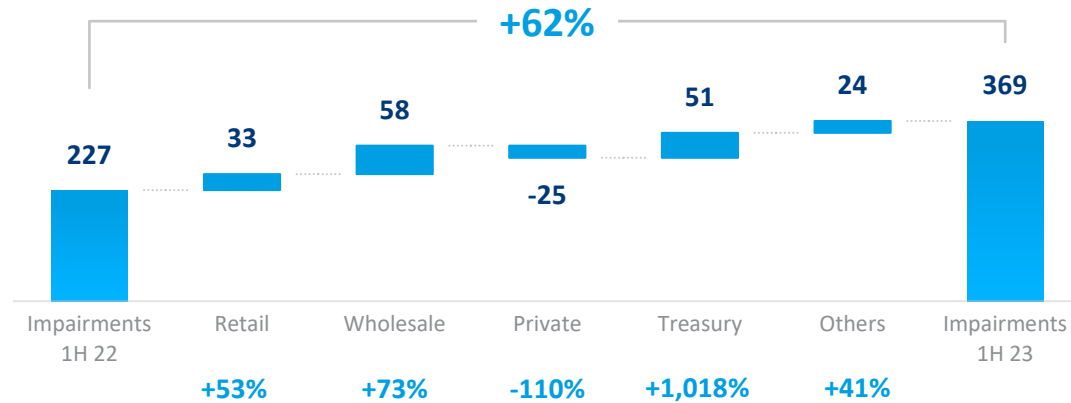
= Expenses Composition (%)



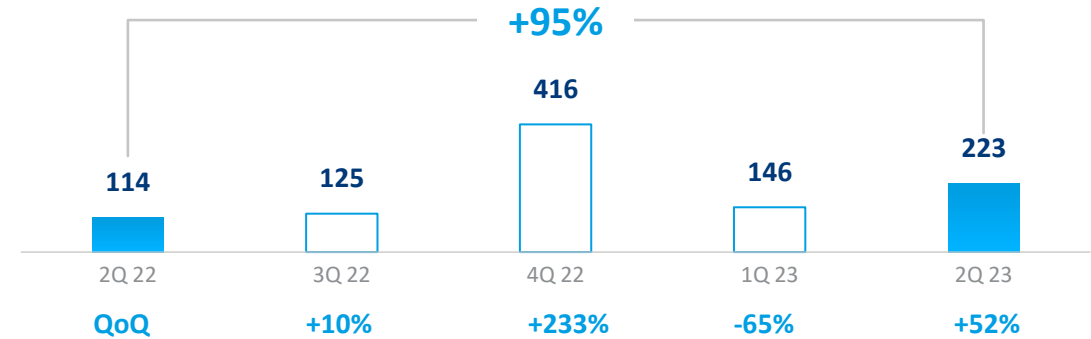
= Impairments

COR is at comfortable 48bps in 1H 2023

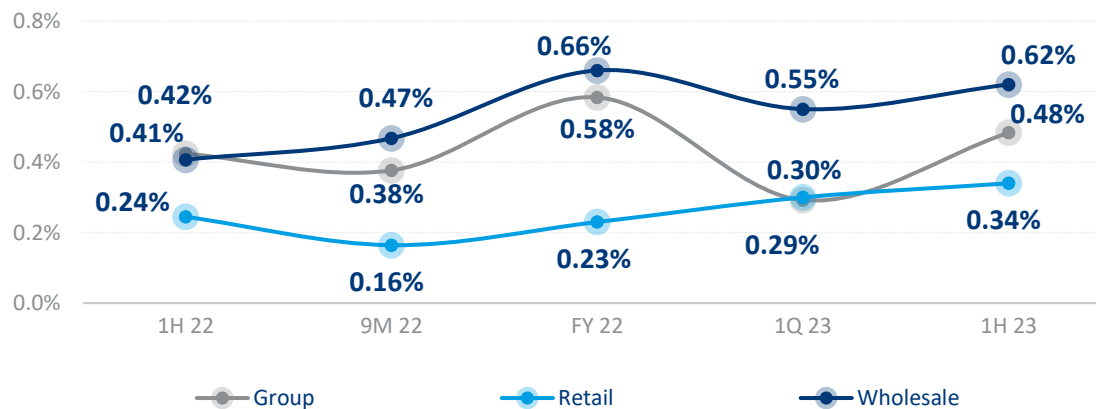
= Impairments Movement YoY (AEDmn)



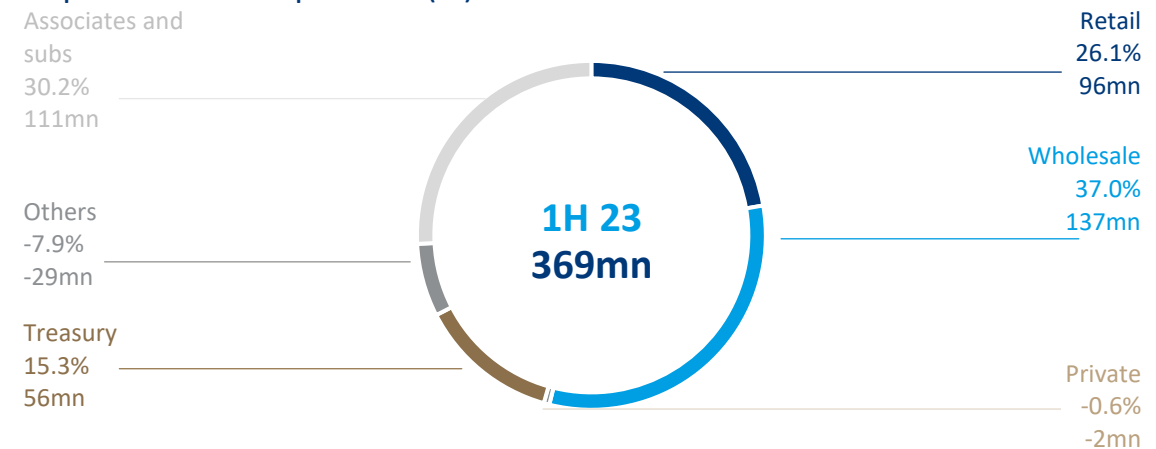
= Impairments (AEDmn)



= Cost Of Risk (%)



