



# Investor Presentation

Q3 2021

CONFIDENTIAL AND PROPRIETARY :

Any use of this material without specific permission of Emirates Islamic is strictly prohibited



الإمارات الإسلامية  
EMIRATES ISLAMIC

# Disclaimer

This document is provided to you upon request, the addressee only and is provided on a confidential basis by Emirates Islamic Bank PJSC (“Emirates Islamic Bank” or “Bank”) and solely for your information and may not be reproduced, disclosed or distributed to third parties.

This document does not constitute an agreement or contract between you and Emirates Islamic Bank and must be read in conjunction with the applicable terms and conditions and agreement for services.

Past performance is not an indication of future performance or returns and there may be a risk that some or all of your original investment could be lost subject to the extent of any Sharia compliant capital protection contained within the terms and conditions of the relevant investment. Accordingly, no representation or warranty is made that any performance or return indicated above will be achieved in the future.

The information in this document including any expression of opinion has been obtained from or is based upon sources believed to be reliable, fair and not misleading. The information herein may be subject to more complete disclosures contained in the respective full term sheet, prospectus, supplements, financials, subscription forms, redemption forms and related documents which are available on request, and which should be reviewed carefully before any investment decision is made.

Before entering into any transaction, you should ensure that you fully understand the potential risks and rewards of that transaction and should determine independently whether that transaction is appropriate given your investment objectives, experience, financial and operational resources, and other relevant circumstances. You may consider consulting an advisor as you deem necessary to assist in making your investment decision.

There may be information in this document that is based on data provided by third party sources believed to be reliable, however, neither Emirates Islamic Bank nor any of its directors, officers, employees, agents, affiliates, subsidiaries or holding company, make any representations or warranties, expressed or implied, as to the accuracy or completeness of information contained herein and thus assume no responsibility for it. The content may be subject to further revision, verification and updating, by the relevant sources, and Emirates Islamic Bank undertakes no responsibility thereof. Any forward looking statements (i.e. statements that relate to future, not past, events) included in this material are purely illustrative and do not represent the views of any entity within Emirates Islamic Bank.

Unless set out specifically, this document does not take account of any tax effect caused by investing into any of the investments described herein. If the tax effect is taken into account it is based on the Bank’s understanding of the tax laws and regulations at the time this document was written, both such laws and the Bank’s understanding may change at any time therefore you should take independent tax advice.

Emirates Islamic Bank is licensed and regulated by the UAE Central Bank.

For contact information, please visit [www.emiratesislamic.ae](http://www.emiratesislamic.ae)



