

Opening Remarks

Rahul Bajaj:

Good morning. Good afternoon. This is Rahul Bajaj from City Research in Dubai. We are delighted to host Abu Dhabi Islamic on quarter and 9-month 2025 earnings call today. Representing ADIB, we have:

- **Mr. Mohamed Abdel Bari**, Group Chief Executive Officer
- **Mr. Ahsan Ahmed Aktar**, Acting Group Chief Financial Officer
- **Ms. Lamia Hariz**, Group Head of Corporate Communications, Marketing, ESG, and Investor Relations

Without further ado, I'll pass on the call to Lamia. Lamia, over to you.

Lamia Hariz:

Thank you. Good afternoon to everyone on the call and thank you for joining us. I would like to welcome you all to ADIB Q3 2025 financial results.

Before we get started, just a quick reminder that today's presentation and all our financial disclosures are currently on our IR section on the corporate website, as well as our dedicated IR app.

The agenda for today is consistent with our previous quarters:

- Mohamed will cover the key highlights of the quarter followed by high-level guidance for the rest of the year.
- This will be followed by a more detailed analysis by Ahsan on financial performance.
- After that, we will open the door for Q&A.

With that, I will now hand it over to Mohamed to start the presentation.

Mohamed Abdelbary:

Thank you, Lamia, and good morning. Good afternoon, everyone, and thank you for joining us in today's call.

We are pleased to report another quarter of robust performance, with strong third-quarter results where we delivered a net income before tax of 6.1 billion dirhams, which represents a 16% growth year on year. I'm very happy to see that every business line performed exceptionally well.

One very important aspect, which we are proud to see, is that the level of customer acquisition has increased, and we have welcomed approximately 225,000 new customers from the beginning of the year. That's net addition to our client base.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

From a revenue perspective, we have seen a growth of 14% year on year. And as you will see from the presentation, it has been delivered across all business lines and business segments.

From a balance sheet perspective, we have seen good momentum. Before going to the balance sheet, one point on revenue: we have been talking for a while about ensuring that our revenue is growing both from a funded and non-funded income perspective. We have delivered on that promise, and you will see that, particularly on the non-funded income part, we have grown approximately 17% year on year.

Talking about the cost, cost-to-income ratio at 28.3%. If I go back in time a few years, you would have seen our cost decreasing, but then we also signaled to the market that we have entered a phase of productivity. So costs have been increasing, but always ensuring that revenue is growing at a faster pace and hence focus more on productivity rather than just cost reduction. And that's why you see consistent improvement in our cost-to-income ratio.

From a balance sheet perspective, exceptional performance: we are seeing growth in our total assets, hitting 270 billion total assets, representing almost 20% growth year on year and 26% on customer financing. On the liability side, we have continued our strategy in terms of ensuring that we are funding before financing and hence you will see that the quality of our funding has remained resilient and robust.

Talking about asset quality, our non-performing assets ratio has now dropped to 3.3%. Again, very proud to see that number moving in that direction, particularly if you go back in time, this number at one point used to be 8.8%. Now we're heading towards 3.3%, way below market average.

Moving forward, let's talk about the guidance for a second. We remain extremely positive about the UAE macro fundamentals. When we talk about customer financing momentum, we are revising our guidance for the full year to be above 20% in terms of customer financing growth.

Net profit margins: we are keeping it at the same level as flagged from the beginning of the year. We are now at 4.17 year-to-date and expect to remain within the range of 4 to 4.25%.

Cost of risk at 46 basis points today, guidance unchanged between 40 and 60 basis points. Cost-to-income ratio below 30% will continue, and this will be our landing point as well.

Return on equity now is reaching almost 30%. Our guiding point was above 25%, which we are maintaining.

With that, I handed over to Ahsan to take us through the slides before we open up for Q&A.

Ahsan Ahmed Akhtar:

Thank you, Mohamed, and very good morning and good afternoon to everybody on the call.

To start with a quick summary: as Mohamed mentioned, we've continued to deliver an exceptional set of financial results, with all core businesses and product lines continuing to perform extremely well.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

Our net profit growth before tax was particularly strong at 16% year on year to reach 6.1 billion dirhams, driven by diversified revenue momentum across the bank. Our third-quarter profit also increased 16% year on year to reach 2.1 billion dirhams pre-tax. On a post-tax basis, our net profit for nine months has been 5.3 billion, reflecting a 15% increase compared to the same time last year.

