

9M 2024 Earnings Presentation

Analyst & Investor Conference Call

Abu Dhabi, 31 October 2024

ADIB IR Website



IR App Download link:



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Key Highlights

9M 2024 Earnings Presentation

= Financial highlights

Another strong set of financial results driven by strong business momentum, diversified revenue growth & cost and risk discipline

Record 9M 2024 performance with net income after tax of AED 4.6bn up 24% YoY and up 33% before tax to AED 5.2bn, translating to ROE of 29.0%

Quarterly profit (before tax) of AED 1.8bn up 2% sequentially and 21% YoY

Revenue up 19% YoY to AED 8.0bn reflecting strong business volumes and improved revenue mix with higher non-funded income contribution

Cost / Income ratio dropped to 29.1% an improvement of 358bps YoY helped by strong revenue growth and continued cost discipline

ADIB welcomed more than 150,000 new customers since the beginning of the year

Total assets crossed AED 220bn milestone driven by 20% growth in customer financing that were efficiently funded by 19% YoY deposits growth with CASA increasing 10%

Continuous improvement in asset quality with NPA ratio at 4.4% lowest since Q1 2017 and increased coverage ratio to 78%

9M'24 Net Income growth YoY

+33% **+24%**
 Before tax After tax

9M'24 Cost / Income ratio

29.1%



9M'24 ROE

29.0%



9M'24 Net financing growth YoY

+20%



= Strategic Highlights

Well on track in executing the key elements of our strategy



Launch **ADIB 2035 vision**



Launch **ADIB Ventures** to accelerate innovation and collaboration with the global fintech sector



Develop a **Gen AI related framework** & adopting **Gen AI 'use cases'** in areas such as fraud management, compliance and customer service



Launch of **62 new features** on mobile app including the Digital Covered Cards with instant approval process



Successful migration from on-prem infrastructure **to the public cloud** of 60% of applications



Ranked as an 'Industry leader' following **MSCI ESG rating upgrade to 'AA'**, placing ADIB among 27% of banks in the MSCI All Country World Index (ACWI)

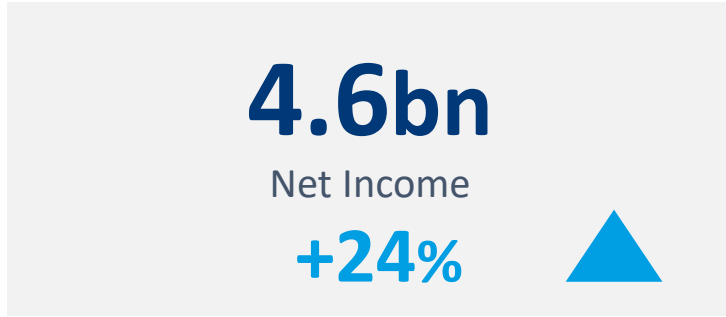
Financial Performance

9M 2024 Earnings Presentation

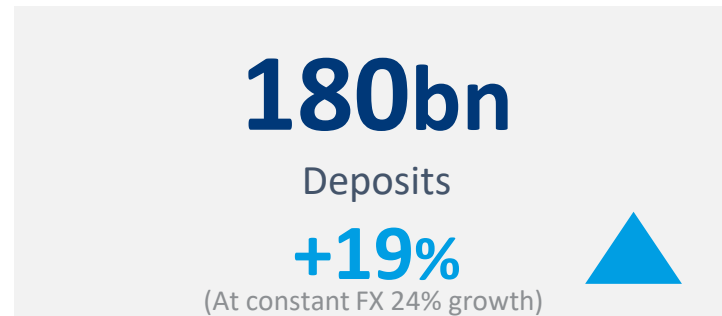
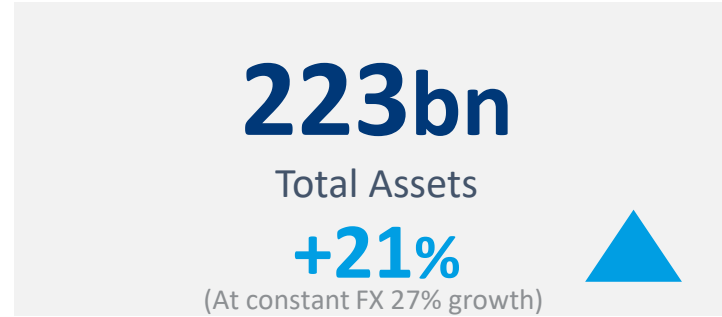
= Financial Performance Highlights

Delivered net income of AED 4.6bn in the first 9M 2024, growing 24% YoY on strong customer financing and non-funded income growth

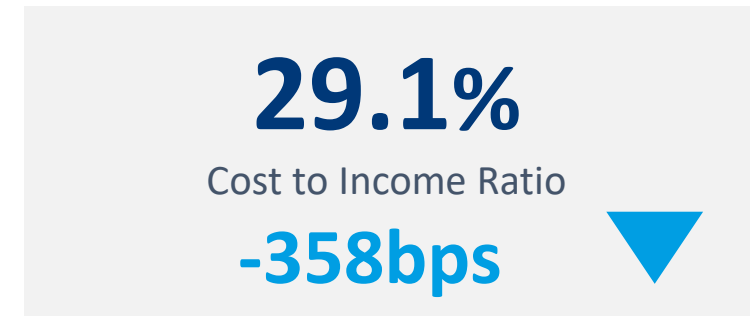
= Strong YoY Growth in Profitability



= Robust Balance Sheet Growth YoY



= Strong Capital Position and Return YoY



= Key financial metrics – 9M 2024 vs 9M 2023

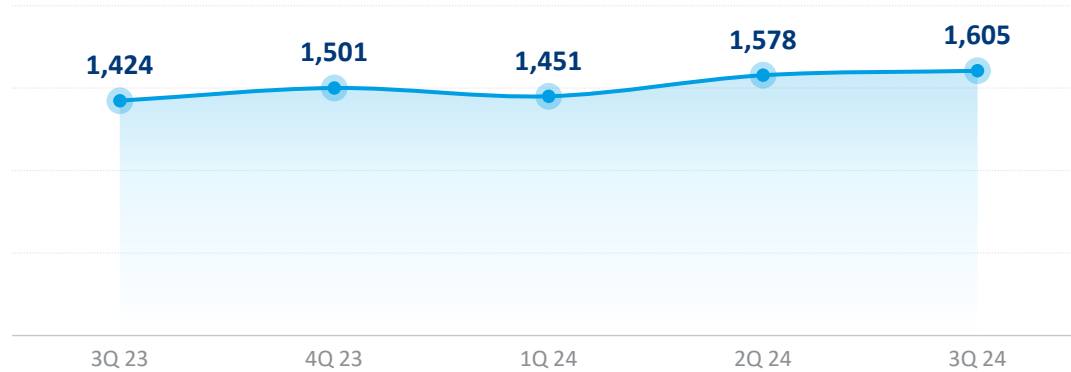
Record set of results with ROE reaching 29.0% driven by robust growth in balance sheet and diversified revenue streams

	9M 2023	9M 2024	Change %
Profitability (AED mn)			
Revenue	6,694	7,995	19%
Expenses	-2,185	-2,324	6%
Margin	4,509	5,671	26%
Cost of Credit	-571	-448	-22%
Net Income before Zakat & Tax	3,938	5,223	33%
Zakat & Tax	-188	-588	213%
Net Income after Zakat & Tax	3,750	4,635	24%
Balance Sheet (AED bn)			
Total Assets	184.1	222.6	21%
Gross Financing Assets	117.6	139.6	19%
Risk Weighted Assets	134.3	158.2	18%
Customer Deposits	151.5	179.7	19%
Investments	23.0	28.8	25%
Key Ratios			
Cost to Income	32.65%	29.07%	-3.58%
Return on Equity	26.42%	29.04%	2.62%
NPA Coverage	69.6%	78.2%	8.6%

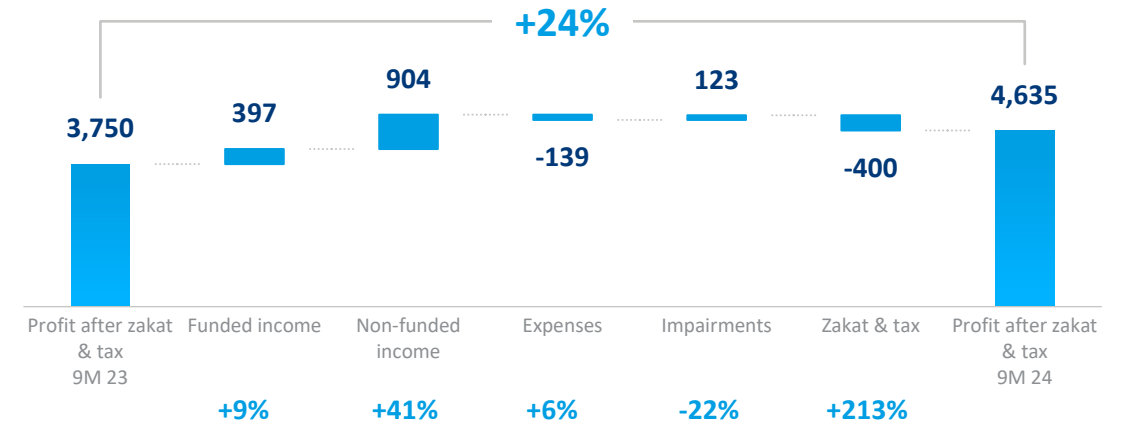
= Income Statement

9M 2024 net income growth of 24% YoY driven by strong revenue momentum, operating efficiency and balance sheet growth

= Net Income (AEDmn)



