



# Investor Presentation

Q1 2023

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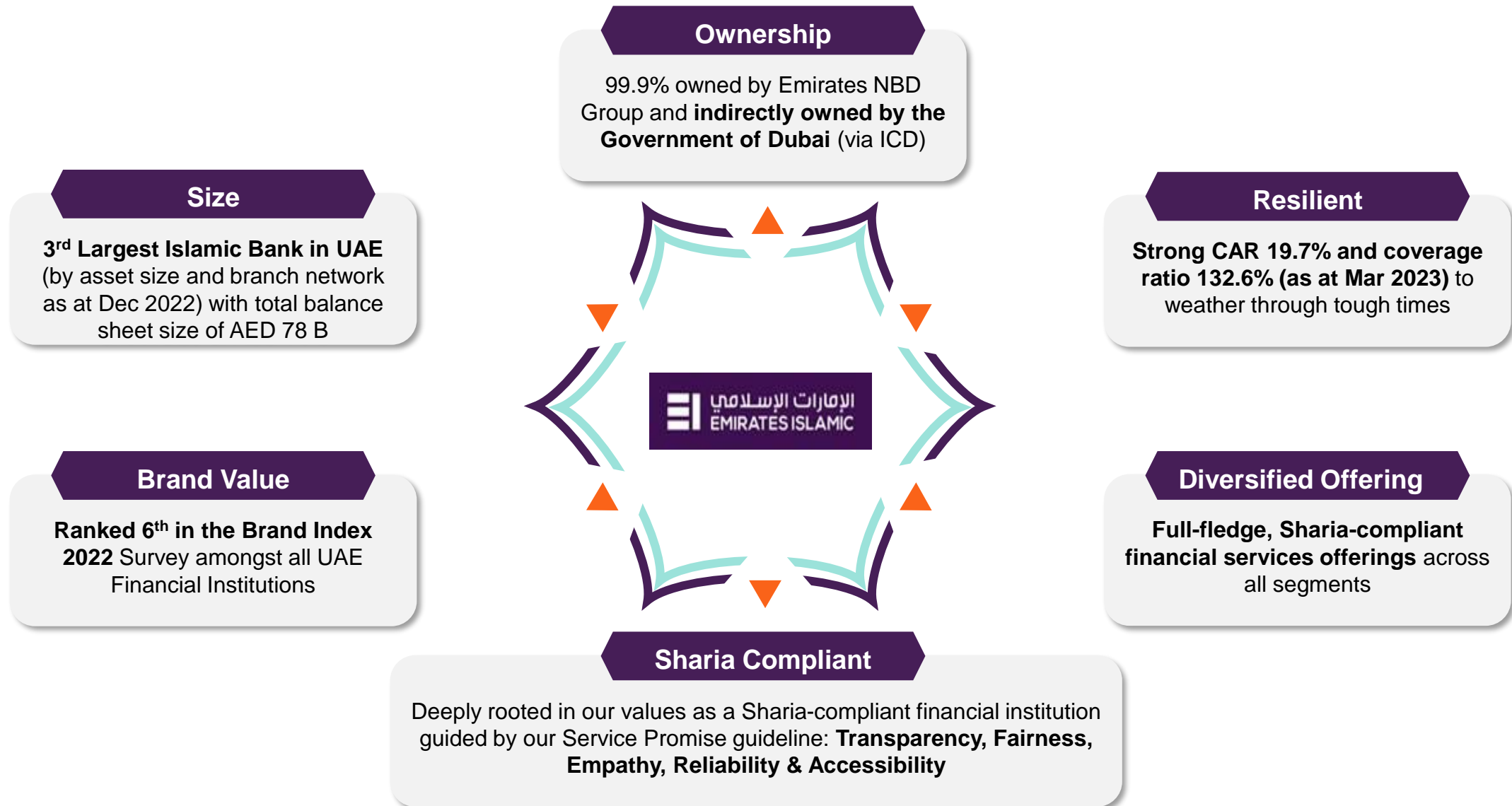
**Emirates Islamic Profile**

**Operating Environment**

**Financial and Operating Performance**

**Divisional Performance**

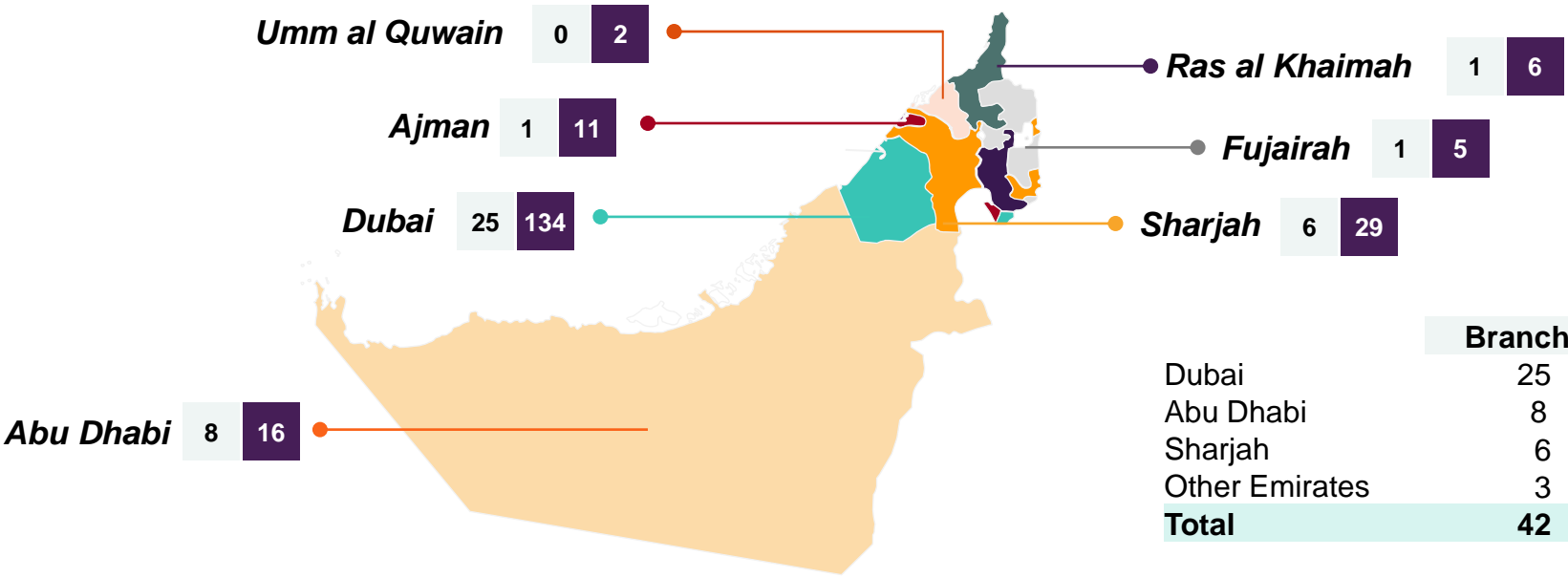
# El, a young growing Islamic Bank



El is strategically positioned across UAE to support its clients. Strong credit rating since 2015

Optimised Branch and Alternative Channel Footprint across UAE

Branches ATM / CDM



	Branches	ATM / CDM
Dubai	25	134
Abu Dhabi	8	16
Sharjah	6	29
Other Emirates	3	32
Total	42	211