Revenue base has increased to reach AED 9.1 billion, and while revenues increased by 14% due to underlying strong business volumes, expenses have grown by 11%, reflecting positive jaws. Our cost-to-income ratio has further improved to reach 28.3%, driven by enhanced efficiencies, productivity measures, and disciplined cost management.

Our asset growth has been remarkable with our total balance sheet growing 21% year on year to reach almost 270 billion, fueled by strong financing growth across both retail and wholesale segments, and growth in our investment portfolio within treasury. Deposits have increased by 23% year on year to reach AED 222 billion, maintaining a healthy mix between current and saving deposits and other forms of depositors.

As we move forward, you can see from the operating table, operating revenues have increased 14%, and while cost increased 11%, we continue to invest in new lines of business, products, and modern technology to drive future growth and efficiency.

This has led us to increase our operating profit margin by 16% year on year to reach about 6.5 billion dirhams. Kindly also note that the flight tax rate for the 9 months reflects 9% local UAE tax, while the effective tax rate for the group has remained pretty much unchanged at around 12%, and this has been in line with our expectation and the guidance which we have previously provided.

Moving forward in terms of our income statements, as we delve into the income statement drivers, we can see from the top left chart that we have consistently recorded an upward trend in our net income growth over the last few quarters to reach 2.1 billion dirhams. Within that, I would like to call out the increase between funded income and non-funded income, and both have been very strong. Funded income increased 13% despite the rate cut in 2024, that has now more than been offset by a strong increase in customer financing over the last year or so, and funded by a stable and low-cost base.

Additionally, non-funded income is 17% higher, and more importantly, 7% above the last quarter, and that has been driven by growth in fee and commission income underlying a strategic focus on revenue diversification. And this growth has been achieved across all customer-focused segments of the group. As a result, our non-funded income now contributes a healthy 40% of the total revenue base.

From a segmental perspective, the bottom right chart shows core retail and wholesale business both have contributed significantly towards driving the net income improvement. As we move forward into our funded income, as previously mentioned, this has increased by 13%, and this increase has come about across both retail and wholesale businesses, aided by strong business activity. On our funding side, we continue to benefit from a cost-efficient liability base, and we consider ourselves the market leader within the UAE market segment. Our net profit margin has come down slightly to reach 4.17%, compared to last quarter due to the rate cuts that have happened over the last year or so. But this has

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

more than offset by higher volumes. With regard to sensitivity, this remains unchanged at 120 million impacts on net income, resulting from every 50 basis points change of interest rates.

As we move forward into the non-funded section of our income statement, as previously mentioned, this has now reached 40% of the total income. The increase of 17% year on year to reach 3.6 billion and up 7% sequentially to reach 1.3 billion in quarter 3 2025. The key drivers in the non-funded income have been fee and commission income, which are up by 18% year on year, reflecting increased customer activity and successful cross-sale efforts across our retail and wholesale business. At the same time, we have registered a 90% growth in our corporate finance investment banking fees with our WBG team now playing a key role in syndication arrangement and debt capital markets.

Additionally, happy to report that our investment income has also improved significantly by about 33% on the back of increase in our investment portfolio, while FX income has also increased by 60%, resulting from higher customer flows.

Moving on to expenses on slide 12, as reported by me, we've increased operating expenses by 11%, demonstrating continued investment in talent and strategic initiatives to support business growth. A big chunk of the investment in expenses are revenue-led and correlate directly with revenue-related activities. However, we've achieved positive jaws since revenues have outpaced our expense growth, and there has been an overall improvement in our cost-to-income ratio to reach 28%, reflecting robust operating efficiencies, and we are comfortably within our guidance as continued acceleration of investment for growth is supported by existing income levels.

In terms of impairments, as we move forward, impairment charges have been up moderately to reach 511 million for 9 months 2025, and 206 million for quarter 3, 2025.

This reflects the cost of risk of 46 basis points, in line with our guidance and approximately in the same range as has operated throughout the year. It is worth noting that at this stage, we are not seeing any credit quality pressures either within our wholesale business or in the retail business and the overall credit environment remains very stable.