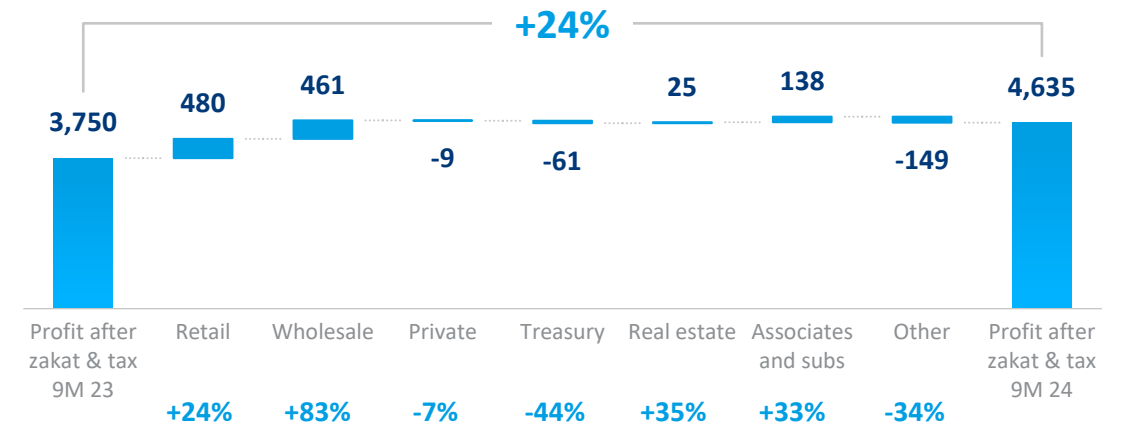
= Net Income Movement YoY (AEDmn)



= Income Statement Highlights

AED (mn)	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Funded income	4,903	4,506	+9%	1,581	1,577	+0.3%
Non-funded income	3,092	2,188	+41%	1,064	853	+25%
Revenues	7,995	6,694	+19%	2,645	2,430	+9%
Operating expenses	(2,324)	(2,185)	+6%	(796)	(740)	+8%
Provision for impairment	(448)	(571)	-22%	(46)	(202)	-77%
Net Income after zakat and tax	4,635	3,750	+24%	1,605	1,424	+13%

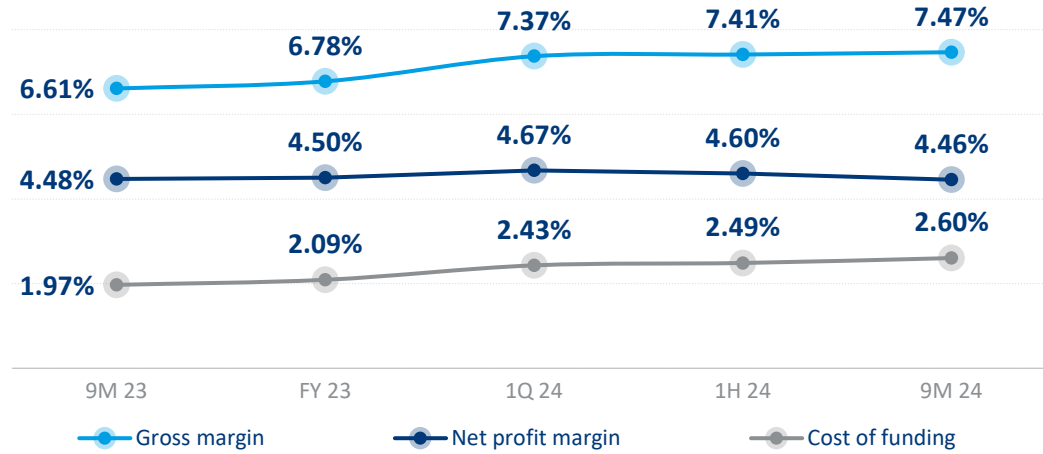
= Net Income Movement by Segment YoY (AEDmn)



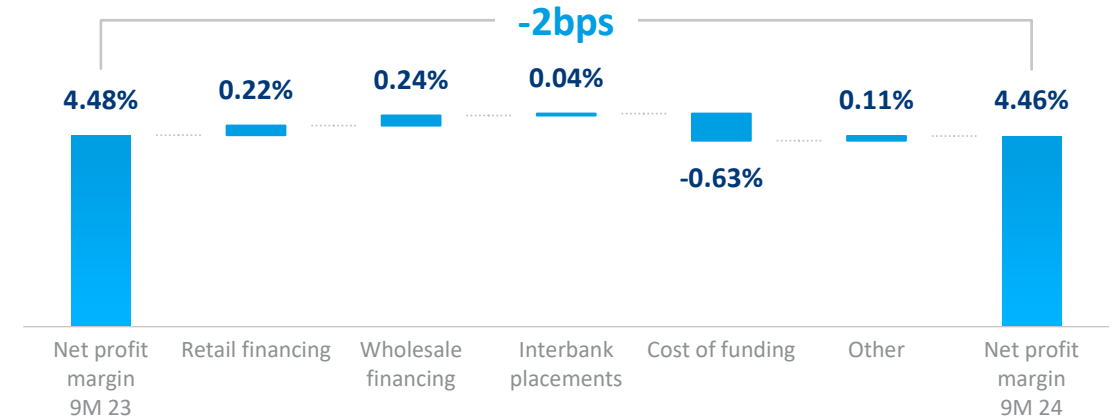
= Funded Income

Strong growth in funded income with NPM trending strong reflecting discipline on both asset and liability pricing

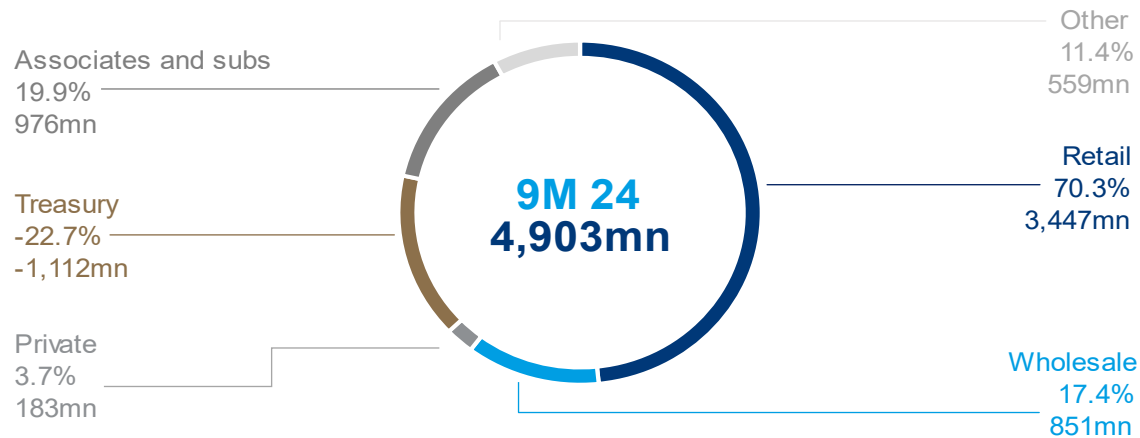
= Net Profit Margin (%)



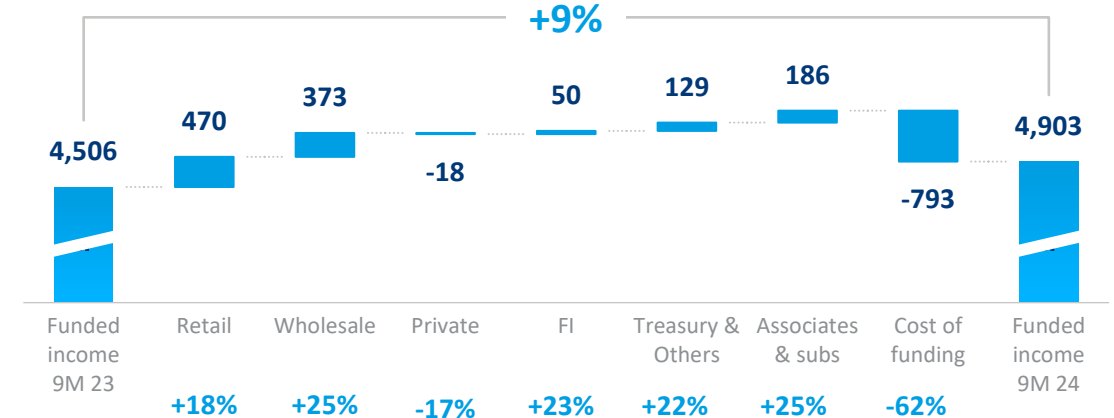
= Net Profit Margin Movement YoY (%)



= Funded Income Composition (AEDmn)



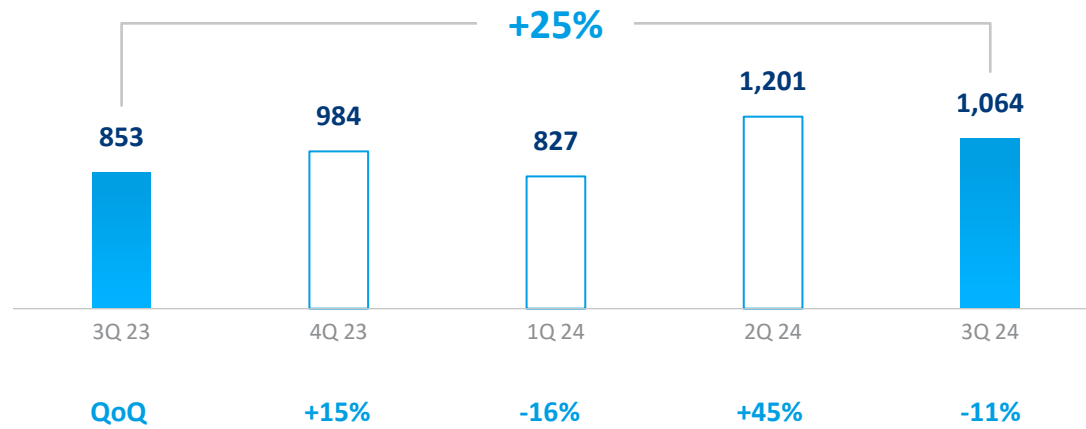
= Net Revenue from Funding Activities Movement YoY (AEDmn)