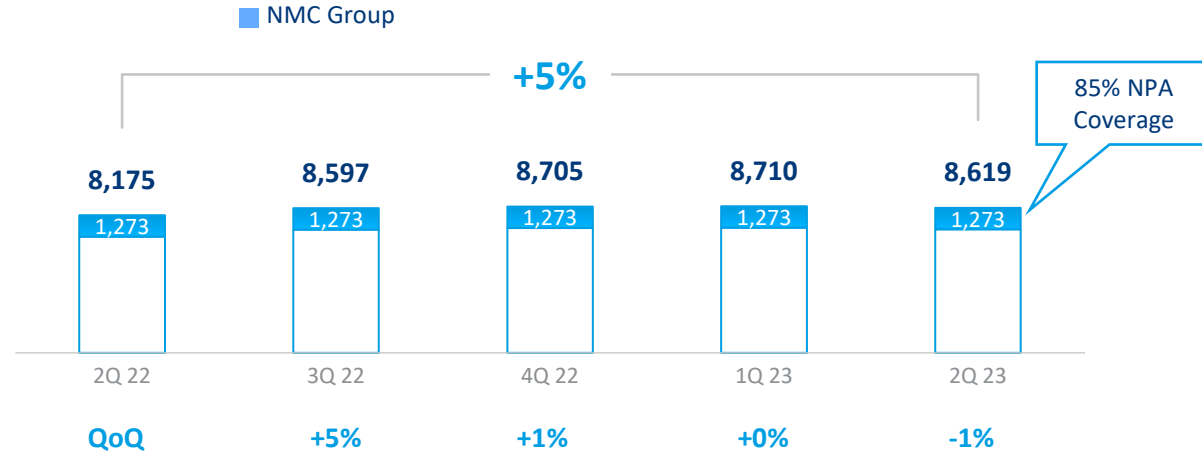
= Impairments Composition (%)



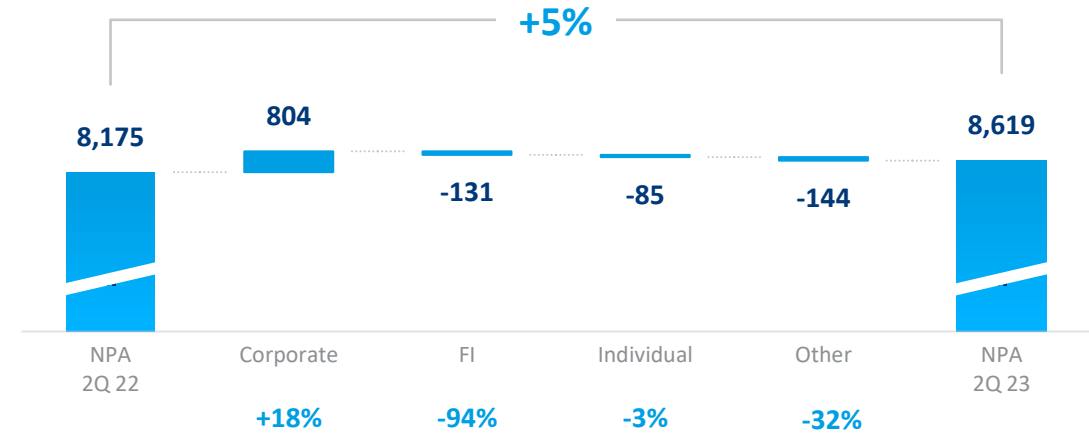
= Non-Performing Financing

Healthy asset quality metrics with NPA ratio at its lowest level since 2019 and coverage ratio improving

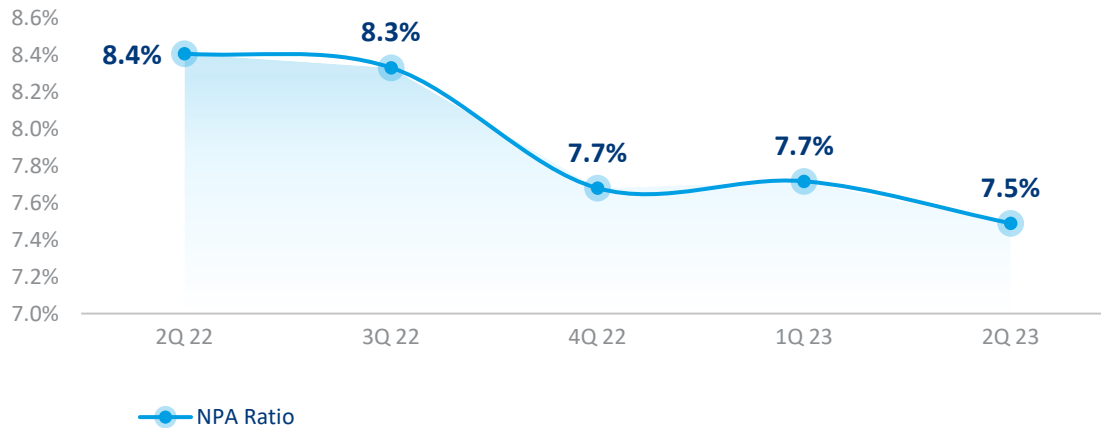
= NPA (AEDmn)



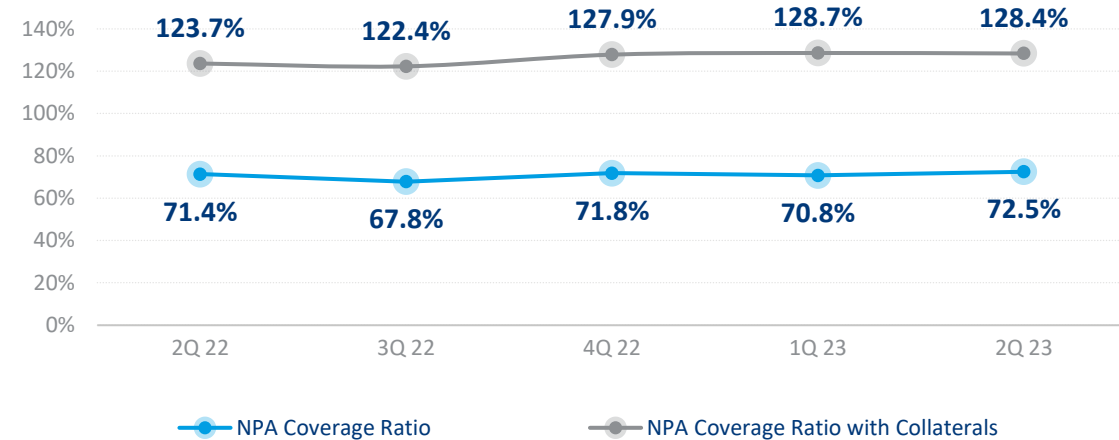
= NPA Movement YoY (AEDmn)