Moving forward on to our non-performing assets, we can see from the top left-hand chart, overall stock of non-performing NPAs have dropped down to reach 5.7 billion or 7% decline as we make inroads into resolving some of our legacy credits. From the top right-hand chart, we can see that the NPAs have reduced in both our corporate business as well as in our retail business, and these have been driven primarily by some recoveries and some write-offs. As a result, our non-performing assets ratio continues to improve to reach 3.3%, which has been the lowest audited level since 2016, reflecting the strong recoveries as well as some write-offs. In terms of coverage, as shown in the bottom right-hand chart, this has been a continuously improving trajectory. This has now reached 170%, including collaterals. And if we look at our cash coverage ratio, this has further improved to reach almost 90%, the highest level we've seen historically. What is also important to note here is that we have had subdued formation in non-performing assets and the asset quality remains good amid a strong macroeconomic environment.

So as we move into our balance sheet now, in terms of our key drivers, the balance sheet momentum that we saw in the first half of the year continued into quarter 3, and total assets have now increased by almost 47 billion since the year ago. The total assets, which reached 270 billion, has been mainly driven

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

by increase in net financing assets which grew at a very healthy 26% year on year and increase in our investment portfolio by 21% for the same period. In terms of our financing assets, credit momentum remains very strong, with an overall increase of 36 billion in new financing net since the beginning of the year, with significant increase of 18 billion in retail banking and almost 12 billion in our wholesale business as they are gaining new market share in addition to corporate banking closing several deals. Within retail, all our flagship products have grown very well, and we continue to be number one in terms of market share in products such as home and personal finance, with home finance growing by 46%, 44% year on year, aided by successful new product campaigns, and tie-up with our dealers. The portfolio has remained well balanced, with retail almost accounting for about 57% of the total portfolio, mostly at a fixed rate, while the GRE proportion has also improved to reach 23% of the total portfolio, which reflects our strategy on booking capital accretive business.

So as we move forward, in terms of our investment portfolio within the treasury business, this has expanded by 6 billion year to date, reflecting our strategy to deploy excess liquidity of the bank into Sukuk and to further lock in longer duration assets at a higher rate. This will serve as a natural hedge when rates start to come down in the fourth quarter. Moving on to deposits, the strong customer franchise has driven broad-based growth in customer deposits by 23%. What has been more impressive is the fact that our current and saving deposits have increased by 17 billion year on year and 15 billion year to date with our retail CASA now touching the 100 billion marks. It is also pertinent to note that our retail CASA now contributes almost 90% of the total retail deposits to that business.

Our current and saving deposits ratio continues to stand at a very healthy number at 65% and continues to support our low cost of funding within the UAE business. If you look at our right-hand chart, this growth mainly came from our core retail and wholesale businesses. Our ability to continue to attract CASA balances in the current rate environment has been a key success factor for the bank and therefore reflects our focus on product innovation and on attracting salary accounts.

I'll conclude the financial section review by talking more about our capital and liquidity ratios on slide 19. So, as you would appreciate, ADIB has maintained robust capitalization and liquidity levels despite the significant growth that we have witnessed in our balance sheet. Our capital adequacy ratio continues to be at a very healthy 17% while the common equity tier one has further improved to reach 13%. Even with the higher asset growth of 21% and 26% in the financing business, the overall risk weighted asset increase has been only 16%. This has been achieved through focus on capital optimization initiatives implemented during the year. Our liquidity position remains very healthy and stable, with key ratios such as advances to stable fund ratio at 81%, financing to deposit ratio at 77%, and LCR at 117%, all relatively stable on a sequential basis. With that, we conclude our financial side of the presentation and open the floor for any questions. Thank you.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

Rahul Bajaj:

Thank you, we will begin Q&A. As a reminder, please select the raised hand feature at the bottom of the Zoom interface to be placed in the virtual queue, once it's your turn to ask a question, we will call your name and ask you to unmute yourself.