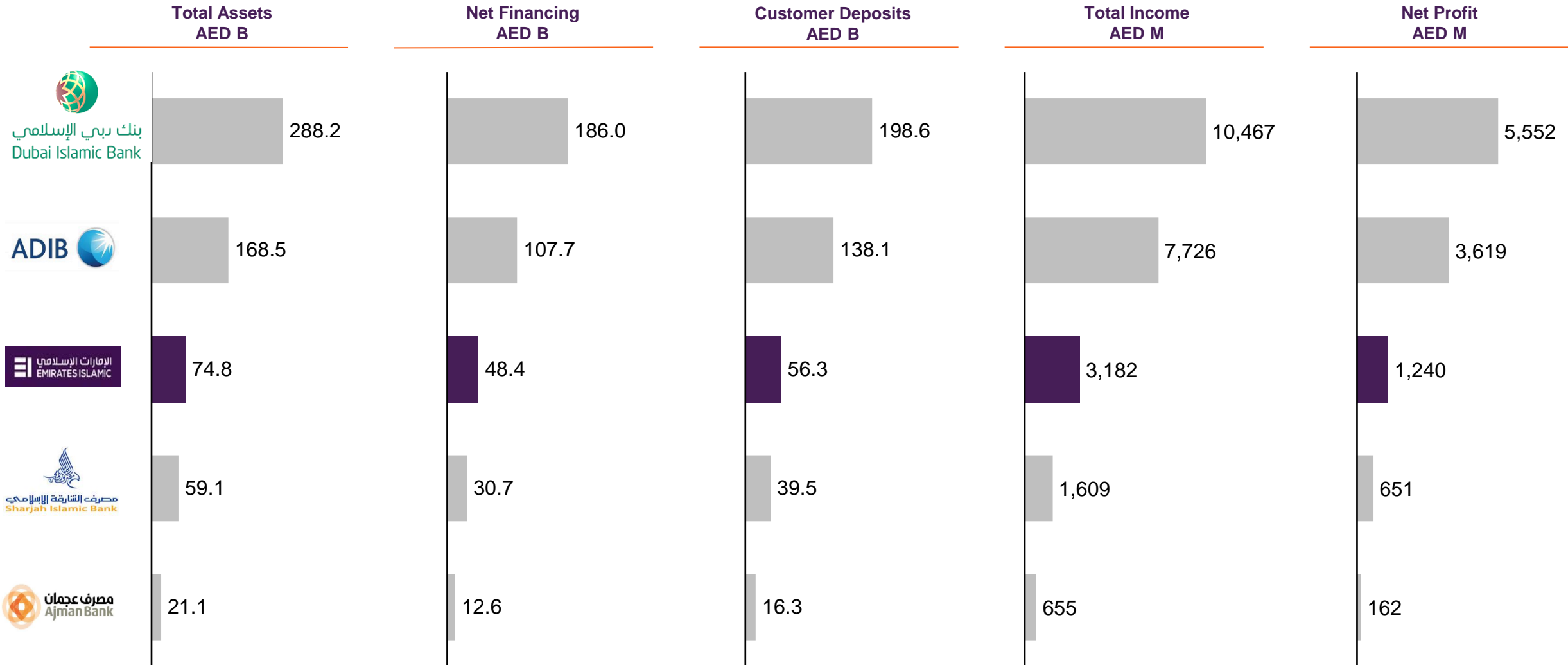
Superior Long Term and Short Term Credit Rating affirmed by Fitch since 2015

As at Apr 2023 (Affirmed)

	Long Term	Short Term	Outlook
FitchRatings	A+	F1	Stable

# EI is one of the largest Islamic banks in UAE

Q4 2022

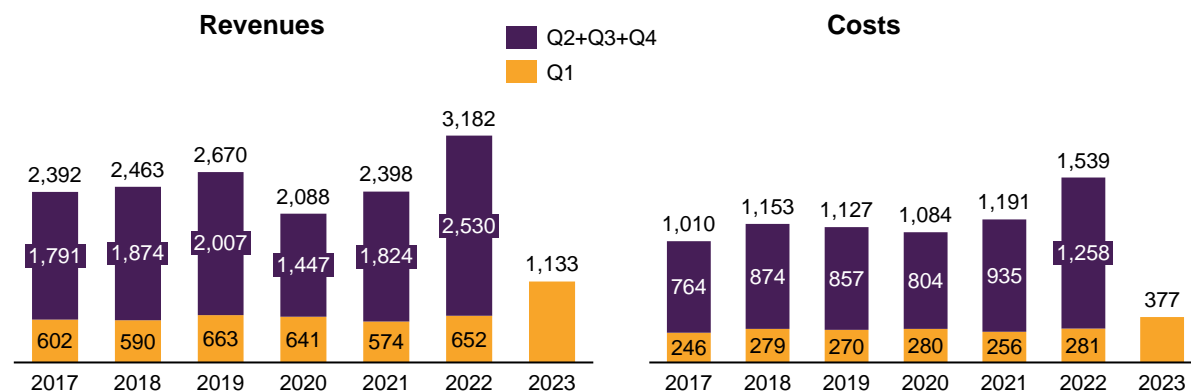


Note: Balance sheet numbers are at end of period

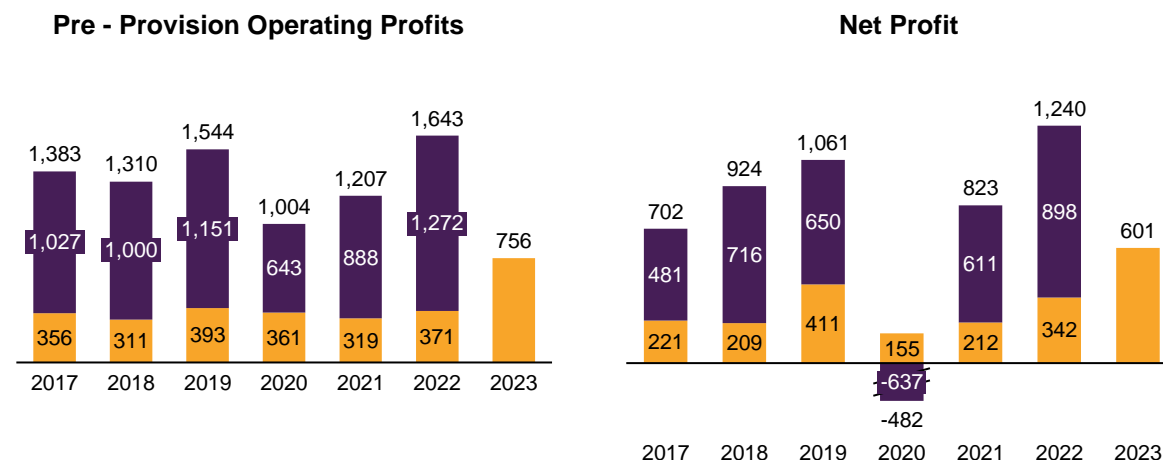


# Profit and balance sheet growth in recent years

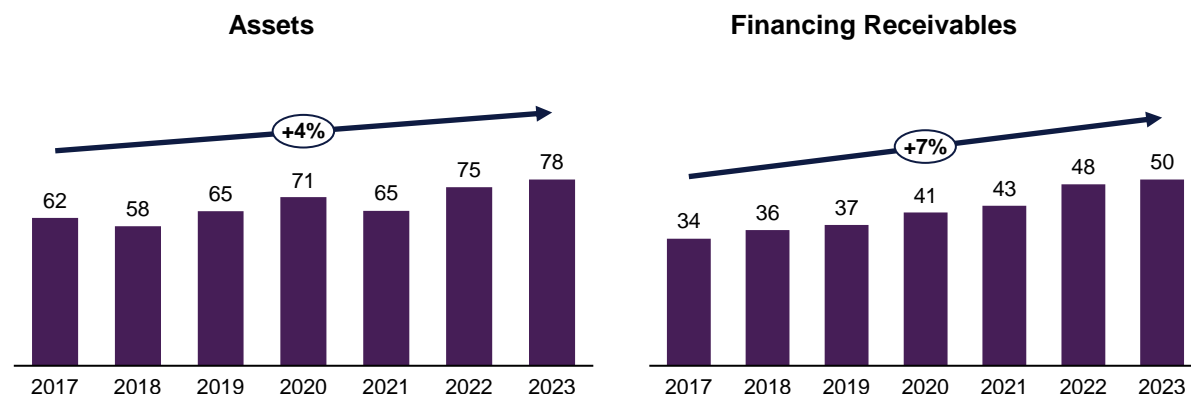
## Revenues and Costs (AED M)