= NPA Ratio (%)



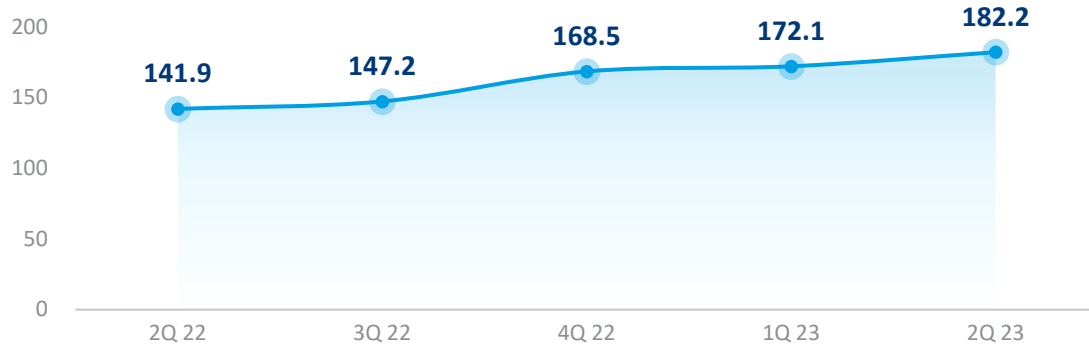
= NPA Coverage Ratio (%)



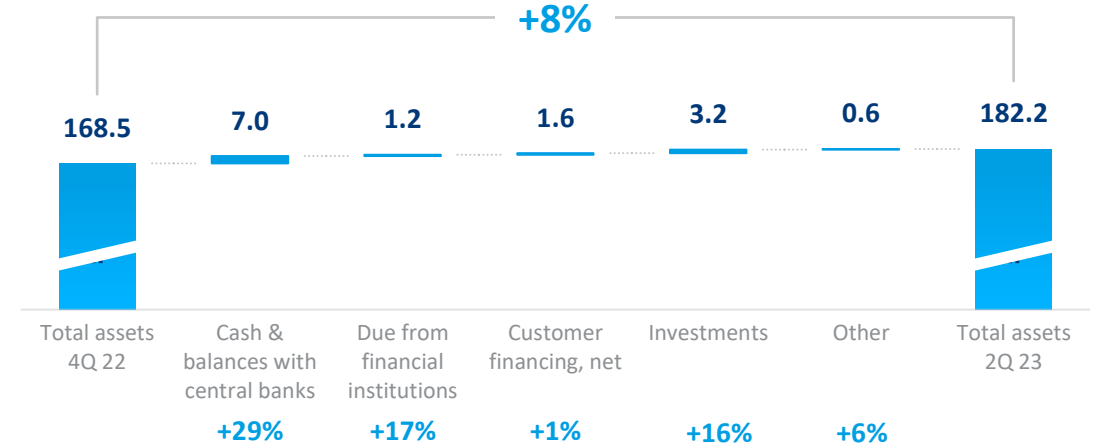
= Balance Sheet

Total assets increased by 28% YoY driven by 19% growth in customer financing

= Total Assets (AEDbn)



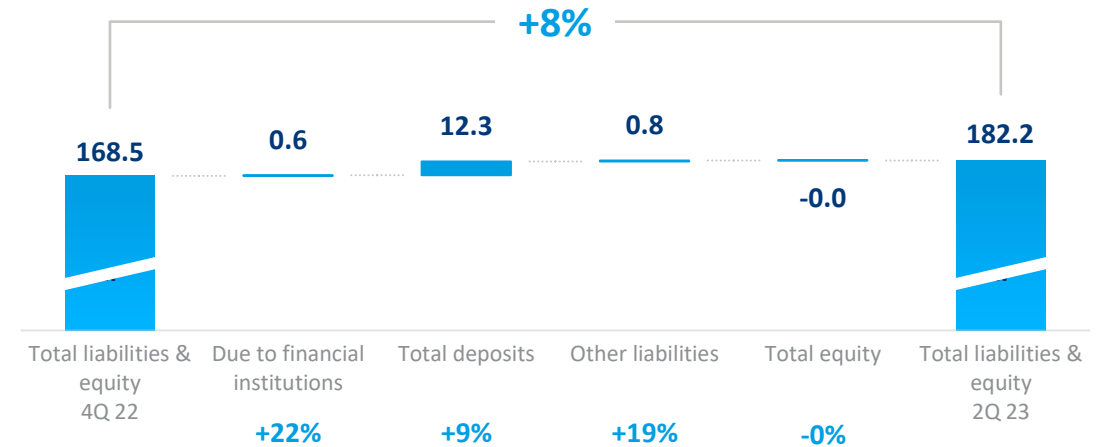
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	2Q 2023	4Q 2022	Δ%	2Q 2022	Δ%
Customer financing, net	109,329	107,717	+1%	92,190	+19%
Investments	22,590	19,432	+16%	18,572	+22%
Total assets	182,167	168,517	+8%	141,944	+28%
Total Deposits	150,401	138,137	+9%	115,188	+31%
Total liabilities	158,718	145,056	+9%	121,541	+31%
Total equity	23,449	23,461	-0%	20,404	+15%

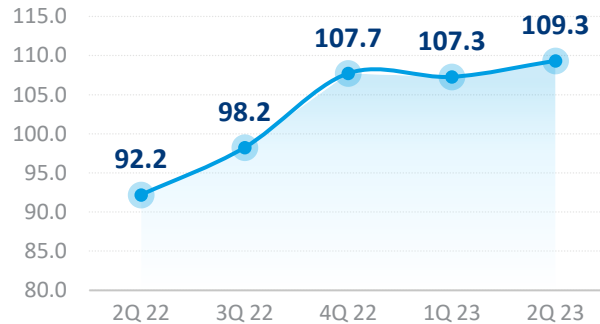
= Funding Movement YTD (AEDbn)