Question 1: Naresh Blaani

Naresh Blaani (Q):

Great. Thank you, Mohamed, Ahsan and Lamia. Congrats on the very good set of results. I have 3 questions, please:

1. How would you expect the current strong retail origination to trend as we go into the next year? I think the way you're going; you probably end the year at around mid-20s growth rate in the retail book. Could you please offer us some broad indication on what the right comparable pace that you're thinking of at this stage into the next year?
2. Will the cards fee income line follow the same trend as it did last year? Last year we saw a drop in Q4, which was followed by a strong Q3. Would that repeat itself at this time?
3. On the property sector: we've seen Fitch and S&P talking about some risk of lower property prices in Dubai as we go into 2026. How would the emergence of lower prices affect your volume growth trends and the cost of risk outlook?

Mohamed Abdelbary (A):

Thank you for the questions, let me take them one by one:

- **Retail origination:** From what we are seeing today, we have tailwind. It's been growing quarter on quarter, and I don't see any reason why that trend should not continue into next year. In fact, you mentioned whether we should assume a similar level? Actually, I was hoping for more. We should see that uptick continue because the underlying framework of business origination is moving more and more to digital. So, I would assume acceleration of closing transactions will enhance and turnaround time will decrease, enabling us to close even more deals faster.
- **Card fee income:** Card fee income is a function of monthly spend on both debit and covered cards. That has been increasing quarter on quarter. The dip you saw last year was due to a regulatory change in terms of interchange fees. This has now been recalibrated, so it becomes only a function of volumes, and volumes have been going up. ADIB has the highest volume in terms of card consumption and spend every month across the UAE, based on Visa and Mastercard data.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

- **Property prices:** If property prices decrease, what would it mean for our book quality? Minimal impact because the loan-to-value in the book is wide and comfortable. Even before you eat into the equity of the bank, there is a huge cushion. From an origination perspective, prices may slow down, but that does not necessarily mean home finance origination will decrease. It could encourage other market participants to enter the market, so volume could continue to pick up. We are cautiously optimistic about going into next year with strong tailwind.

Question 2: Mamet Savi

Mamet Savi (Q):

Two questions:

1. How do you see the trajectory of NIM as we enter the second cycle of rate cuts? You're well within guidance for this year, but cross margin has been coming down over the past few quarters.
2. On capital: considering raising capital requirements, would you see it as a constraint to growth anytime soon? And what about being recognized as a systemically important bank?

Mohamed Abdelbary (A):

Let me start with capital:

Capital is a precious commodity—your license to grow and operate. We focus on protecting capital as we grow. Growing total assets by 21%, financing by 26%, and still landing CET1 close to last year's level reflects our origination discipline. Capital is in a very comfortable position.

On being considered DSIB: We have not been approached for this discussion. Could it happen? Possibly, but at this stage there are no formal or informal discussions. If it happens, we are comfortable. Add-ons range from 50 basis points to 2%, and they start small.

On margins: ADIB is resilient in rate environments. Despite rate cuts and competition, margins have held up nicely at around 4.17%. What drives margins slightly down is cost of funds, not strategy change, but tapping into institutional deposits to support growth. CASA remains strong at 65%. Next year, profit margins will come under pressure, but the reduction will be slower than the market.

Question 3: Louis Schmidt (John Peace from UBS)

John Peace (Q):

First question on capital: Is there anything you could do around risk-weighted asset optimization to improve buffers? Second question: strong revenue growth, but the other income line looked larger than usual this quarter—any color?

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

Mohamed Abdelbary (A):

On RWA optimization: It's BAU for us. It comes from origination efforts and ensuring balance between financing and RWA efficiency. We also work on collateral assignments and provisions to optimize. We avoid start-stop mentality and maintain growth.

On other income: Year-on-year comparison may reflect one-offs last year. Non-funded income quarter-on-quarter has been going up. Last year's dip was due to card interchange recalibration. Seasonality also plays a role, especially in wealth management.

Question 4: Olga Vasallova

Olga Vasallova (Q):

We have several questions:

1. On refinancing existing mortgages when interest rates go down, how easy is it for customers to refinance? What is the usual penalty or fee?
2. Cost of risk at retail was trending up in Q3 versus previous quarters. What is your cost of risk on new production? How does it differ between secured and unsecured retail loans?
3. Competition: With Revolut receiving a license in the UAE, have you assessed which lines of income could be at risk?