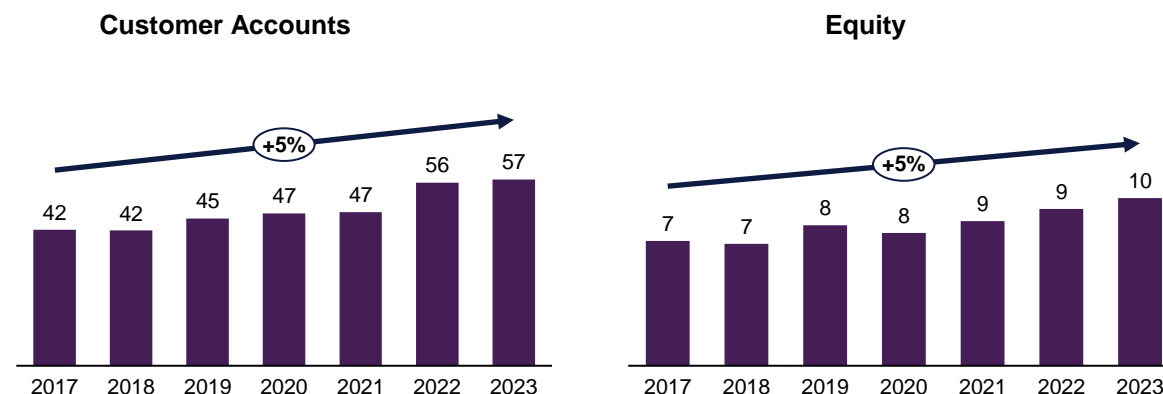
## Profits (AED M)



## Assets and Financing (AED B)



## Customer Accounts and Equity (AED B)



Notes:

1. Equity is Tangible Shareholder's Equity; All Balance Sheet numbers are at end of period
2. Source: Financial Statements

# Q-o-Q Financial Results Highlights

## Highlights

- Net Profit for Q1'23 at AED 601 M, higher by 76% compared to same period last year reflecting strong operating performance
- Total income up 74% compared to same period last year
  - Funded income higher by 86%, mainly driven by financing growth, and higher margins
  - Non-Funded Income increased 45%, driven by higher Fx & derivatives income, Fees income and Trade income
- Expenses up 34% y-o-y due to higher investment for future growth. CI ratio improved in Q1'23 supported by positive income momentum
- Impairment Allowance at AED 155 M higher by 424% y-o-y due to financing growth and increased overlays resulting in higher coverage ratio. Coverage ratio improved to 132.6%, highest amongst peers. NPF ratio improved to 6.8%.
- Financing Receivables at AED 49.6 B, increased 2.5% compared to end of 2022
- Customer deposits at AED 57.3 B, increased 1.6% from end 2022 with CASA balances at 75% of total deposits

## Key Performance Indicators, AED M

	Q1-23	Q1-22	Better / (Worse)	Q4-22	Better / (Worse)
Net Funded Income	858	462	86%	756	13%
Non Funded Income	275	190	45%	241	14%
<b>Total Income</b>	<b>1,133</b>	<b>652</b>	<b>74%</b>	<b>997</b>	<b>14%</b>
Operating Expenses	(377)	(281)	-34%	(552)	32%
<b>Pre-impairment Operating Profit</b>	<b>756</b>	<b>371</b>	<b>103%</b>	<b>445</b>	<b>70%</b>
Impairment Allowances	(155)	(30)	-424%	(259)	40%
<b>Net Profit for the Period</b>	<b>601</b>	<b>342</b>	<b>76%</b>	<b>186</b>	<b>224%</b>

Cost income ratio (%)	33.3%	43.0%	-	55.4%	-
Net Funded Income Margin (%)	4.7%	2.9%	-	4.2%	-

AED Billion	31-Mar-23	31-Mar-22	%	31-Dec-22	%
Total Assets	77.9	70.1	11.2%	74.8	4.2%
Financing Receivables, net	49.6	45.2	9.6%	48.4	2.5%
Customers' Accounts	57.3	51.4	11.5%	56.3	1.6%
Headline Ratio (%)	87%	88%	-	86%	-
NPF Ratio (%)	6.8%	7.6%	-	7.0%	-

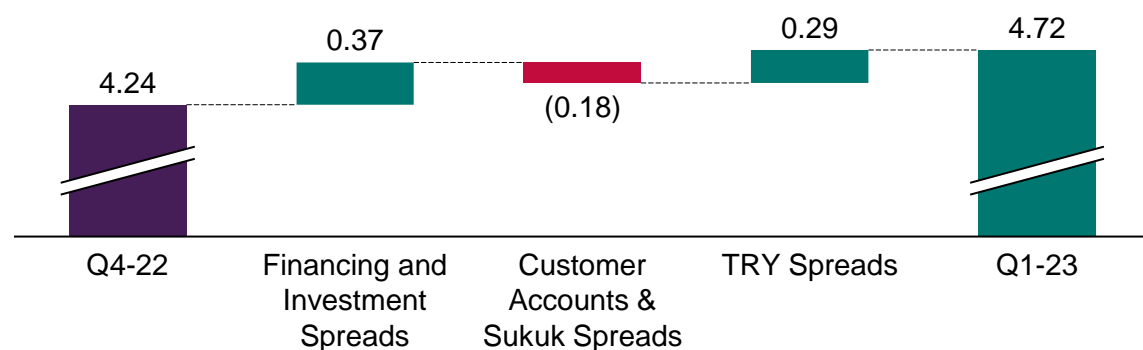


# Net Funded Income Margin

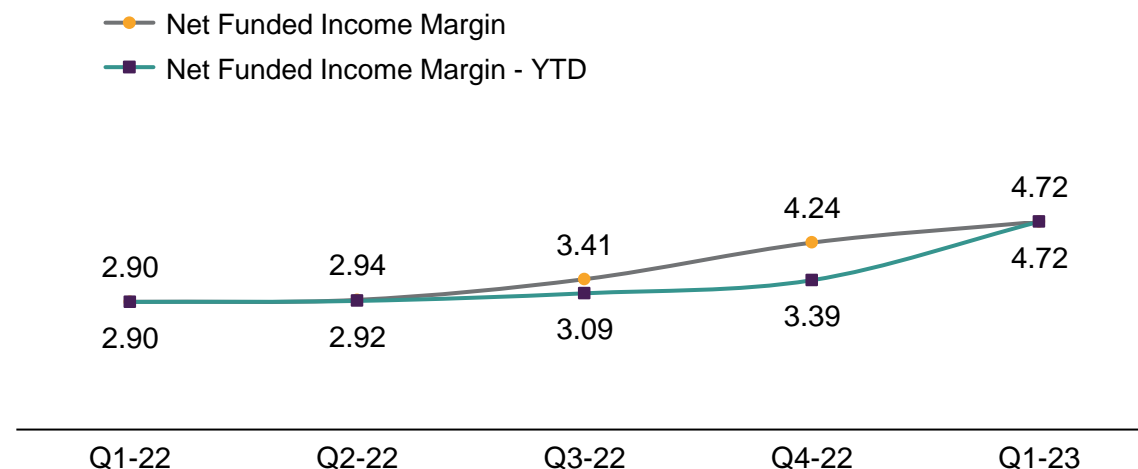
## Highlights

- Net funded income margin for Q1'23 at 4.72%, increased 182 bps compared to same period last year. The increase is primarily on account of
  - Higher spread on Financing and Investment book due to increase in margins
  - Higher yield on Due from banks and CDs due to increase in margins
 Partially offset by:
  - Higher cost of Customer deposits
  - Higher cost of EMTN Sukuk due to new issuance
- Net funded income margin for Q1'23 at 4.72%, increased 48 bps q-o-q primarily on account of higher yield on Financing and Investment book partially offset by higher cost of deposits due to higher margins and new EMTN Sukuk issuance