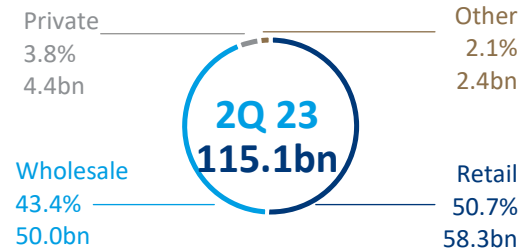
= Customer Financing

AED 18 billion growth in financing assets vs last year mainly due to strong volume from Retail, Government and Public Sector

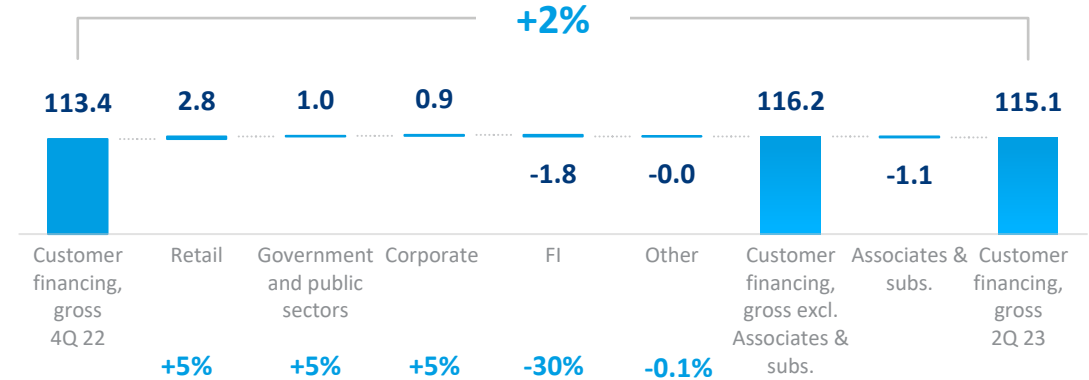
= Customer Financing, Net (AEDbn)



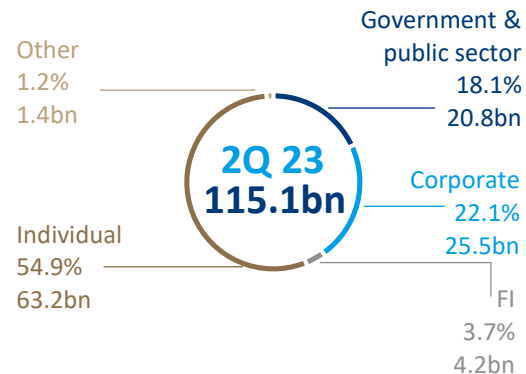
= Customer Financing, Gross by Segment (%)



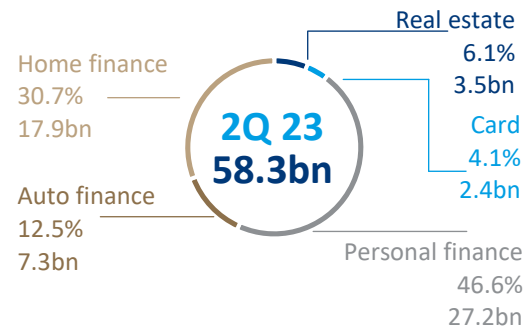
= Customer Financing, Gross Movement YTD (AEDbn)



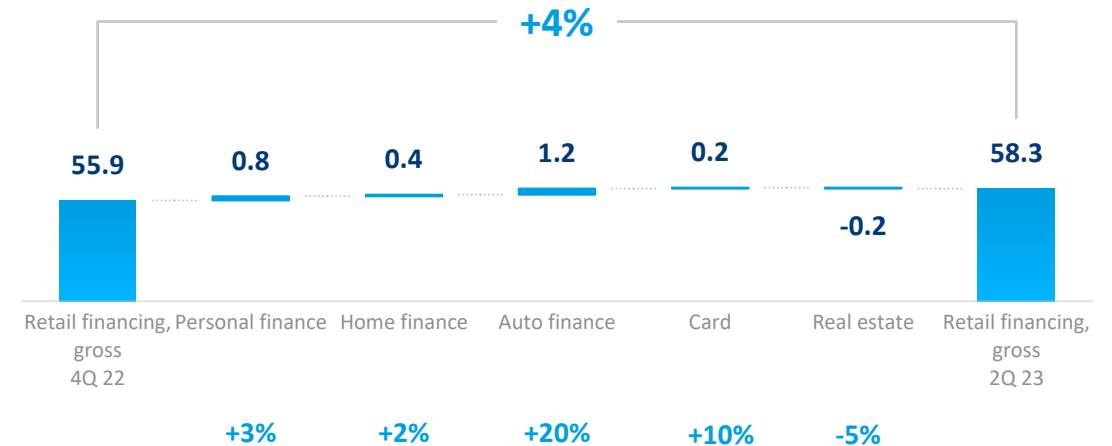
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



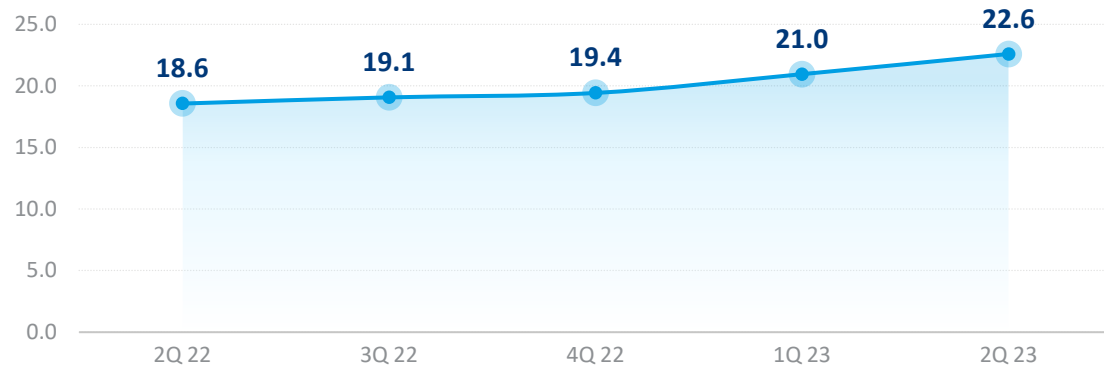
= Retail Financing, Gross Movement YTD (AEDbn)