Mohamed Abdelbary (A):

- **Refinancing:** It's not a high barrier. For home finance, with about AED 10,000, customers can move between banks. There is complexity—mortgage registration, collateral assignment, DLD process—but not impossible. For personal finance, it's easier.
- **Cost of risk:** Blended rate is around 50–60 bps. No deterioration in new vintages. Secured (home finance) is covered by asset; personal finance is salary-backed, so effectively secured. Cards have one of the lowest cost of risk due to client profile and low revolver rates.
- **Competition:** We acknowledge new entrants like Revolut. Gap is not wide because ADIB is digitally advanced. We will continue enhancing speed to market and digital channels.

Question 5: Abek Islamov

Abek Islamov (Q):

On capital ratio: If we apply last year's dividend payout to CET1, you may fall below 12%. Is that a comfort zone? Also, thoughts on rights issue like ADCB? And structurally improving capital?

Second: To what extent does revenue growth depend on incremental costs?

Third: Corporate banking—plans to invest in cash management, treasury products, derivatives to boost non-funded income?

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

Mohamed Abdelbary (A):

- **Capital:** We aim to stay above 12%. Dropping below is not a problem, but our internal measure is to remain above. No current plans for capital action, but if needed, we will enable growth rather than stop it.
- **Costs vs revenue:** Most cost growth is revenue-linked (performance-driven incentives). Regulatory compliance costs were higher this year.
- **Corporate banking:** Yes, we will invest in systems to support corporate banking. We cannot do speculative products due to Sharia, but we will enhance non-funded income through other avenues.

Question 6: Sharouk Nawaz

Sharouk Nawaz (Q):

What is the rationale behind lower NP levels and do you expect decline in Q4? Also, impairment provisions were higher—will they remain high? Which segments will drive new loan disbursements in Q4?

Mohamed Abdelbary (A):

- **NP levels:** Drivers are natural growth in financing book, no new migration, proactive write-offs, and recoveries. Trend will continue.
- **Provisions:** Higher due to book growth and building coverage. Nothing concerning.
- **Segments:** Growth is diversified—retail, FI, wholesale all contributing. Retail tilted toward home finance; corporate includes GREs and public sector.

Question 7: Maud Ansari

Maud Ansari (Q):

On fee income: Risk participation fee was higher last quarter and declined this quarter. Card-related fees went up. How should we think about these going into Q4? And corporate side—how do you see mix evolving over next 12–18 months?

Mohamed Abdelbary (A):

- **Fee income:** Seasonality in corporate and FI side explains Q3 softness; Q4 pipeline suggests pickup. Card fees will continue strong.
- **Corporate mix:** Corporate bank had a strong year and will continue contributing alongside retail. Growth remains diversified.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

Question 8: Rauna Kumaraj

Rauna Kumaraj (Q):

Other income was high this quarter—why? And on stage migration: Stage 2 uptick in Q2 but down in Q3—what drove that?

Mohamed Abdelbary (A):

- **Other income:** Nothing specific—normal business, seasonal variations. No major one-offs this year.
- **Stage migration:** Some accounts moved to Stage 2 then cured back to Stage 1. No concentration risk or concerning names.

Question 9: Ahmad Bahiani

Ahmad Bahiani (Q):

ROE reached ~30% in 9 months. Guidance is >25%. How do you plan to sustain this amid potential economic moderation?

Mohamed Abdelbary (A):

Business model supports high ROE through efficient cost of funds and capitalized structure. At 30%, guiding above 25% is achievable.

Lamia Hariz:

Thank you all for your questions. If you have any follow-ups, please email us and we'll be happy to set up a call.

مصرف أبوظبي الإسلامي، شركة مساهمة عامة مرخصة من مصرف الإمارات العربية المتحدة المركزي
Abu Dhabi Islamic Bank Public Joint Stock Company is licensed by the Central Bank of the UAE.

هاتف: +971 2 610 0000 – فاكس: +971 2 634 2222 – خدمة الهاتف: 600 543216 – ص.ب. 313 أبوظبي، الإمارات العربية المتحدة
Telephone: +971 2 610 0000 - Facsimile: +971 2 634 2222 - Customer Service: 600 543216 - P.O. Box 313 Abu Dhabi, United Arab Emirates