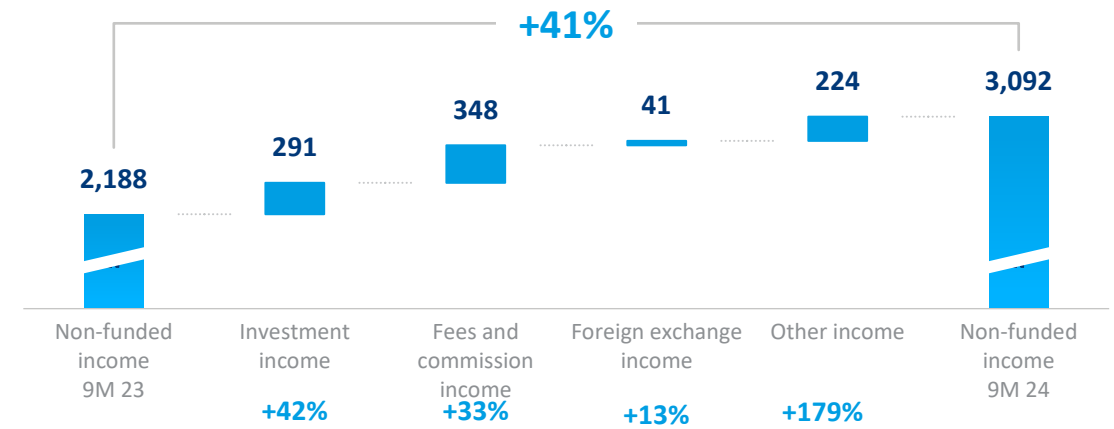
= Non-Funded Income

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

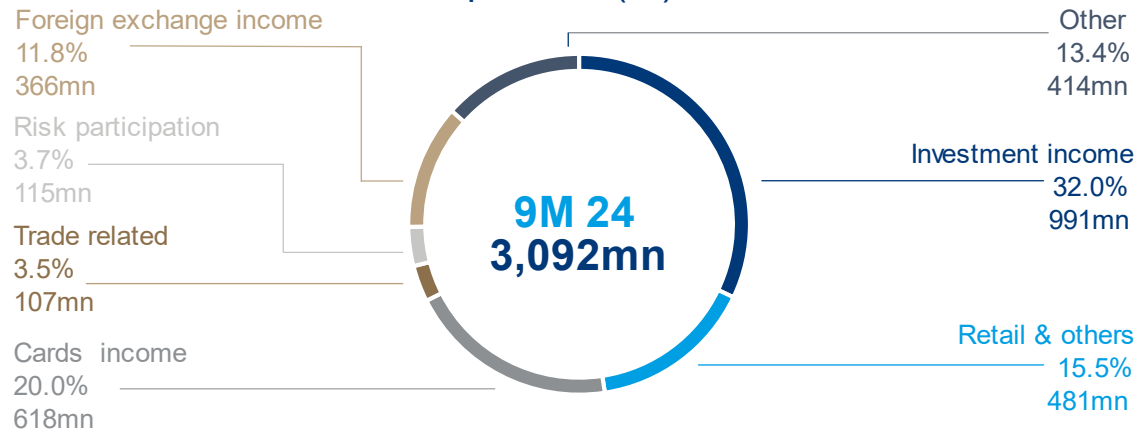
= Non-Funded Income (AEDmn)



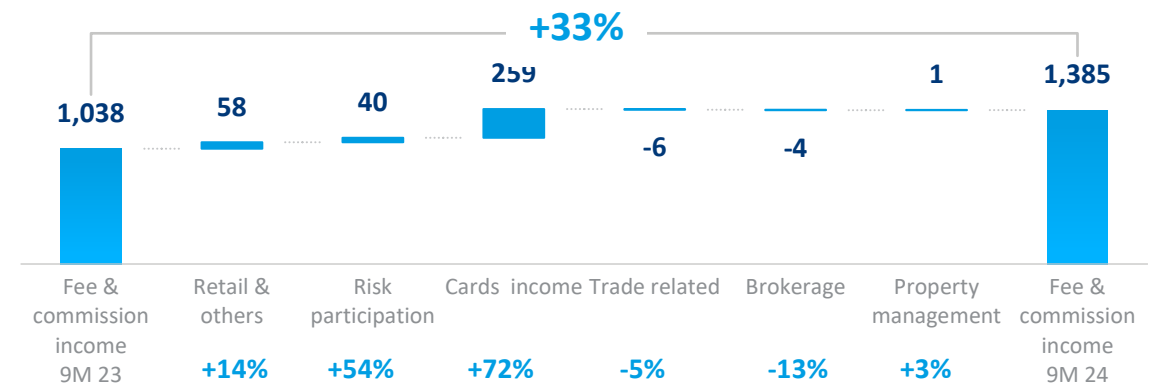
= Non-Funded Income Movement YoY (AEDmn)



= Non-Funded Income Composition (%)



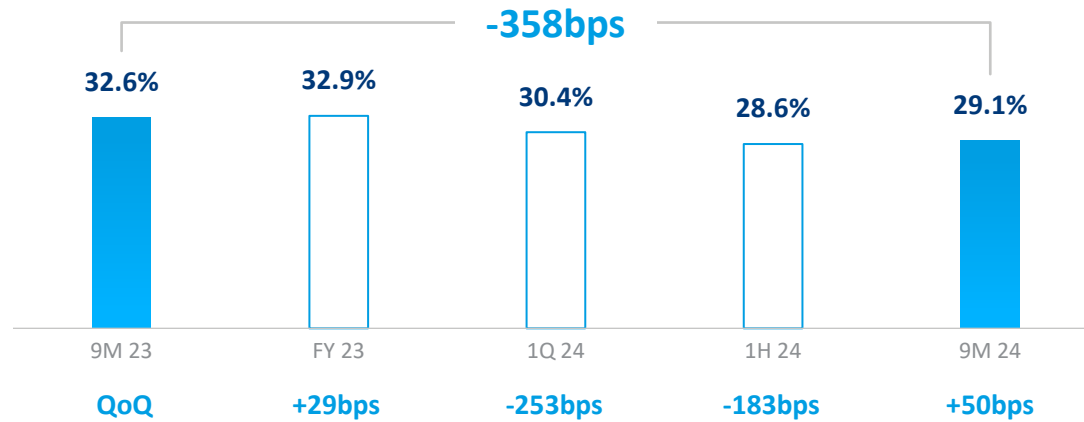
= Fee & Commission Income Movement YoY (AEDmn)



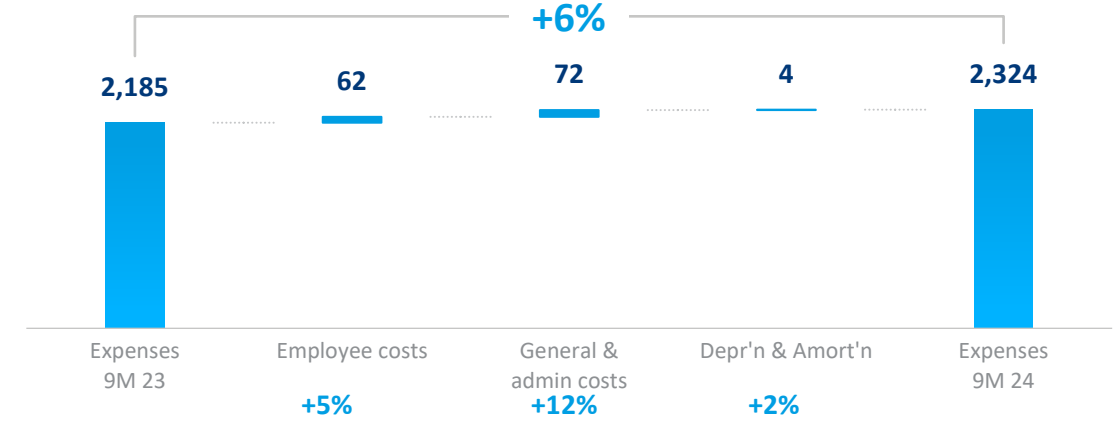
= Operating Expenses

C/I ratio improving despite ongoing business growth and investments, offset by cost savings driven by digital initiatives

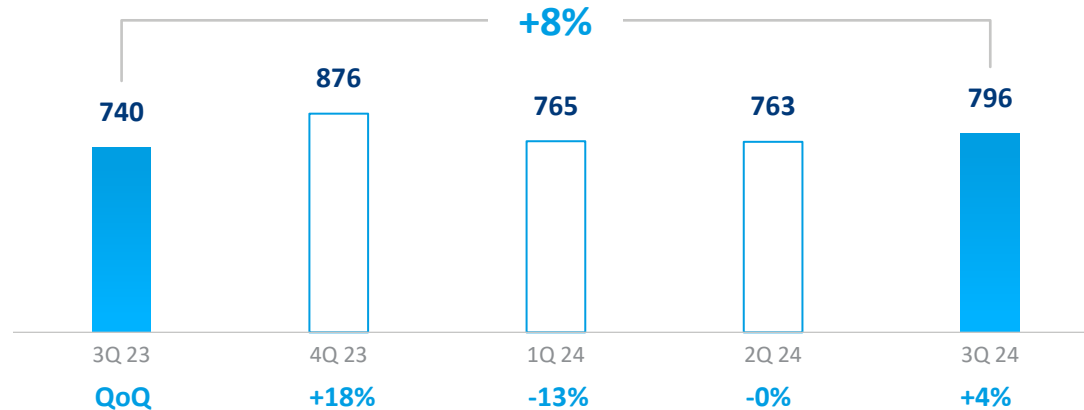
= Cost To Income Ratio (%)



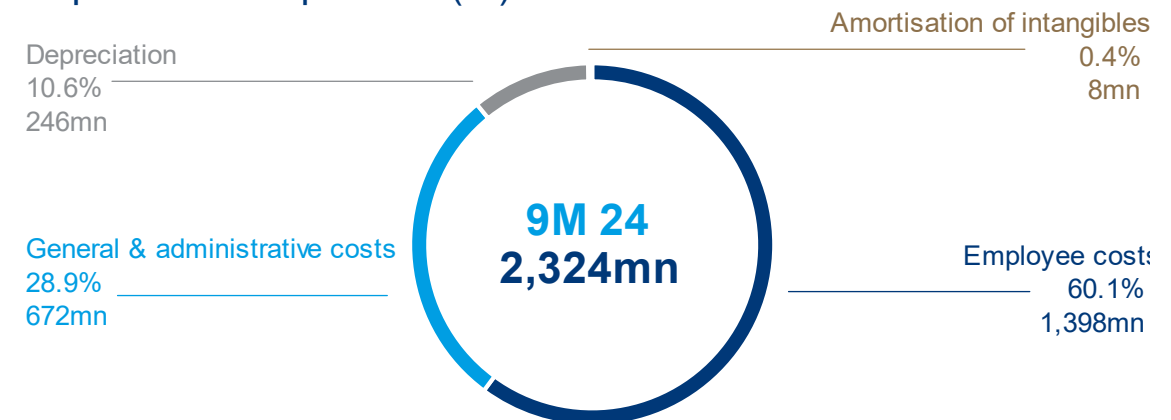
= Expenses Movement YoY (AEDmn)