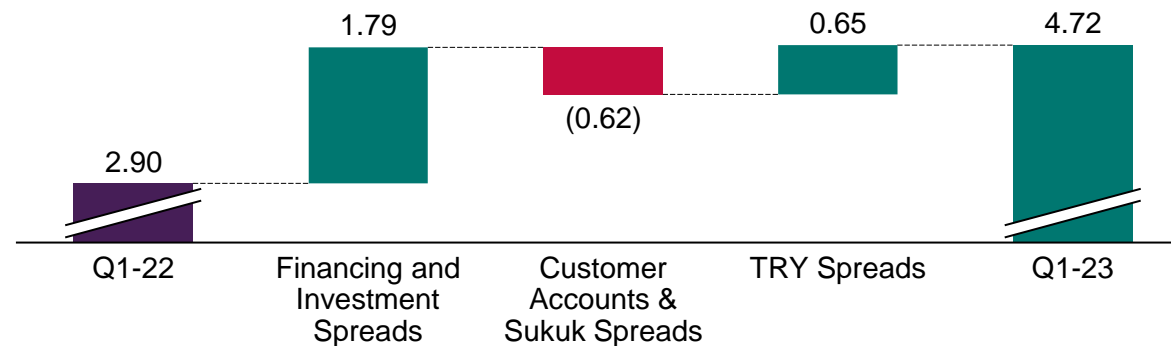
## Net Profit Margin Drivers (%) (Q1-23 Vs Q4-22)



## Net Funded Income Margin (%)

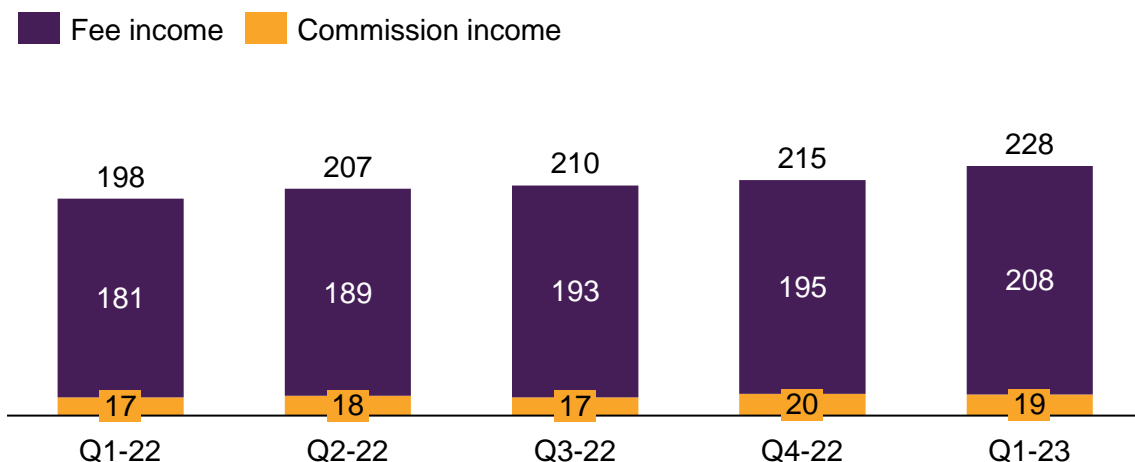


## Net Profit Margin Drivers (%) (Q1-23 Vs Q1-22)

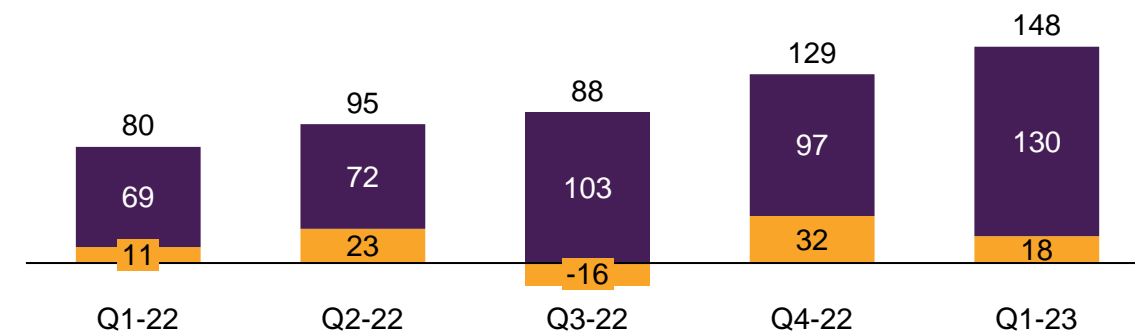


# Non Funded Income

## Trend in Gross Fee and Commission Income (AED M)



## Trend in Other Operating Income (AED M)



## Composition of Non Funded Income (AED M)

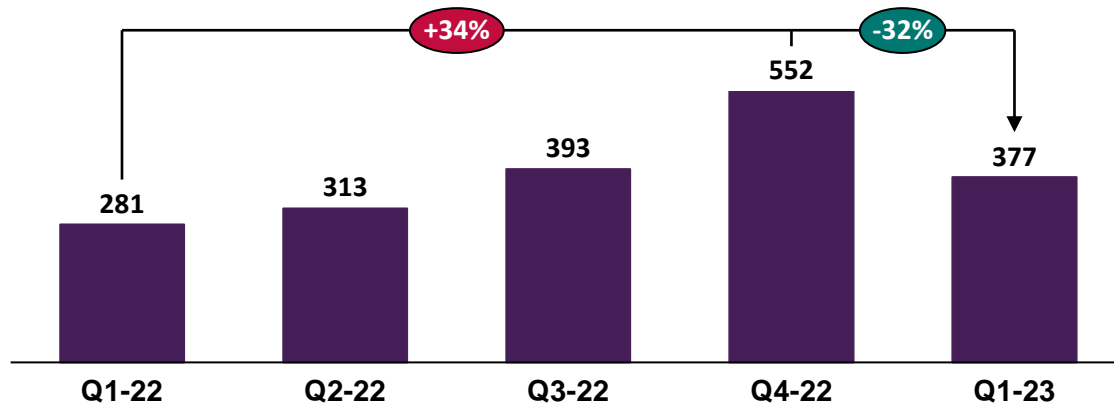
AED Mn	Q1-23	Q1-22	Better/ (Worse)	Q4-22	Better/ (Worse)
Fee and Commission income	228	198	15%	215	6%
Fee and Commission expense	(101)	(87)	-16%	(104)	3%
Net Fee and Commission Income	127	111	15%	111	14%
Other operating income	148	80	86%	129	15%
Total Non-funded income	275	190	45%	241	14%