## Table of Content

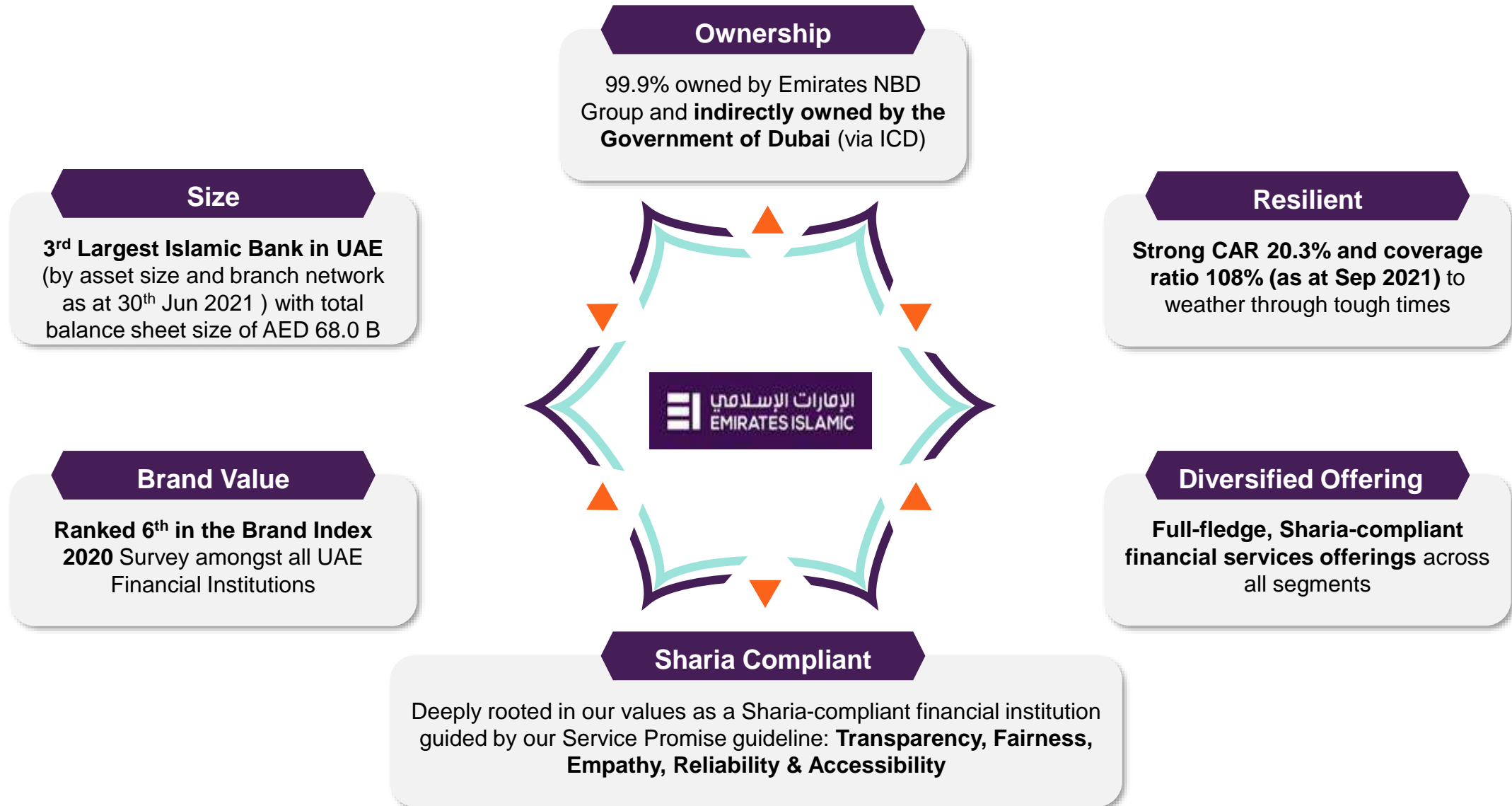
**Emirates Islamic Profile**

**Operating Environment**

**Financial and Operating Performance**

**Divisional Performance**

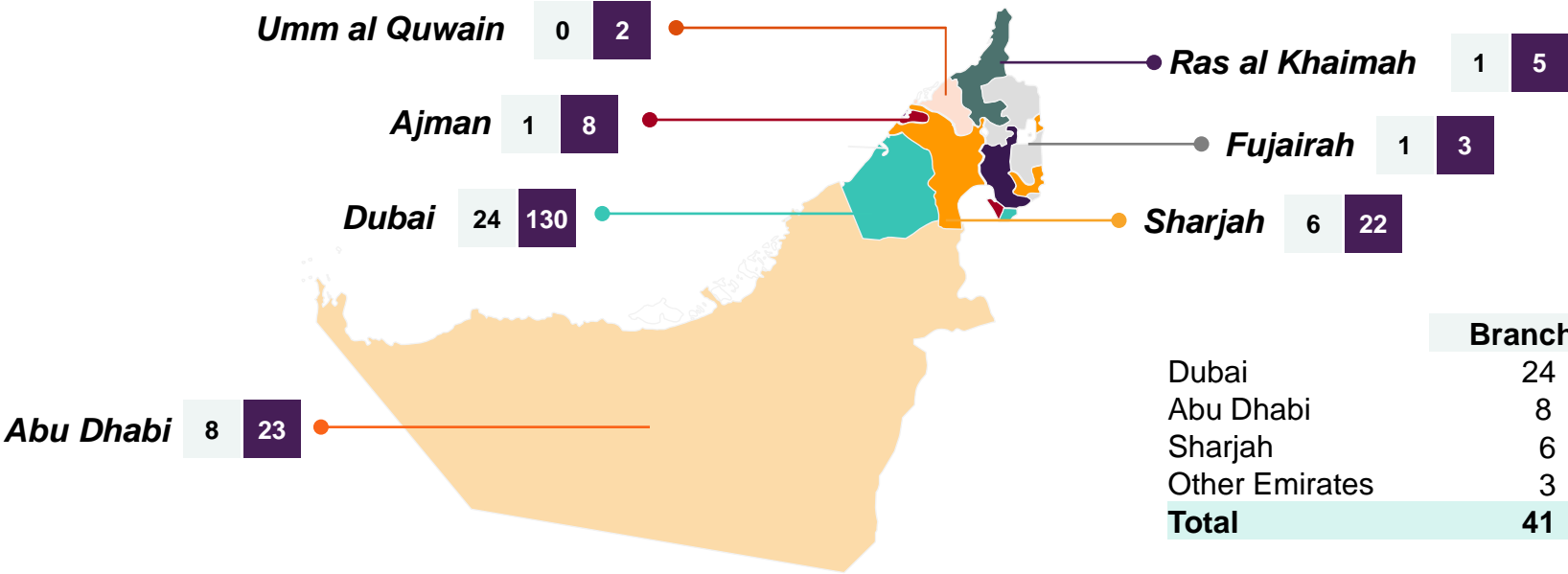
# El, a young growing Islamic Bank



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	24	130
Abu Dhabi	8	23
Sharjah	6	22
Other Emirates	3	18
Total	41	193