= Expenses (AEDmn)



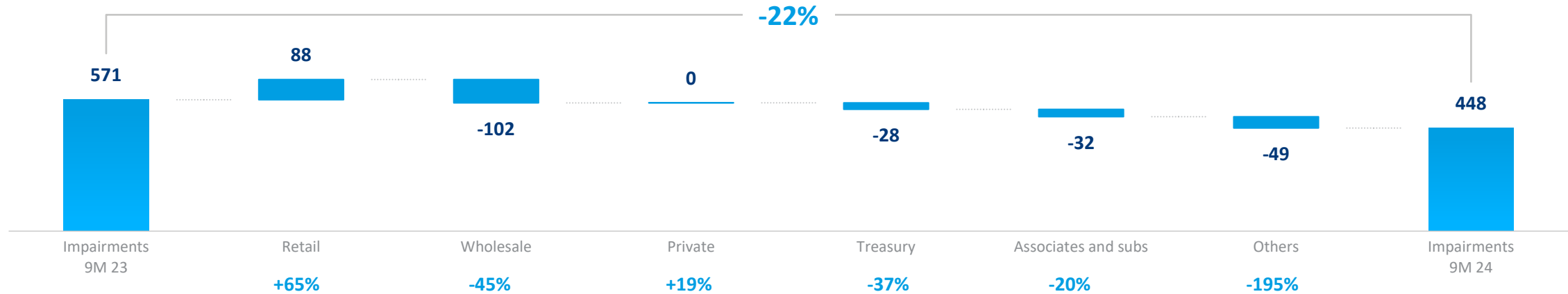
= Expenses Composition (%)



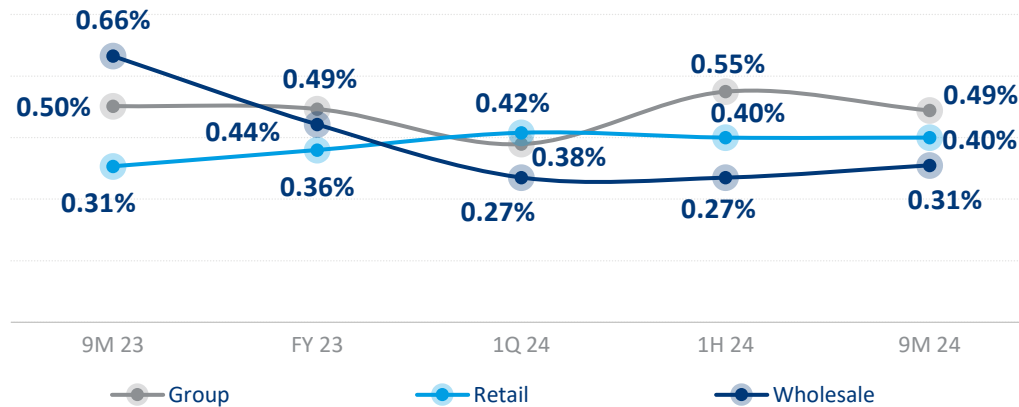
= Impairments

Impairment charge down 22% YoY and COR is at a comfortable 49bps for 9M 2024

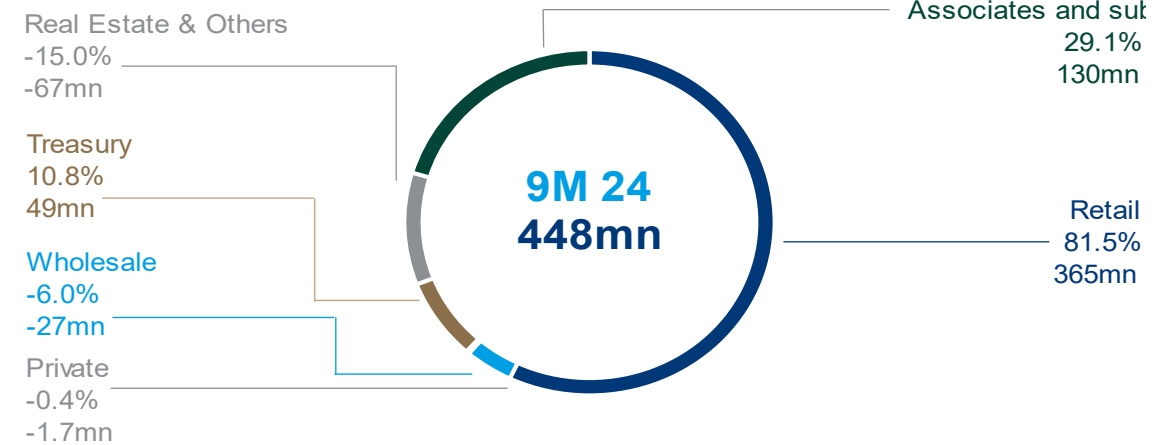
= Impairments Movement YoY (AEDmn)



= Cost Of Risk (%)



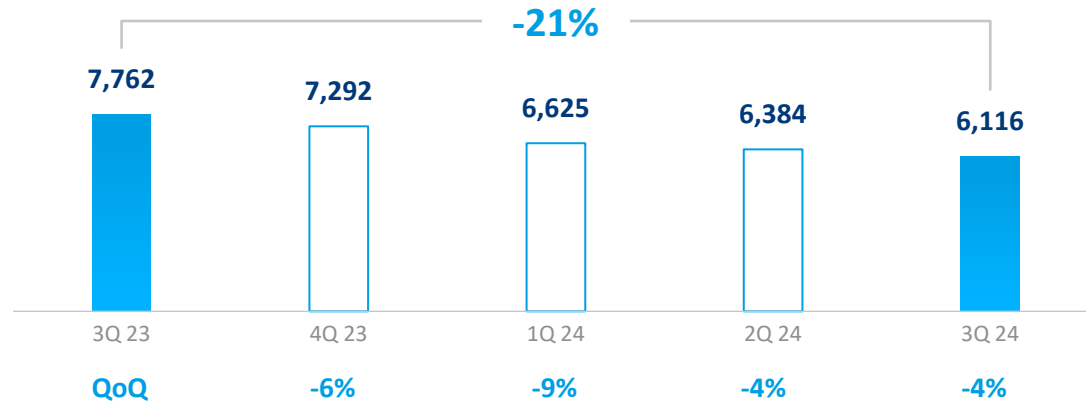
= Impairments Composition (%)



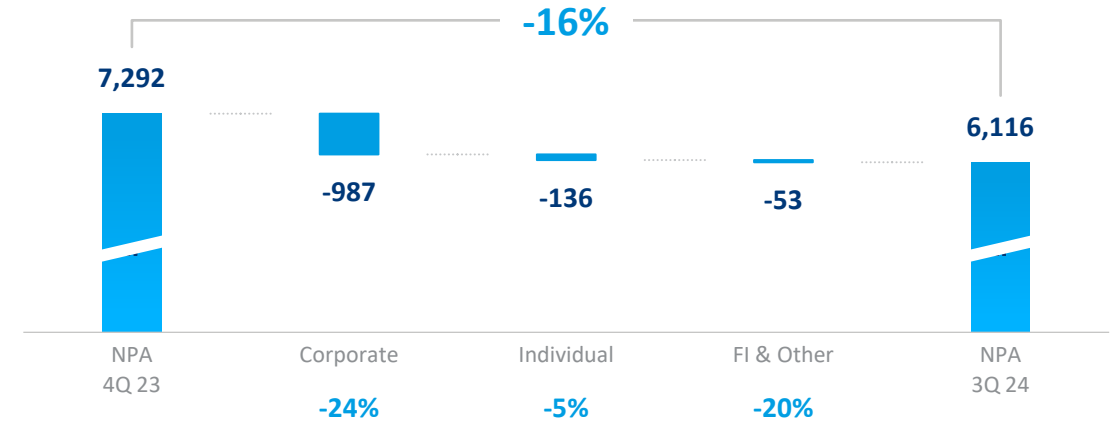
= Non-Performing Financing

Asset quality continues to improve significantly with NPA ratio of 4.4% lowest since 1Q 17 while coverage ratio increased to 78%

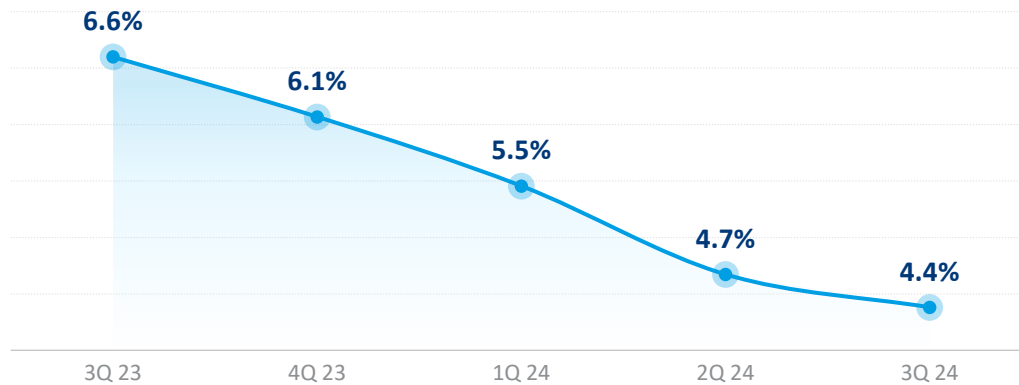
= NPA (AEDmn)



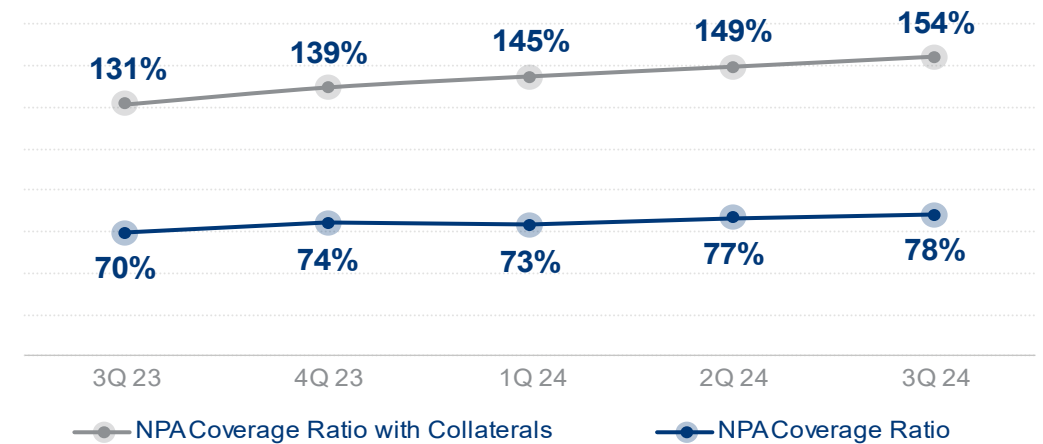
= NPA Movement YTD (AEDmn)