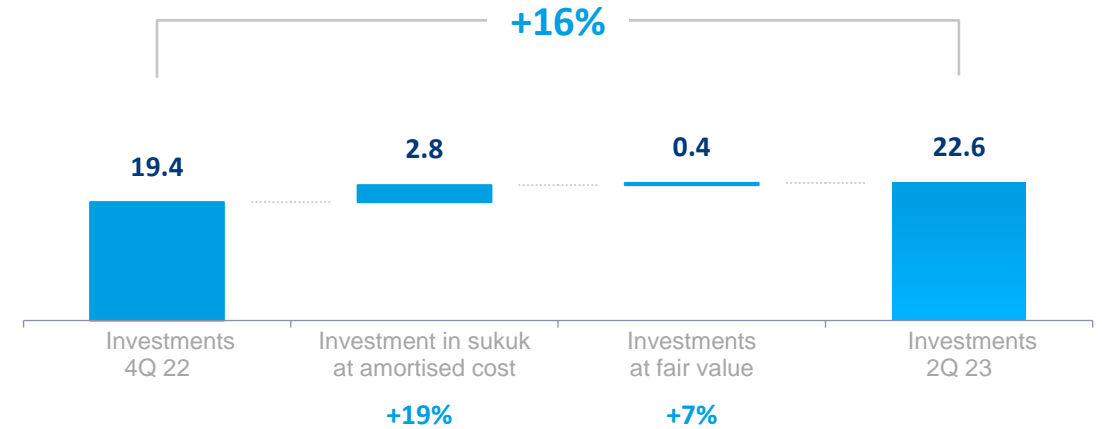
= Investments

Diversified Investment Portfolio

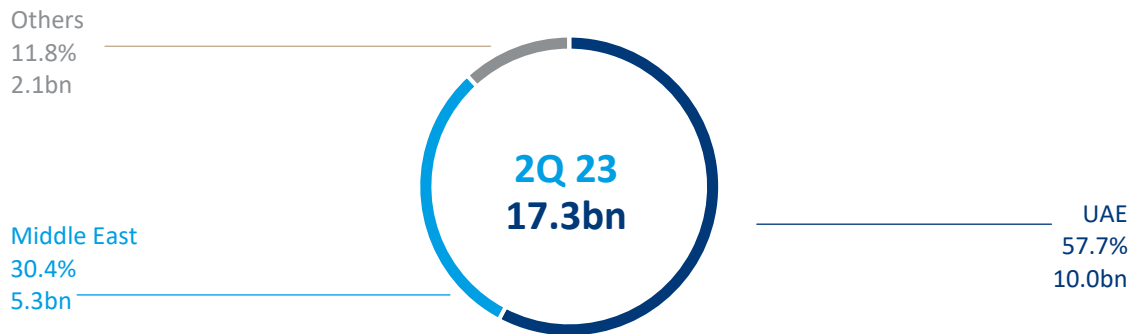
= Investments (AEDbn)



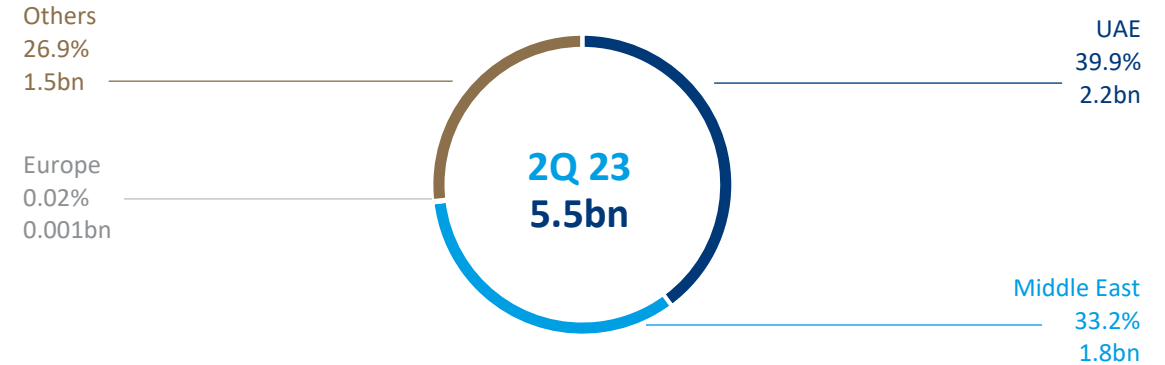
= Total Investments Movement YTD (AEDbn)



= Investments carried at amortised cost by country (%)



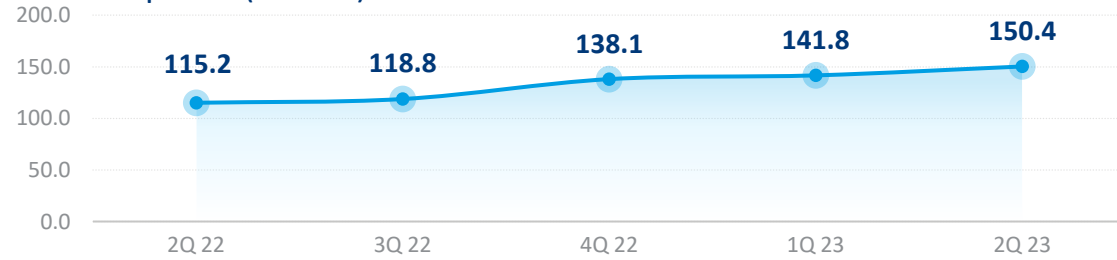
= Investments carried at fair value by country (%)