## Highlights

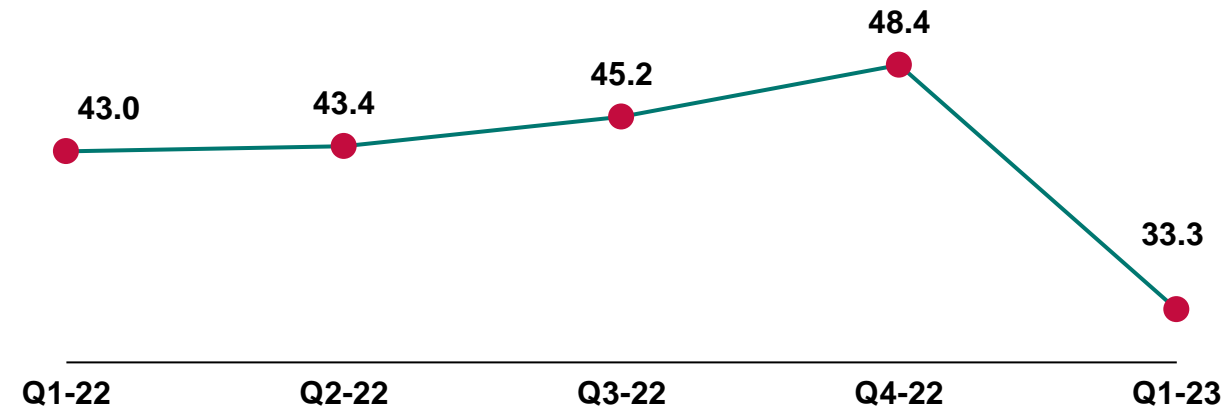
- Non-Funded Income increased 45% y-o-y
  - Net Fee and Commission income increased by 15% y-o-y
  - Other operating income increased primarily due to higher Fx & derivatives income and other banking income

# Operating Costs and Efficiency

## Total Cost (AED M)



## Cost to Income Ratio (%), YTD



## Highlights

Cost to Income ratio at 33.3% for Q1'23, decreased 9.7% compared to same period last year as a result of:-

- Increase in total income by 74%

### Partially offset by

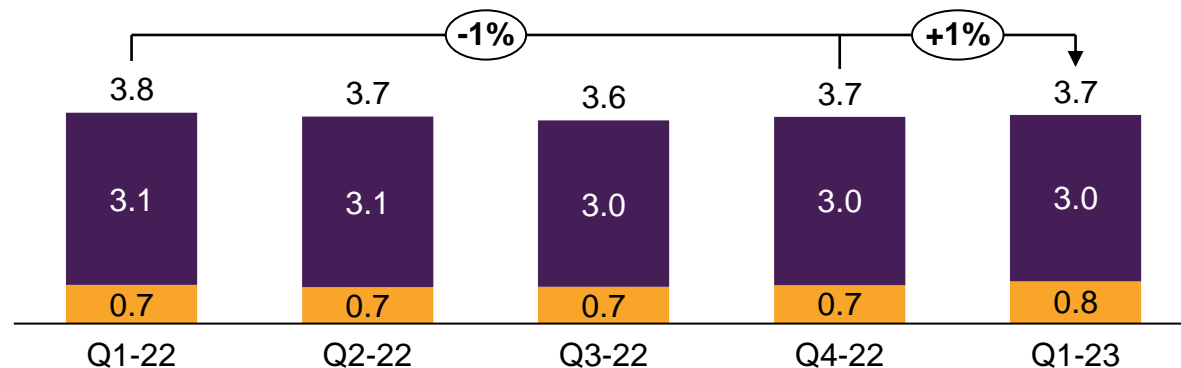
- Increase in total cost by 34%

# Credit Quality

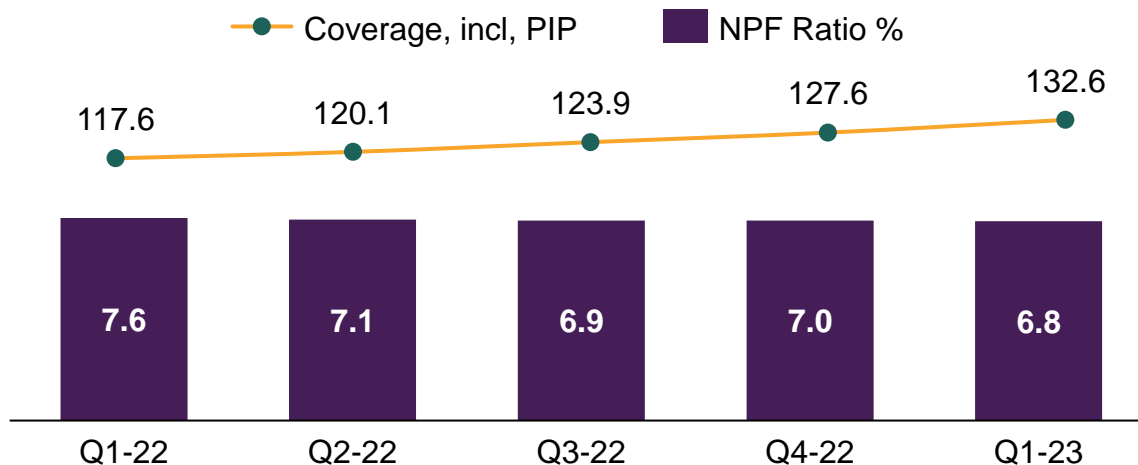
## Highlights

- Non Performing Financing (NPF) ratio decreased to 6.8% from 7.0% at end of 2022
- Coverage ratio at 132.6% increased from 127.6% at end of 2022
- The Impairment allowance of AED 4.9 B includes AED 3.5 B (71%) of specific provisions and AED 1.4 B (29%) of ECL provisions
- Stage 1 and Stage 2 Expected Credit Loss (ECL) represents 2.8% of total Credit Risk Weighted Assets (CRWA) at the end of Q1'23 (Dec-22 : 2.5%)

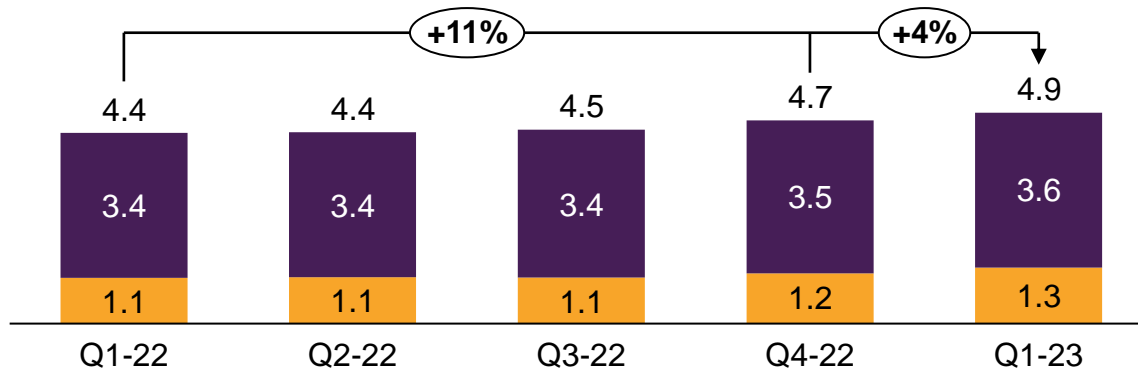
## Impaired Financing (AED B)