= NPA Ratio (%)



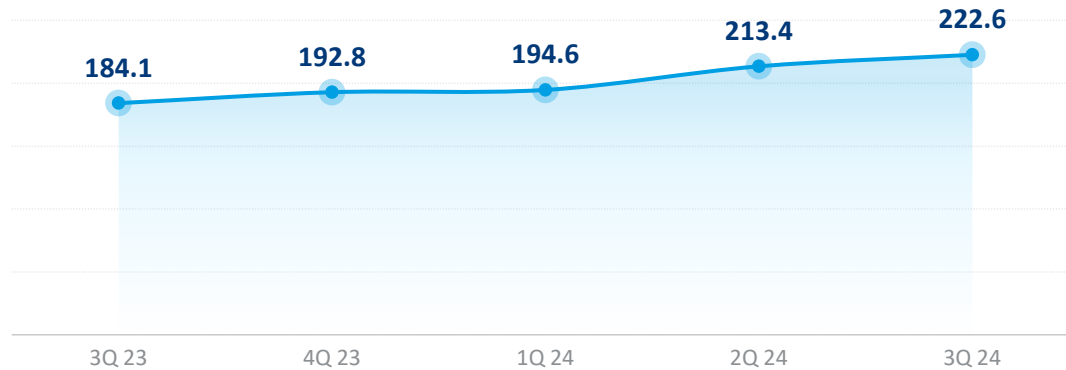
= NPA Coverage Ratio (%)



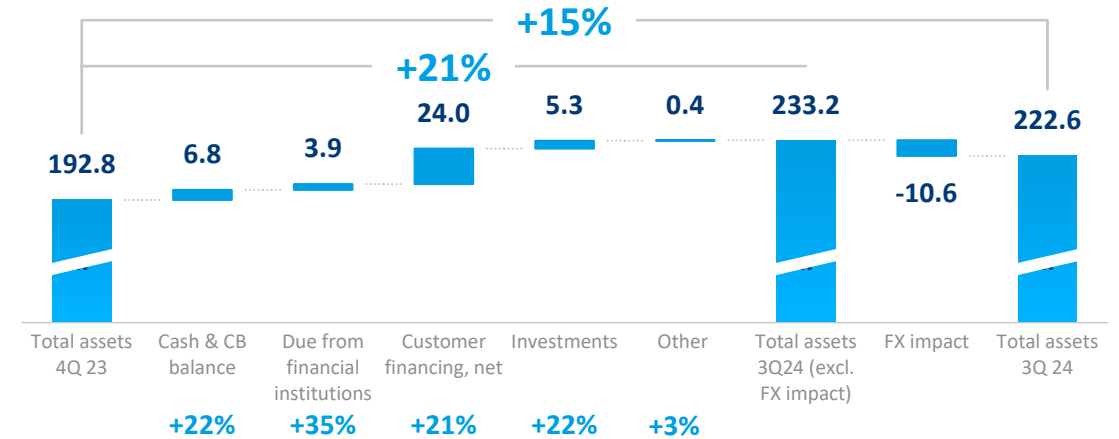
= Balance Sheet

Total assets surpassed AED 220bn driven by 20% growth in customer financing supported by strong and diversified funding position

= Total Assets (AEDbn)



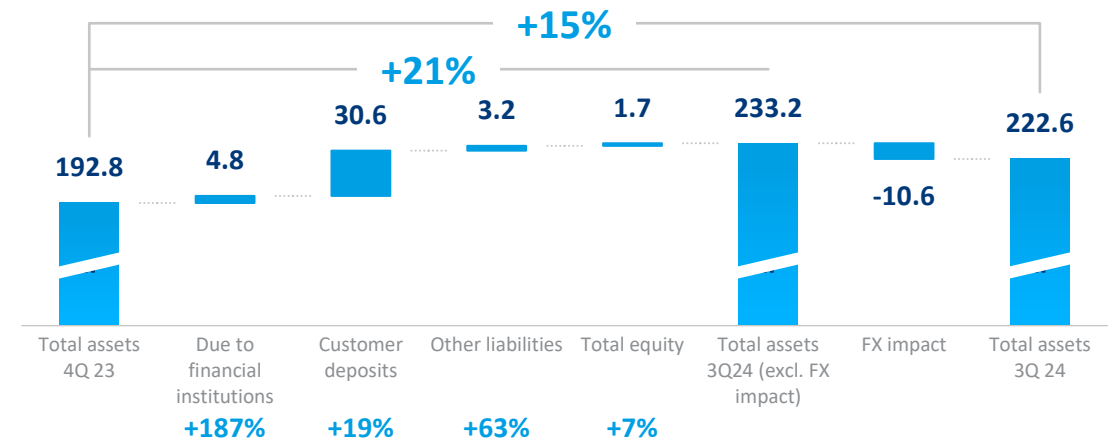
= Total Assets Movement YTD (AEDbn)



= Balance Sheet Highlights

AED (mn)	3Q 2024	4Q 2023	Δ%	3Q 2023	Δ%
Customer financing, net	135,132	115,002	18% ⁽¹⁾	112,595	20%*
Investments	28,844	24,483	18%	23,000	25%
Total assets	222,567	192,827	15%	184,124	21%
Total deposits	179,745	157,067	14% ⁽²⁾	151,545	19%**
Total liabilities	195,500	166,585	17%	159,424	23%
Total equity	27,067	26,242	3%	24,699	10%

= Funding Movement YTD (AEDbn)

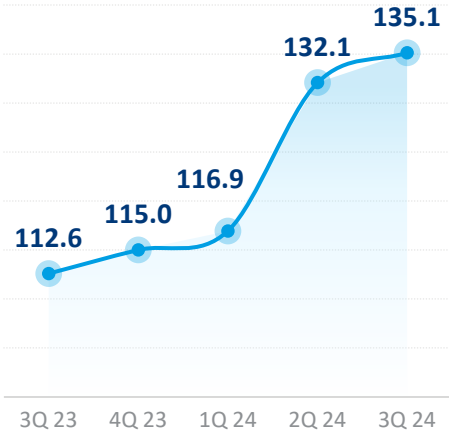


*23% growth of customer financing in constant currency, excluding devaluation of EGP | ** 24% growth of total deposits in constant currency, excluding devaluation of EGP

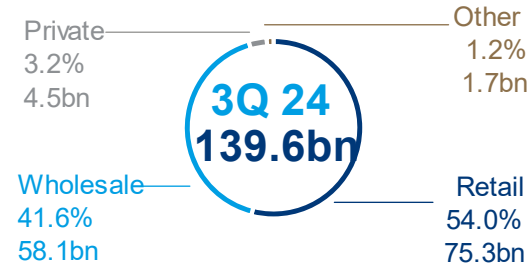
= Customer Financing

AED 20 bn YTD growth reflecting market share gains in retail and corporate market

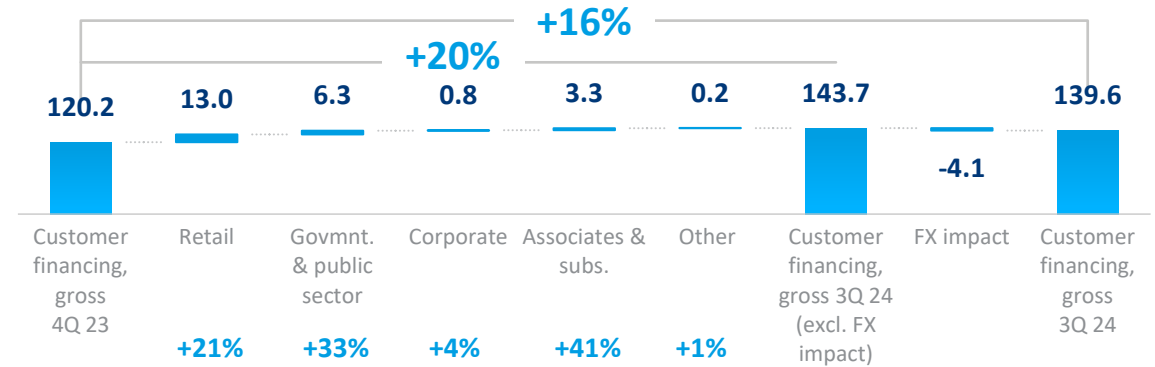
= Customer Financing, Net (AEDbn)



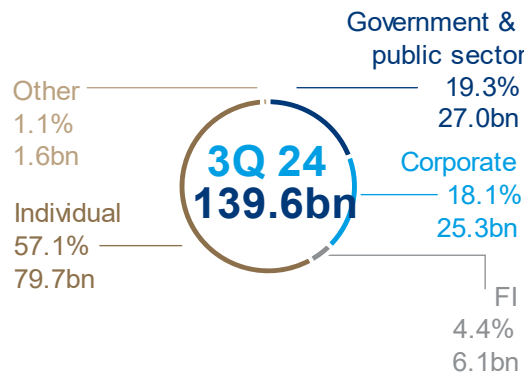
= Customer Financing, Gross by Segment (%)



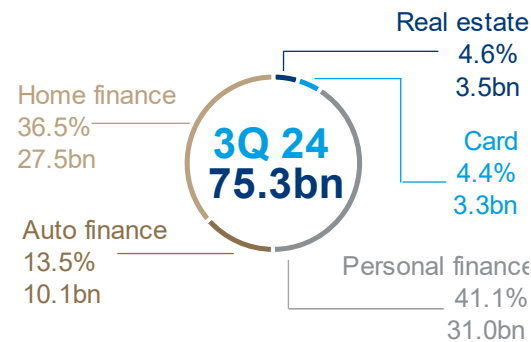
= Customer Financing, Gross Movement YTD (AEDbn)