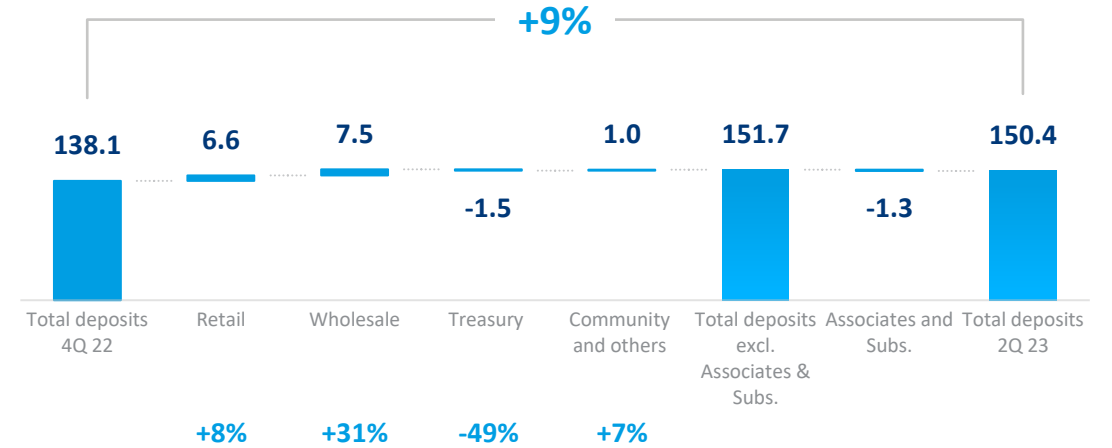
= Customer Deposits

Strong customer deposits with continued growth in CASA despite higher rates environment reflecting ADIB's strong franchise

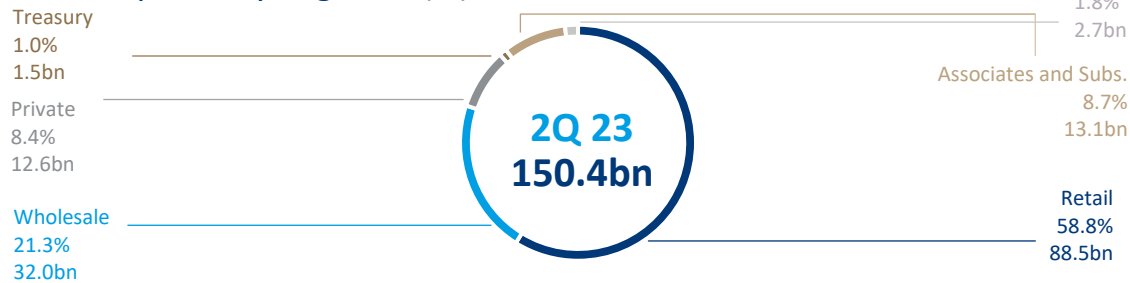
= Total Deposits (AEDbn)



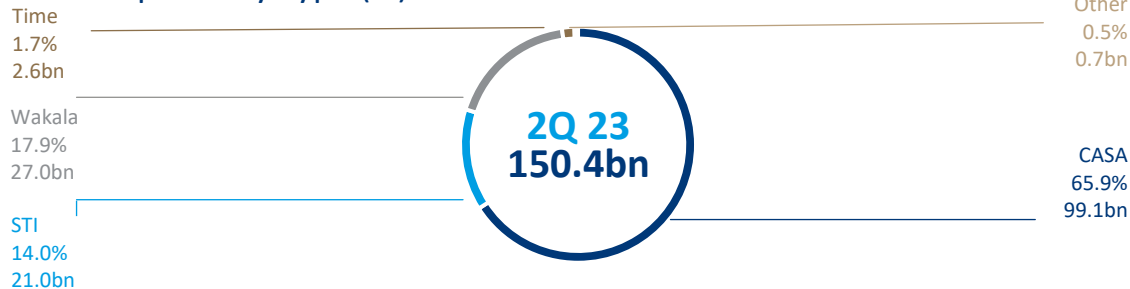
= Total Deposits Movement by Segment YTD (AEDbn)



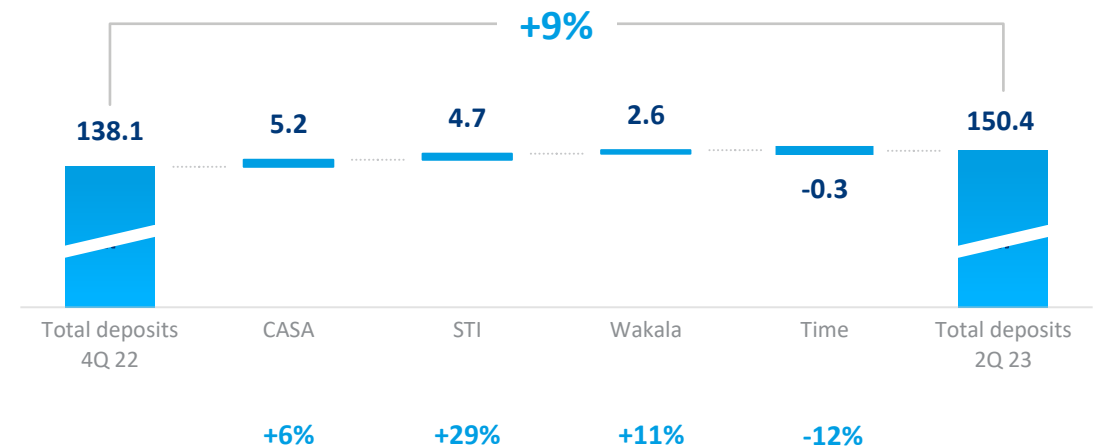
= Total Deposits by Segment (%)



= Total Deposits by Type (%)



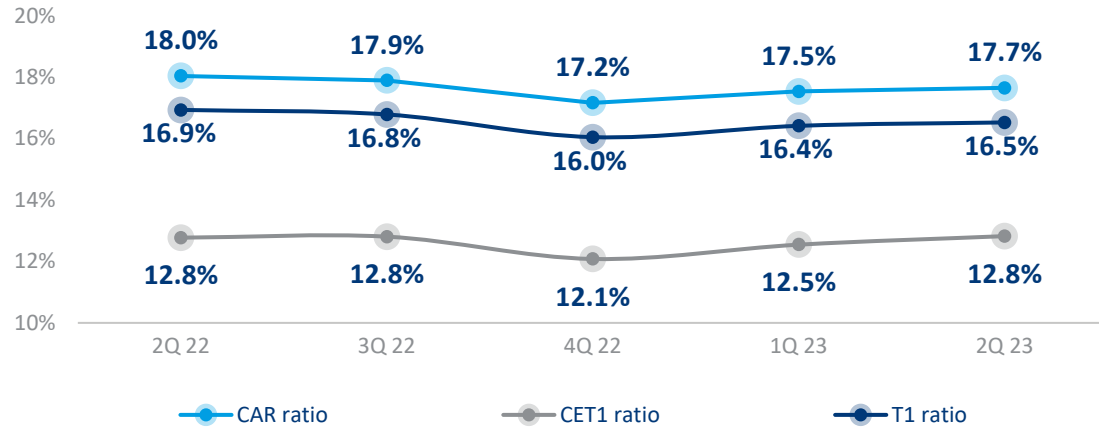
= Total Deposits Movement by Type YTD (AEDbn)