## Impaired Financing & Coverage Ratios (%)

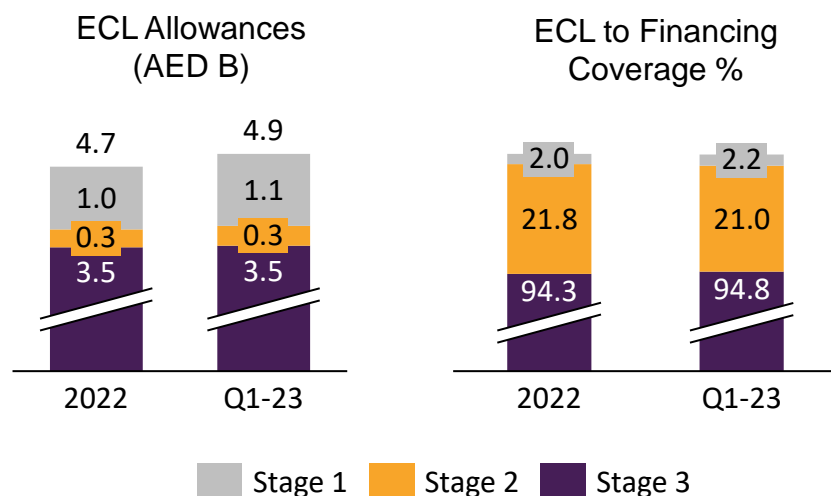


## Impairment Allowances (AED B)

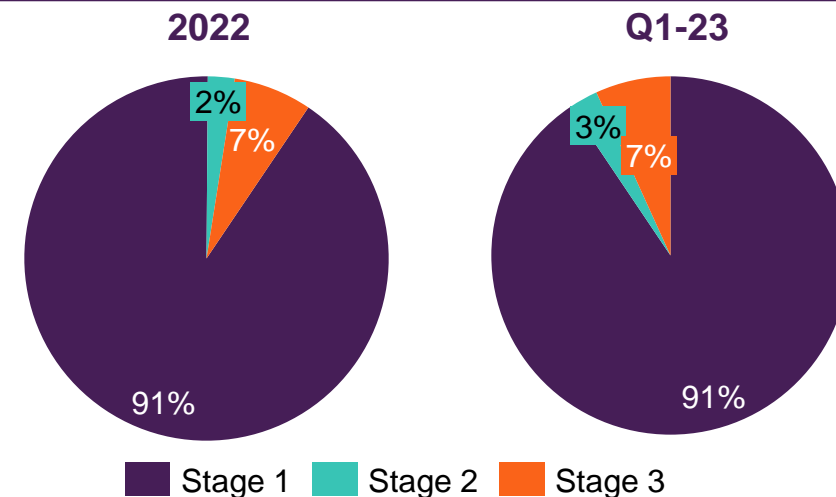


# Impairment allowances and Stage 1, 2 and 3 Coverage

## Impairment Allowances and Coverage %



## Total Gross Financing



## Highlights

- Stage 1 coverage ratio increased to 2.2% at end of Q1'23 compared to 2.0% at end of FY 2022
- Stage 2 coverage ratio is 21.0% at end of Q1'23 compared to 21.8% at end of FY 2022
- Stage 3 coverage ratio further improved to 94.8% as NPF ratio improved by 0.2% to 6.8%

# Capital Adequacy

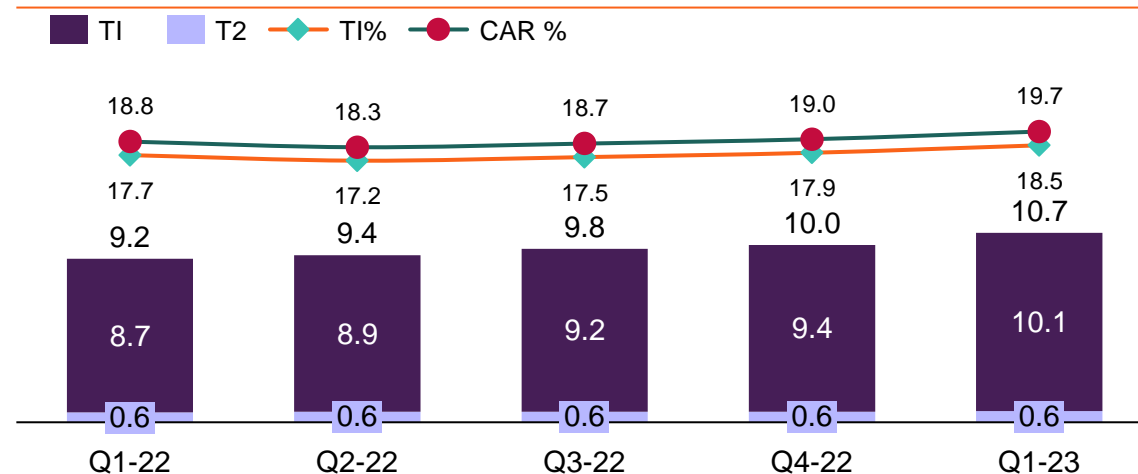
## Highlights

- CAR at 19.7% increased from 19.0% at the end of 2022, mainly due to –
  - Lower capital charge due to lower risk grade bank placements
  - Increase in capital base on account of profit for the quarter
- Offset by
  - Higher capital charge due to growth in Financing receivables and Investments
- Tier I ratio at 18.5% increased from 17.9% at end of 2022

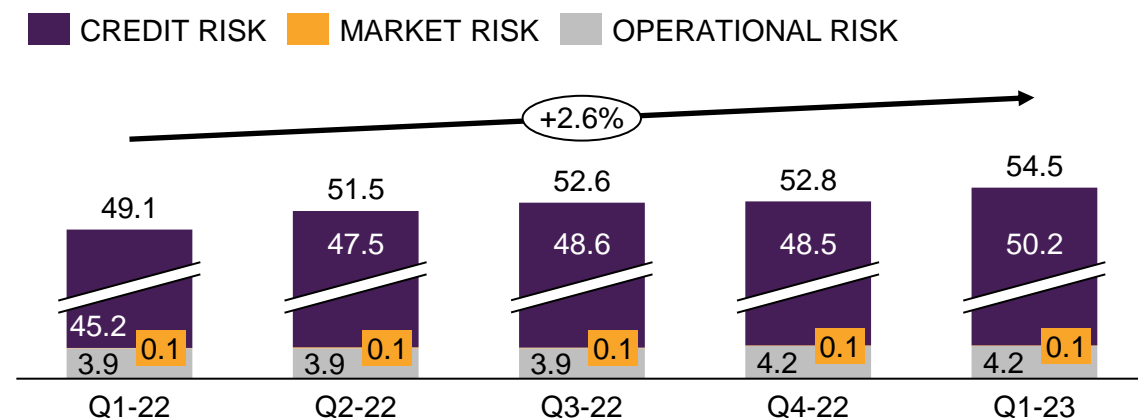
## Capital Movements as per Basel III (AED M)

	Tier-1	Tier-2	Total
Capital as at 31 December 2022	9,428	606	10,034
Net Profits generated	601	-	601
ECL add-back	14	-	14
Other	47	22	69
Capital as at 31 March 2023	10,090	628	10,718