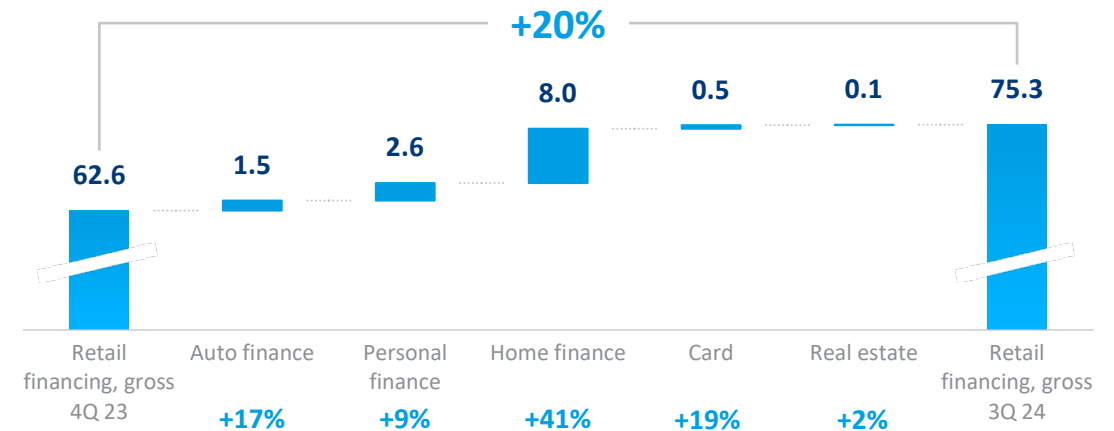
= Customer Financing, Gross by Sector (%)



= Retail Financing, Gross Composition (%)



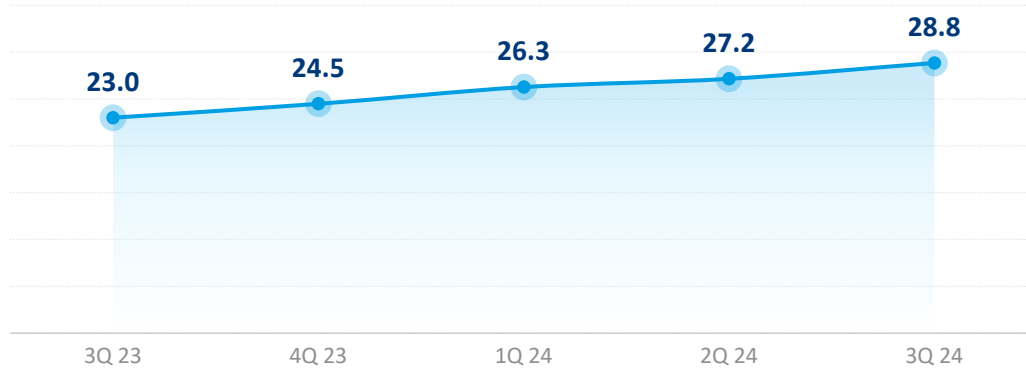
= Retail Financing, Gross Movement YTD (AEDbn)



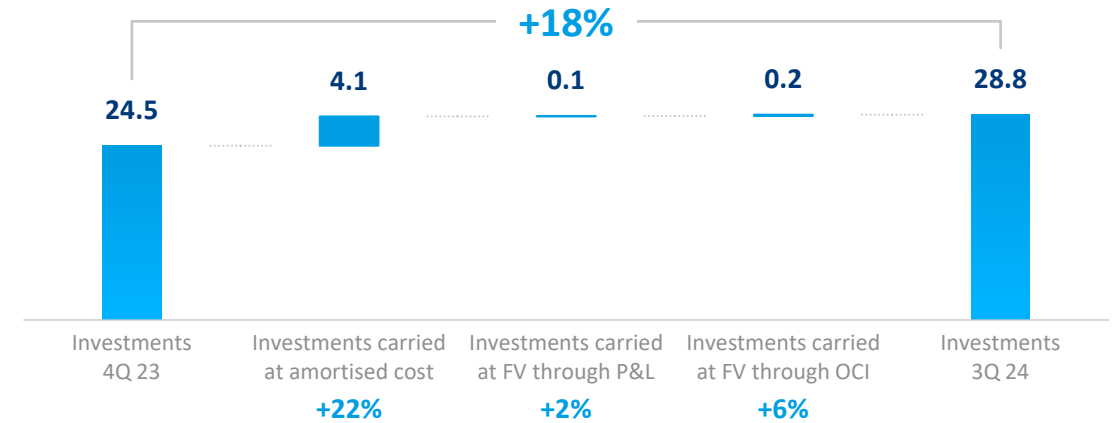
= Investments

Diversified Investment Portfolio grew 25% vs 3Q 23

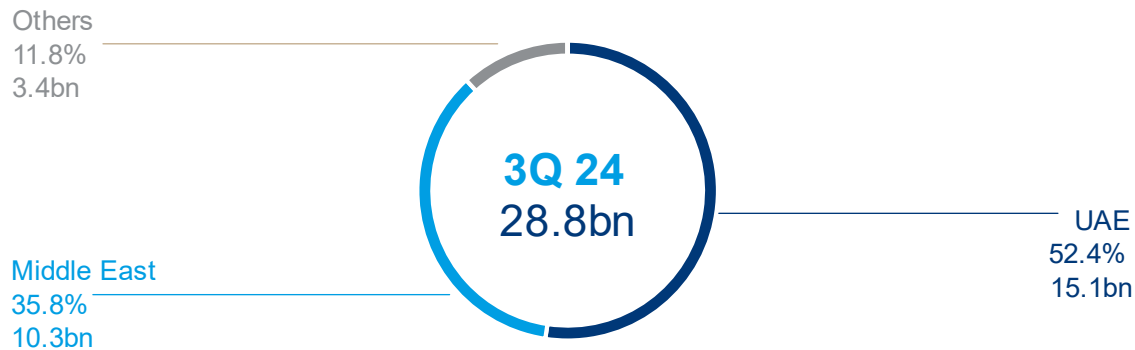
= Investments (AEDbn)



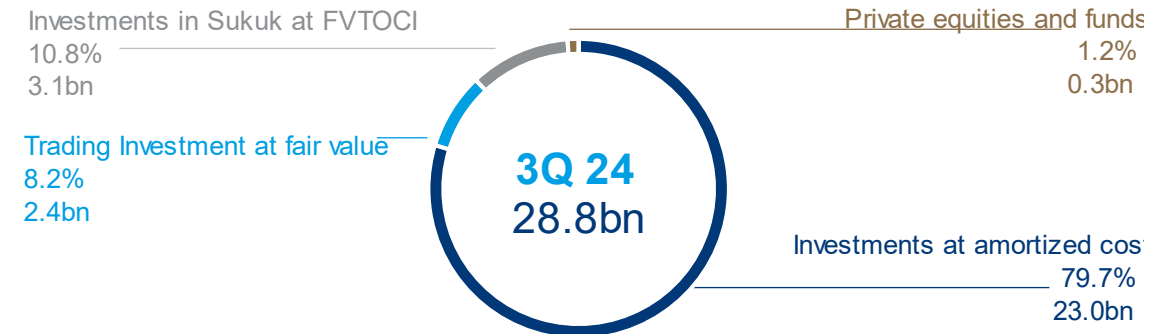
= Investments Movement YTD (AEDbn)



= Investments by Country (%)



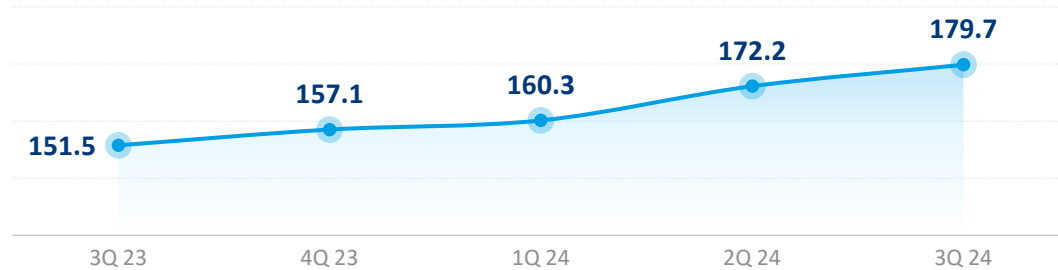
= Investments by Type (%)



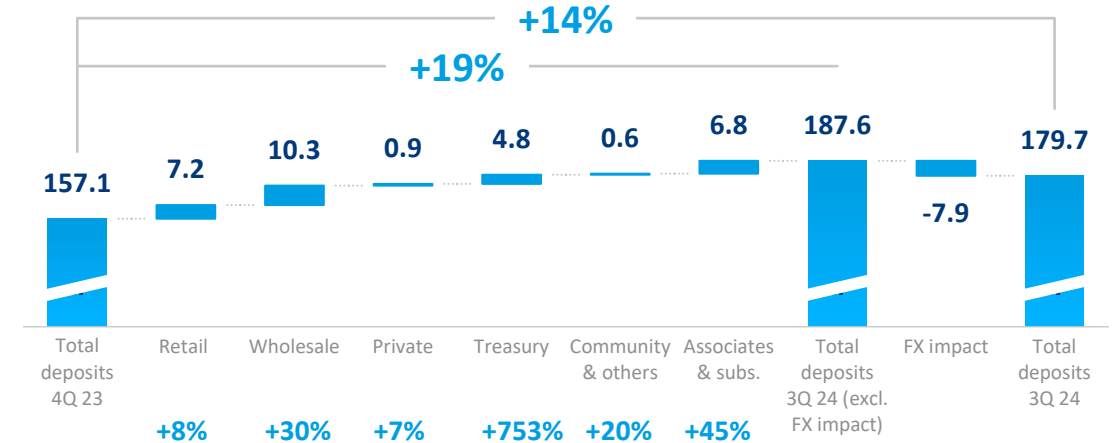
= Customer Deposits

YTD growth of 14% with AED 6.4bn increase in CASA, demonstrating strategic initiatives to grow market share