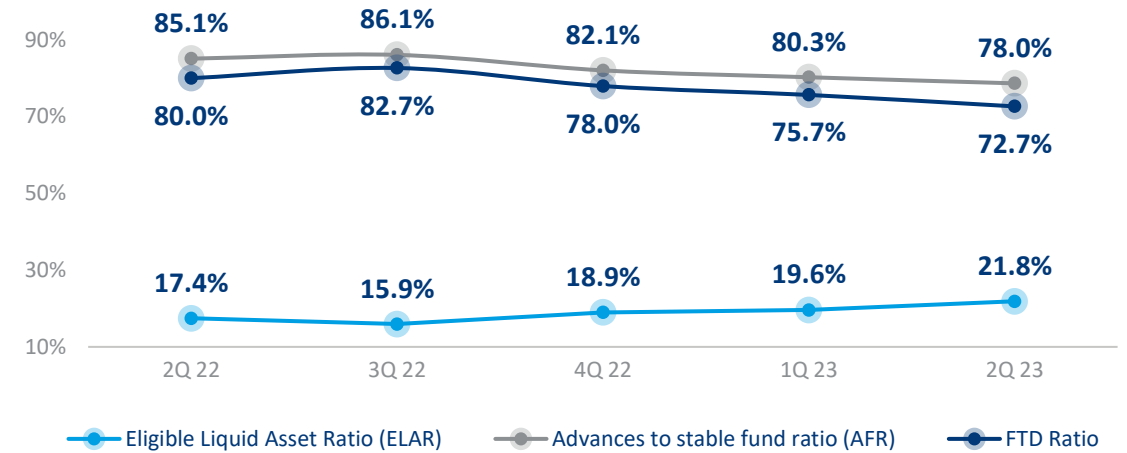
= Capital and Liquidity

Robust capitalization and liquidity positions, well within regulatory requirements

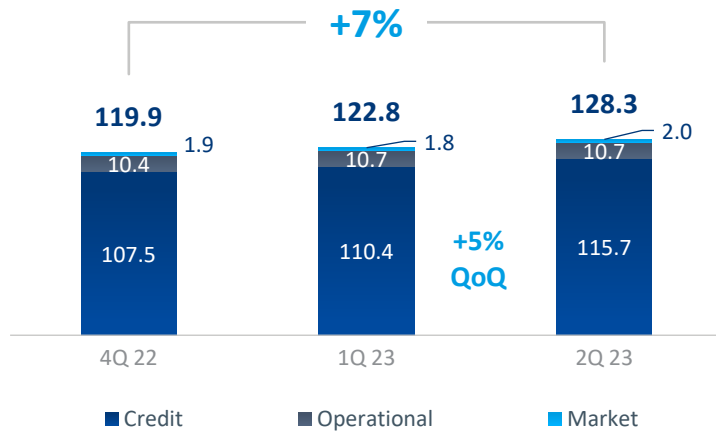
= Capitalization Ratios (%)



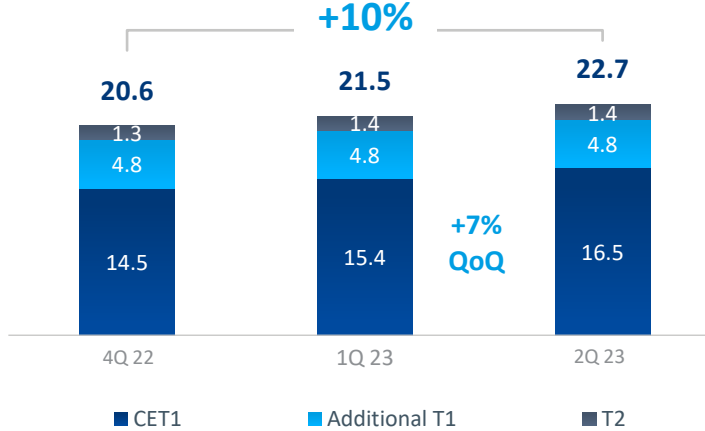
= Liquidity Ratios (%)



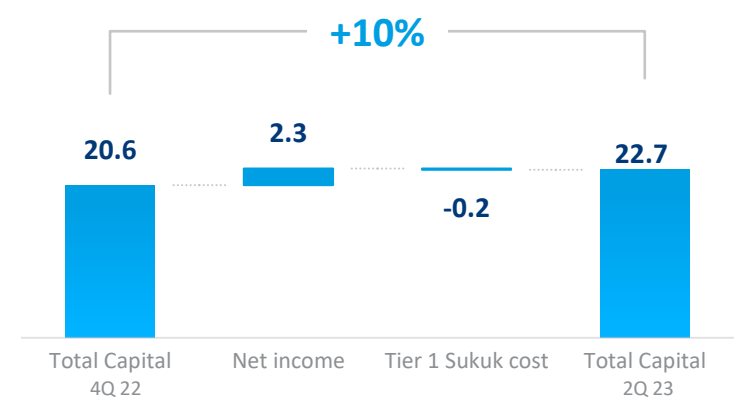
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

1H 2023 Earnings Presentation

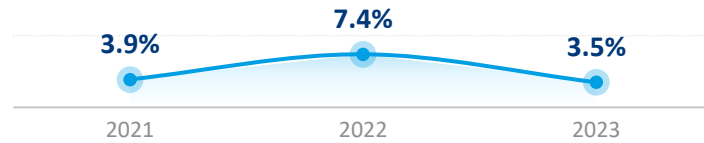
= Outlook and Guidance

Solid financial & strategic foundations drive a promising outlook for 2023

= Market Outlook

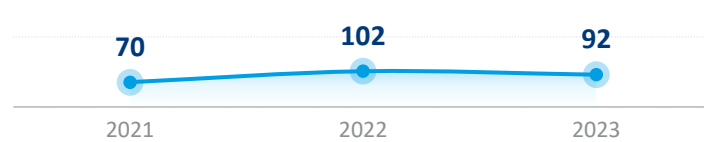
= Solid GDP growth

Real GDP growth (%)