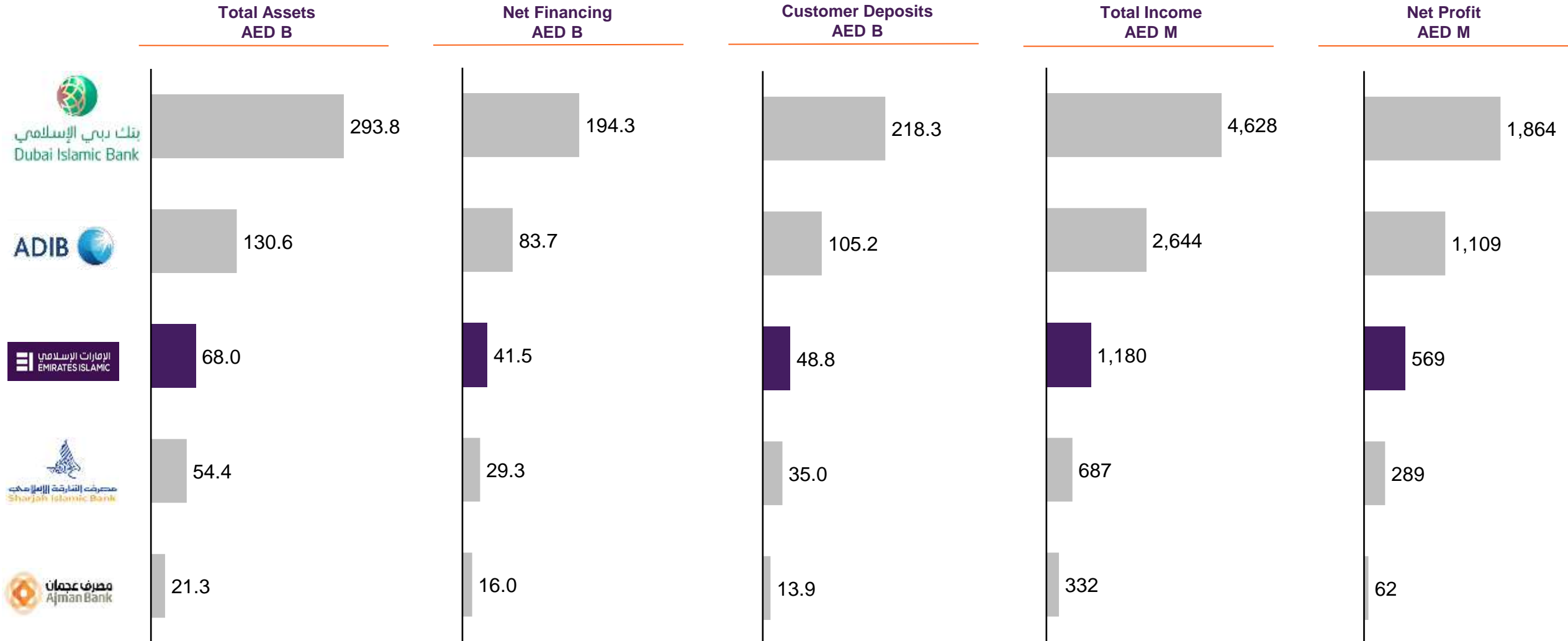
Superior Long Term and Short Term Credit Rating affirmed by Fitch since 2015

As at May 2021 (Affirmed)

	Long Term	Short Term	Outlook
FitchRatings	A+	F1	Stable

# EI is one of the largest Islamic bank in UAE

H1 - 2021



Balance sheet numbers are at end of period



# El continues to support its stakeholders through ESG projects and CSR initiatives



## El Governance and Social

- The **health, safety and financial wellbeing of our customers**, our employees and the community remains top priority, to ensure everyone remains financially protected as our bank-wide resilience continues.
- A **dedicated diversity and inclusion** function has been established within El's Human Resources department to ensure continuous focus creating an inclusive environment
- As an **Islamic bank with strong roots in the UAE community**, El launched 'CX academy'- an internal learning platform for its employees to help define service standards and enhance the "Customer First" culture across all Touchpoints.



## El and ENBD Group Environmental

- In a collaborative effort, the Group (Emirates NBD, Emirates Islamic and Tanfeeth) has launched more than 78 initiatives which have saved 28 million sheets of paper resulting in **saving 3500 trees and 700 MT of CO2 Footprint reduction**.
- With ENBD Group, we are committed to reduce our **carbon footprint** and have committed to conserve water usage across our real estate network.