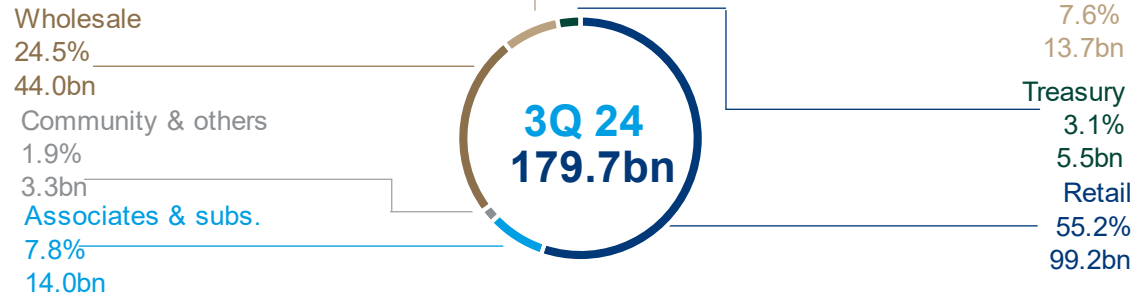
= Total Deposits (AEDbn)



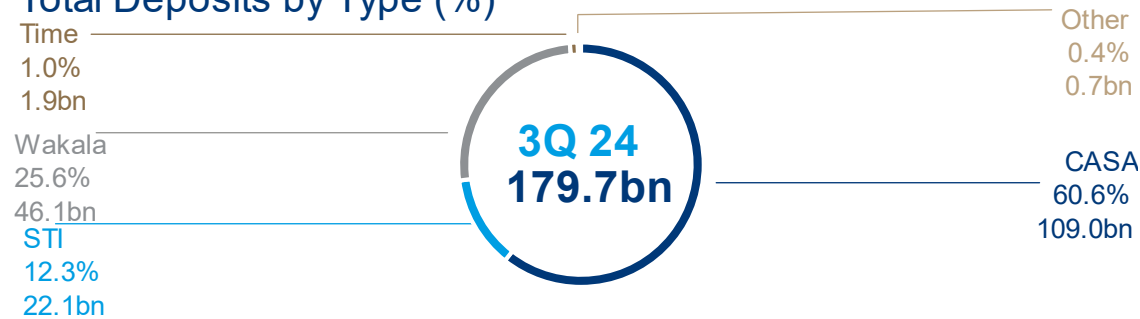
= Total Deposits Movement YTD (AEDbn)



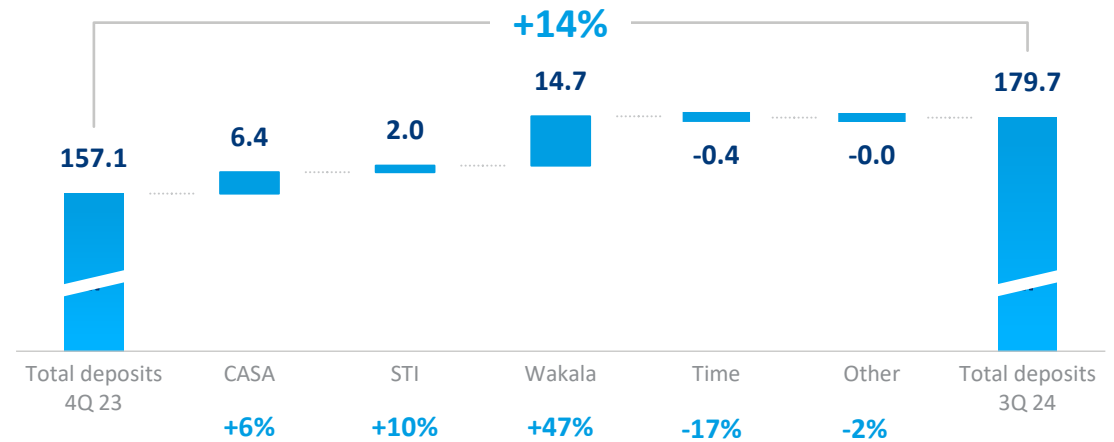
= Total Deposits by Segment (%)



= Total Deposits by Type (%)



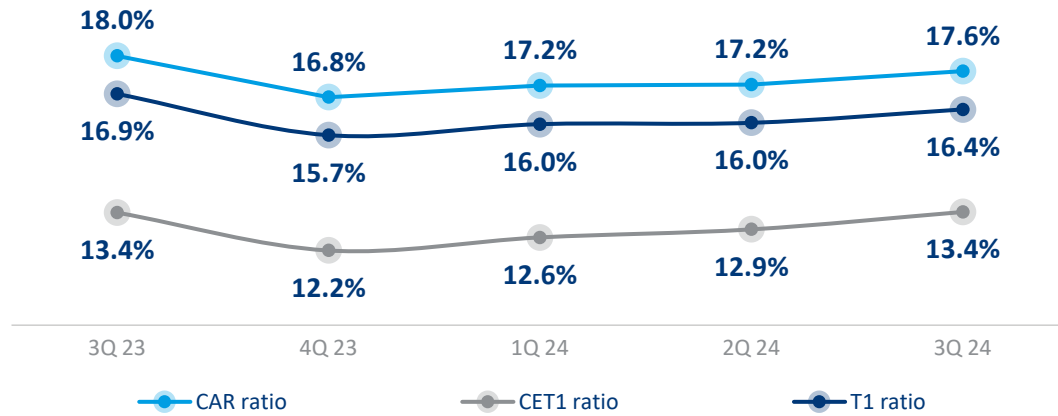
= Total Deposits Movement by Type YTD (AEDbn)



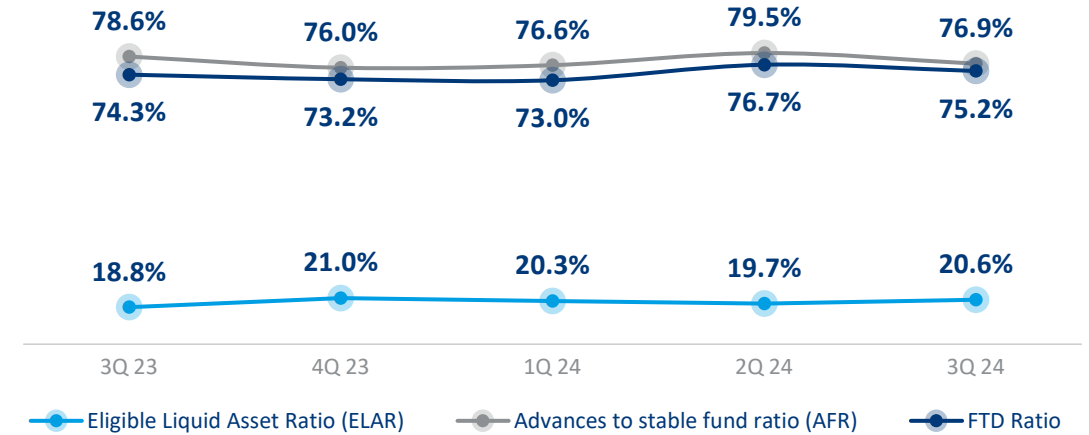
= Capital and Liquidity

Robust fundamentals across all key metrics reflecting strong capital and liquidity ratios comfortably above regulatory requirements

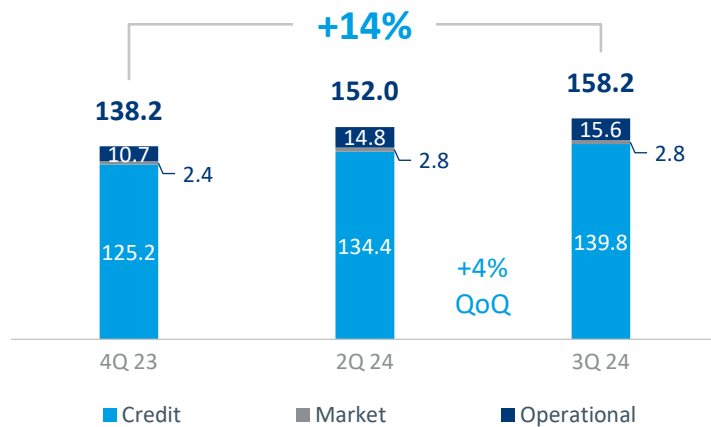
= Capitalization Ratios (%)



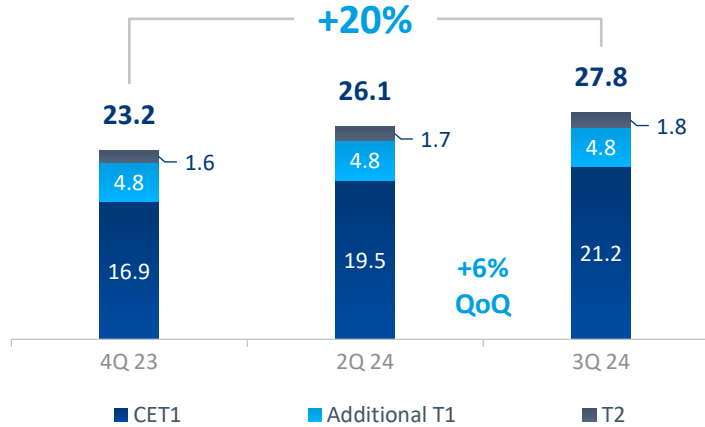
= Liquidity Ratios (%)



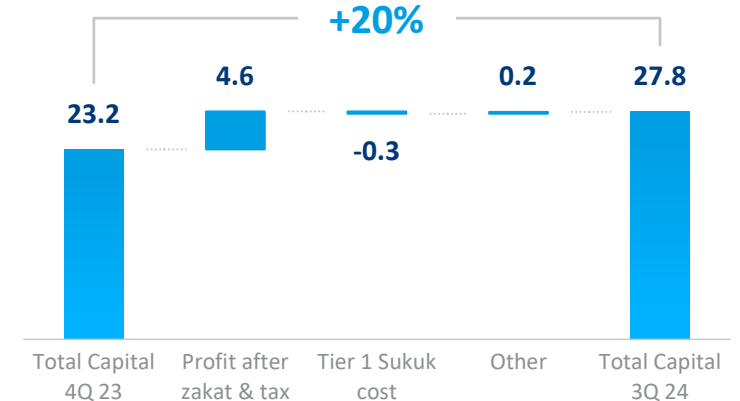
= RWA (AEDbn)



= Capitalization (AEDbn)



= Total Capital Movement YTD (AEDbn)