## Capitalisation (AED B)



## Risk Weighted Assets – Basel II (AED B)



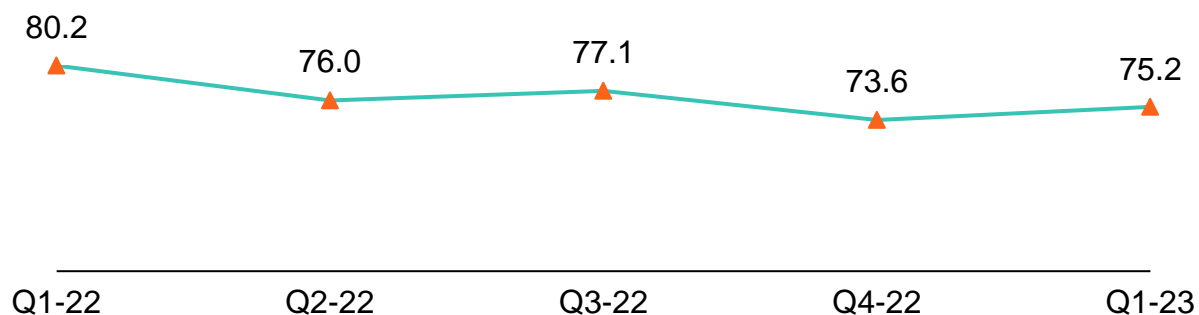


# Funding and Liquidity

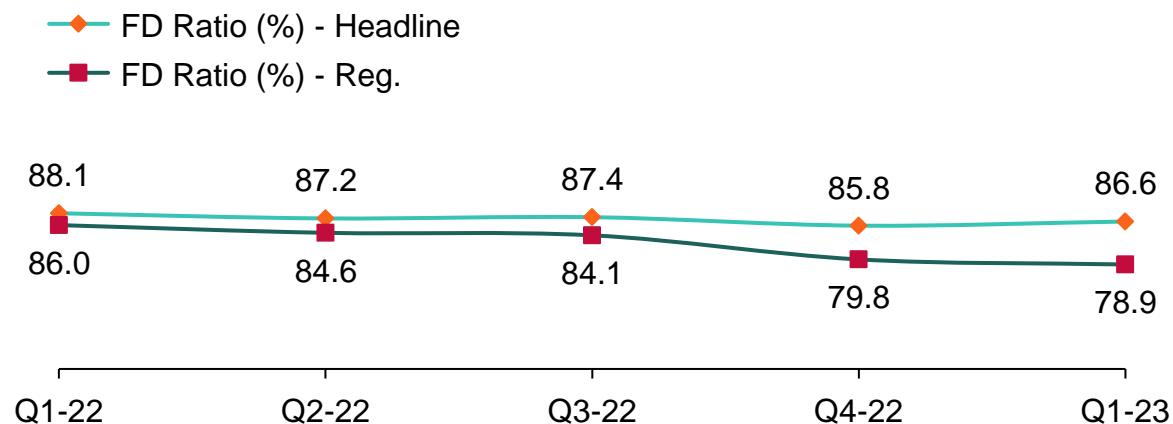
## Highlights

- Financing to Deposits ratio remains healthy at 86.6%
- Long term funding (Sukuk) represent 7.3% of total borrowings
- CASA to Total Customer Deposits ratio at end Q1'23 is 75.2% (Dec'22 – 73.6%)

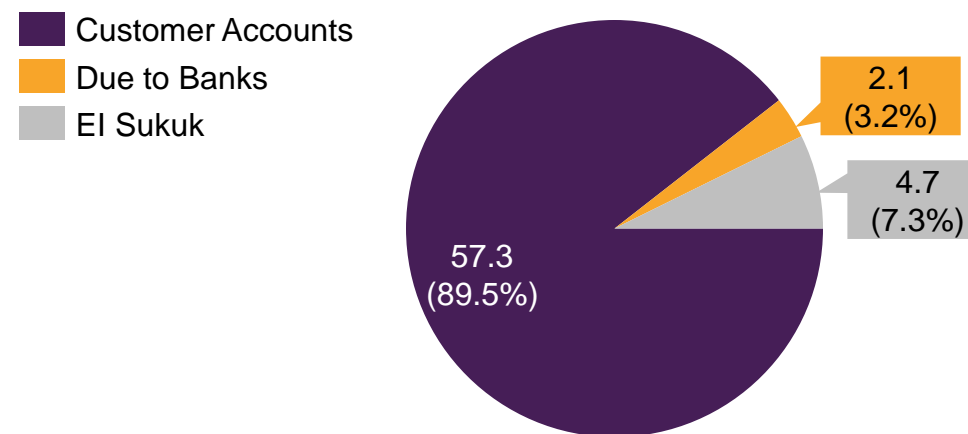
## CASA to Deposit Ratio



## Headline Ratio (%)



## Composition of Liabilities / Sukuk Issued (AED B, %)

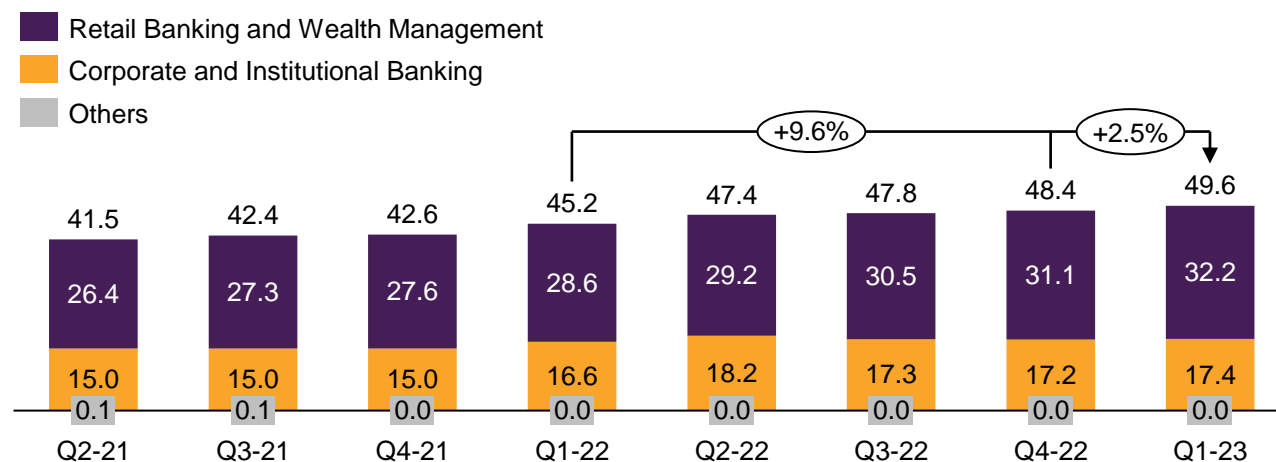


# Financing and Customer Deposits trends

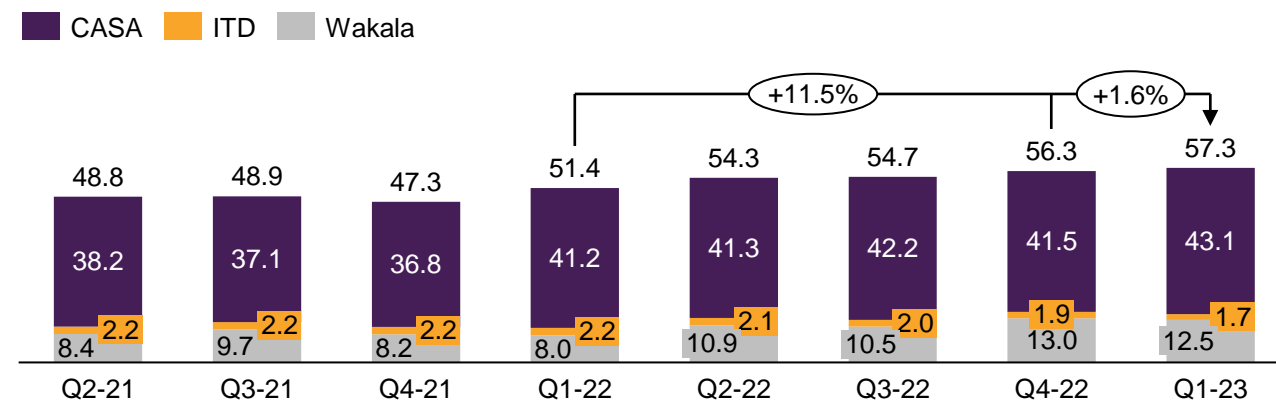
## Highlights

- Financing receivables increased 10% y-o-y and 3% q-o-q
  - Retail Banking and Wealth Management financing receivable increased 13% y-o-y and 3% q-o-q
  - Corporate and Institutional Banking financing receivables increased 5% y-o-y and 1% q-o-q
- Customer deposits increased 12% y-o-y and increased 2% q-o-q
  - CASA increased 5% y-o-y and 4% q-o-q
  - ITD decreased 19% y-o-y and 6% q-o-q
  - Wakala increased 56% y-o-y and decreased 4% q-o-q