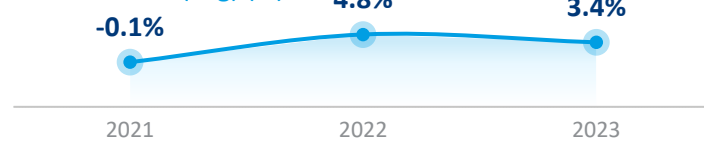
= Oil prices to remain supportive

Brent Price / Barrel (avg) (USD)



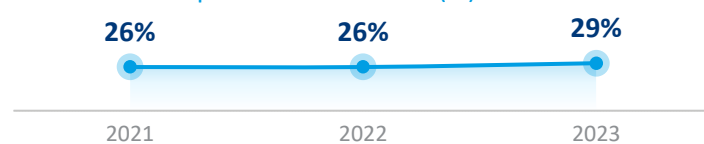
= Inflation to moderate

UAE Inflation (avg) (%)



= Expenditure expected to remain at 2022 level

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

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

1H 2023 Actual

2% YTD

FY2023 Guidance

5% to 8%

= Net Profit Margin

Benefit of rate hikes offset by continued competitive yield pressure

4.41%

~4.5%

= Cost of Risk

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

0.48%

0.55% to 0.65%

= Cost to Income Ratio

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

33.9%

Below 35%

= Return on Equity

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

24.9%

Above 22%

Questions & Answers

1H 2023 Earnings Presentation

= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of 4.5%

= Shareholder Return Metrics



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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

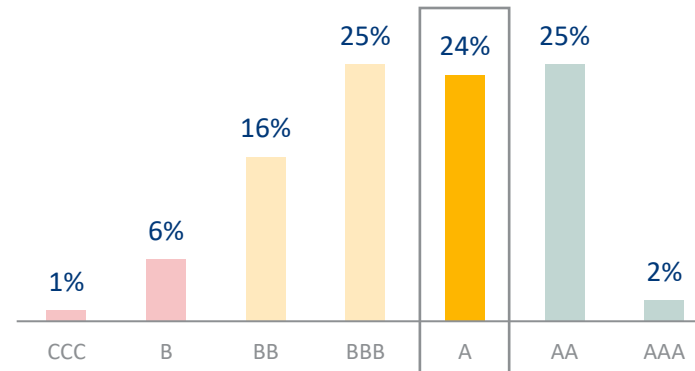
MOODY'S
A2
Stable Outlook

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)

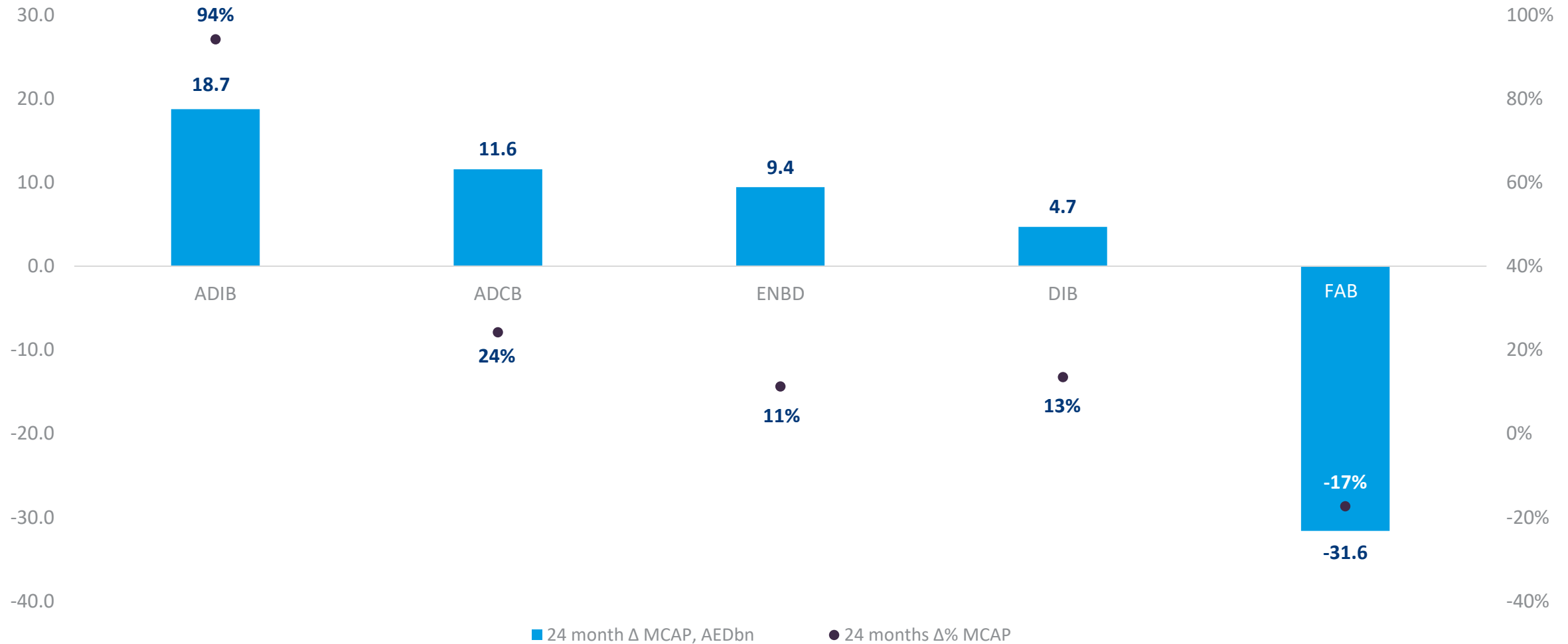


#1
Islamic Bank in
Egypt
(March 2021)

= ADIB share price significantly outperformed UAE peers

ADIB is undisputable leader on MCAP growth over the last 24 months

= 24 Months change of Market Capitalisation for UAE banks



= ADIB Share Price Performance

Over the last 24 months ADIB's share price is up 94%

=



Contacts

1H 2023 Earnings Presentation

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

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