Outlook and Guidance

9M 2024 Earnings Presentation

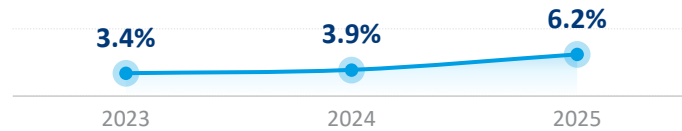
= Outlook and Guidance

Solid financial & strategic foundations drive a promising outlook for 2024

= Market Outlook

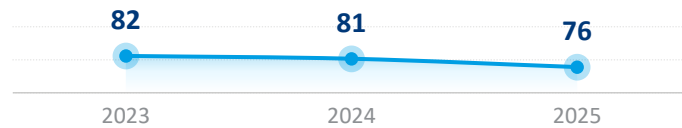
= Solid GDP growth

Real GDP growth (%)



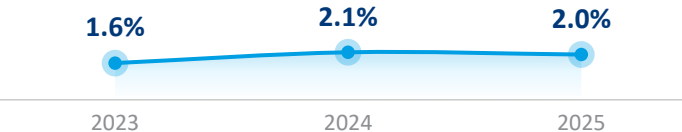
= Oil prices to remain supportive

Brent Price / Barrel (avg) (USD)



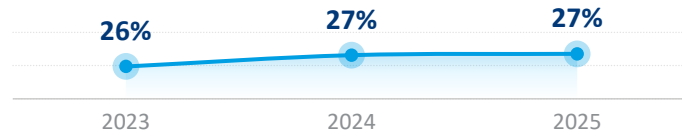
= Inflation expectations are modest

UAE Inflation (avg) (%)



= Expenditure expected to remain stable

Government expenditure % of GDP (%)



= Management Guidance

= Gross Financing Growth

Executing ADIB's growth strategy against a positive economic backdrop resulting in balanced growth across Retail & Wholesale

9M 2024 Actual

16% YTD

FY 2024 Guidance

> 16%

Revised guidance

= Net Profit Margin

Expectation for another 50bps rate cut moderating towards 4.5% average for FY 2024

4.5%

> 4.3%

= Cost of Risk

Modest rise in CoR from ongoing expansion of portfolio and continued build-up of prudent provisioning

0.49%

0.40% to 0.60%

= Cost to Income Ratio

Opex growth to support business expansion moderated by disciplined management and digital efficiencies with overall positive "jaws"

29.1%

< 30%

= Return on Equity

Solid expected profit growth and focus on capital-efficient income growth expected to drive continued superior returns

29.0%

> 25%

Questions & Answers

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Appendix

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= Investment Highlights

Strong Management, Solid Fundamentals and Clear Strategy

Clear Strategy

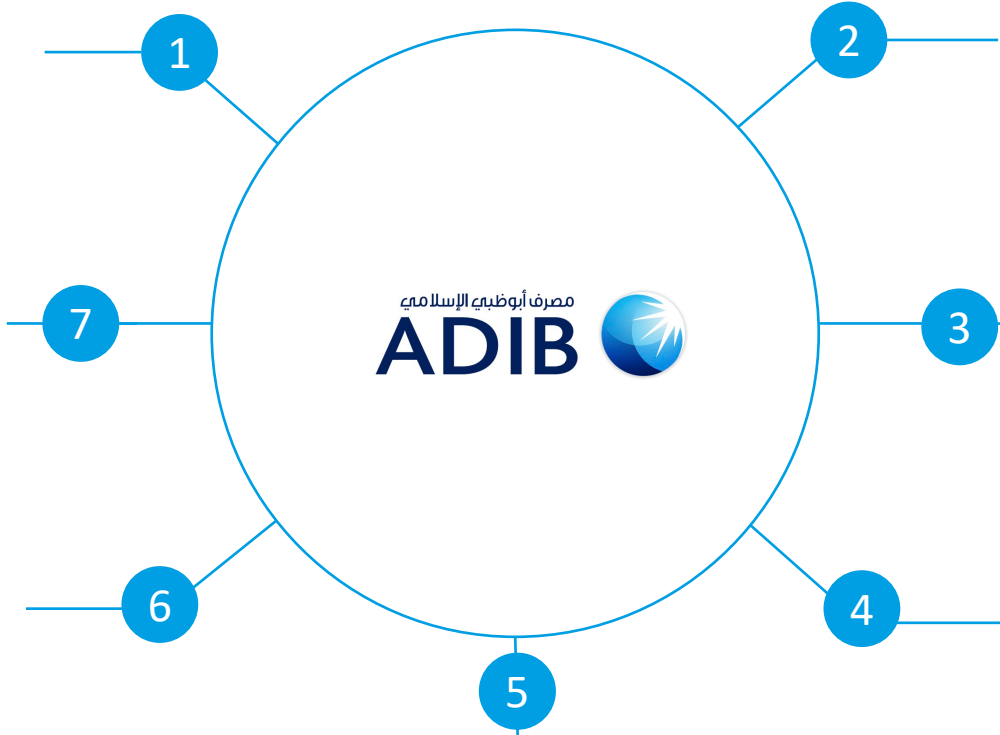
- Strengthen Islamic leadership position
- Deepening customer relationships
- Create productivity and efficiency gains
- Focus on innovation and digital
- Deliver sustainable growth

Strong Fundamentals

- Strong liquidity and funding profile with ELAR at 20.6%
- Healthy credit quality with stable NPAs, low cost of risk and adequate coverage
- Solid capital generation with CAR 17.6%, T1 16.4%, CET1 13.4%

Strong financial track record

- 29.0% ROE- highest in the market
- Highly profitable organisations with a 13% 5Y CAGR in net income
- Efficiently run bank with Cost to income ratio below 29.1%



Experienced management

- Best in class management team
- Extensive banking experience with leading regional and global banks
- Ongoing investment in talents

Unique market position

- N1 Bank for Emiratis
- One of the highest NPB deposit ratios
- Best performing share price
- Strong brand association

Maximising positive impact

- A Group wide sustainability strategy
- Sustainable Finance FRAMEWORK
- Included in MSCI EM ESG Leaders

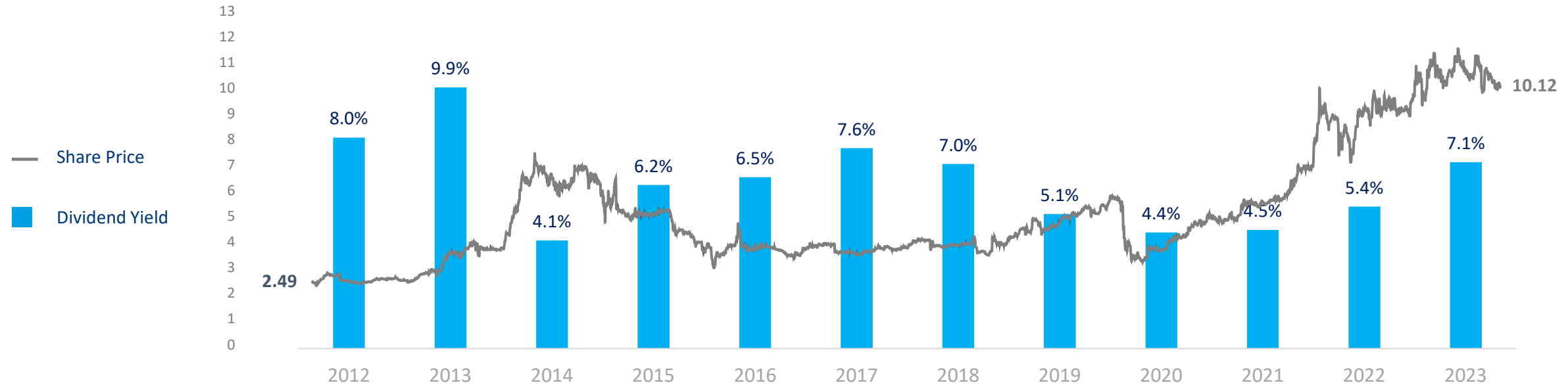
Strong Capitalisation

- Strong capitalisation ratios
- Strong Buffers
- Strong distance to MDA
- Strong Coverage of MDA and ADI

= Consistent dividend distribution

ADIB consistently distribute dividends with average yield of above 5%

= Shareholder Return Metrics



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	5,251
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%	49.4%
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%	71.9%
Cash dividend in AEDmn	600	725	700	770	778	915	995	994	747	1,130	1,779	2,595
Bonus shares	-	635	-	-	-	-	-	-	-	-	-	-
Bonus shares (% of Share Capital)	-	26.9%	-	-	-	-	-	-	-	-	-	-

= Ratings and Accolades

ADIB's recognition for excellence in Islamic banking

= Credit Ratings

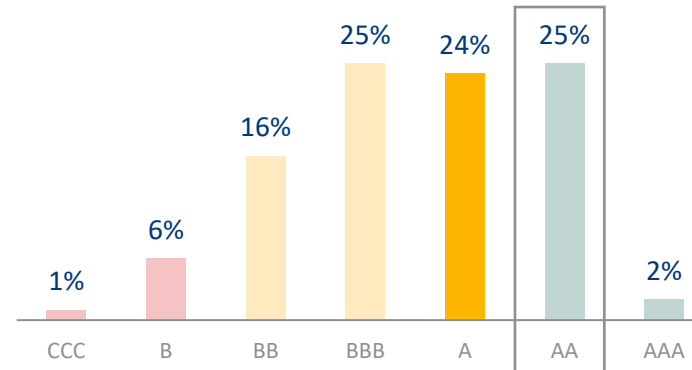
MOODY'S
A2
Stable Outlook

FitchRatings
A+
Stable Outlook

= ADIB's MSCI ESG Rating



= MSCI Rating Distribution



= Recent Accolades

THE DIGITAL BANKER
#1
Islamic Retail bank

BEST ISLAMIC FINANCIAL INSTITUTIONS 2021
GLOBAL FINANCE
#1
Bank in the UAE

EUROMONEY ONLINE
#1
Market leader in digital

BEST ISLAMIC FINANCIAL INSTITUTIONS 2021
GLOBAL FINANCE
#1
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Contacts

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= Additional Information

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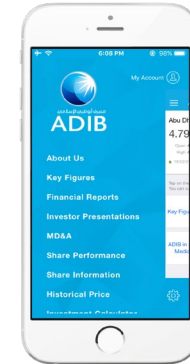
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