## Trend in Net Financing by Type (AED B)



## Trend in Customer Deposits by Type (AED B)

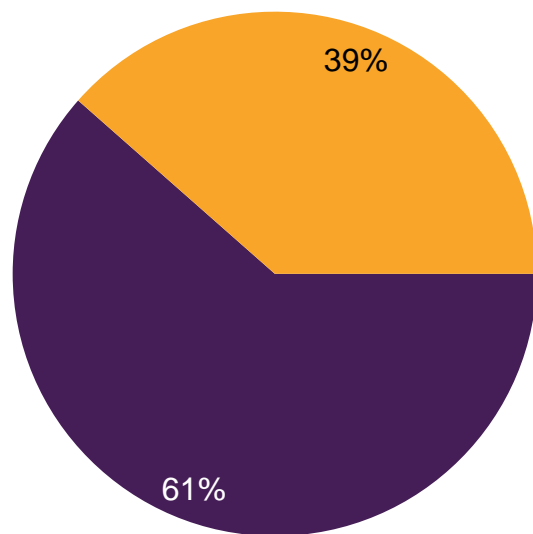


\* Financing is Net of Deferred Income and impairment provisions

# Financing composition

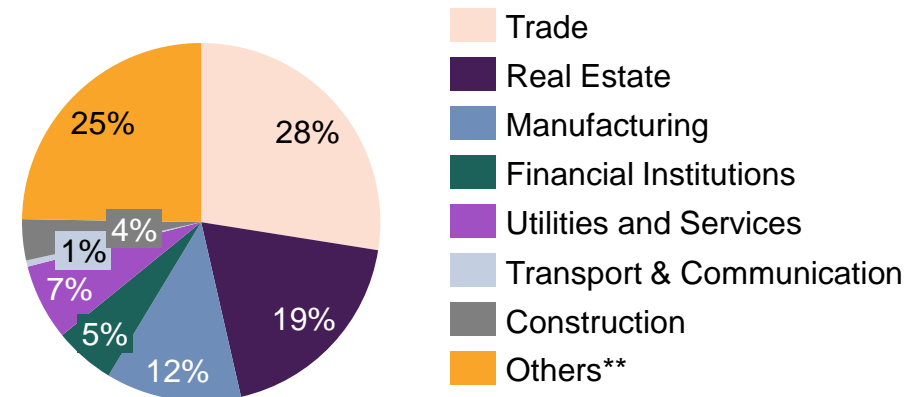
## Total Gross Financing\* (AED 54.5 B)

- Retail Banking and Wealth Management
- Corporate and Institutional Banking



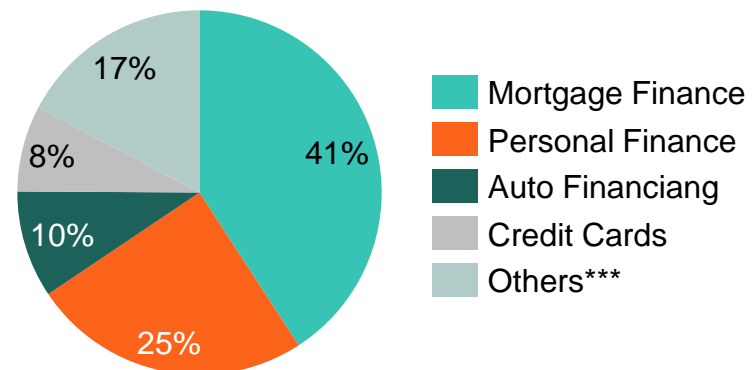
## Corporate and Institutional Banking

Financing  
(AED 21.0 B)



## Retail Banking and Wealth Management

Financing  
(AED 33.5 B)



\* Gross Financing net off deferred portion

\*\* Others under 'Corporate and Institutional Banking' includes Management of companies and enterprises and Sovereign

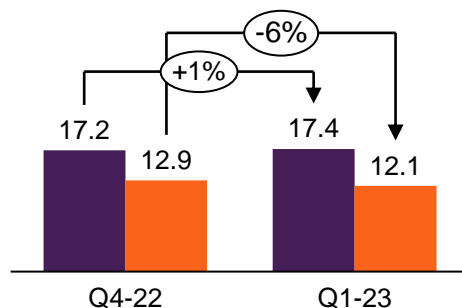
\*\*\*Others under 'Retail Banking and Wealth Management' includes SME products held by retail customers

# Divisional performance

## Corporate and Institutional Banking

### Balance Sheet Trends (AED B)

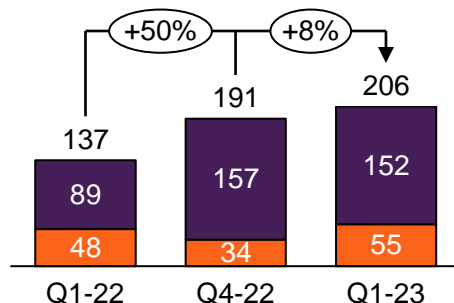
- Financing Receivable
- Customer Deposits



- Financing receivable increased 1% from end of 2022
- Customer deposits decreased 6% from end of 2022

### Revenue Trends (AED M)

- FI
- NFI

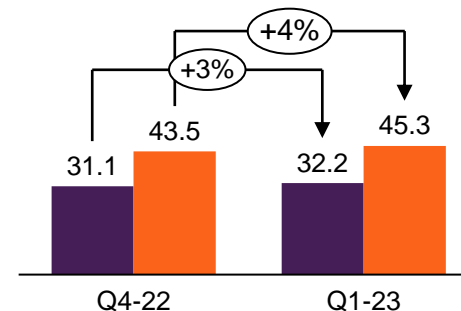


- Total Revenue increased by 50% y-o-y and 8% q-o-q driven by improved economic activity
  - Funded Income increased primarily on account of portfolio growth and increased margins
  - Non Funded Income increased mainly due to higher fx & derivatives income and fees income

## Retail Banking and Wealth Management

### Balance Sheet Trends (AED B)

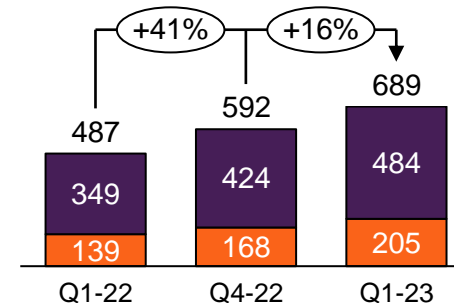
- Financing Receivable
- Customer Deposits



- Financing receivable increased 3% from end of 2022 mainly in retail financing products
- Customer deposits increased 4% from end of 2022 mainly driven CASA growth

### Revenue Trends (AED M)

- FI
- NFI



- Total Revenue increased 41% y-o-y and 16% q-o-q driven by improved economic activity
  - Funded Income increased on account of higher margins supported by financing book growth
  - Non-Funded Income increased mainly due to fx & derivatives income, customer financing linked fees and higher trade income

Note: All Balance Sheet numbers are at end of period

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