## Community and Customer Support

- El won the '**Best Digital Innovation in Islamic Banking**' award from MEA Finance, and '**Best Credit Card**' award for its Emirati Visa Signature credit card at the 2021 International Finance Awards
- **Payment deferments** totaling ~AED 2.6 B to 40,232 customers impacted by COVID-19 through business disruption, job loss, unpaid leave or reduced salary.
- In continuation of our commitment to the society, we distributed **AED 37 M** through the **Emirates Islamic Charity Fund**, including the following projects:
  - ✓ The 'Social Solidarity Fund against COVID-19' initiative to mitigate the health, economic and social challenges posed by the COVID-19 outbreak;
  - ✓ Women's Empowerment, Environment & Education; and
  - ✓ Advocacy for People with disabilities

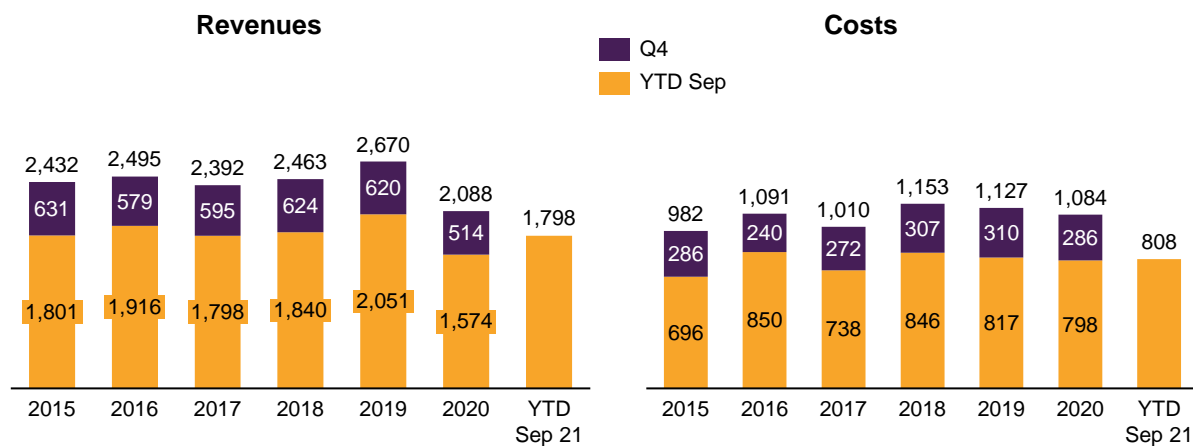


## Central Bank Stimulus Programme

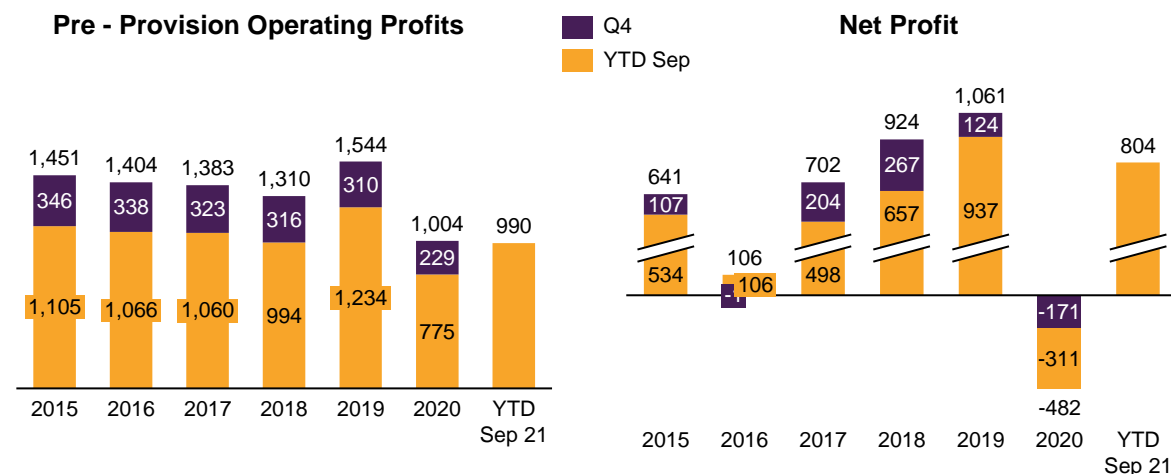
- Zero Cost Funding under the **CBUAE Target Economic Support Scheme ("TESS")** program availed by El - AED 1.7 B which has been fully utilized to provide payment relief to the impacted customers (balance at the end of Q3'21 AED 0.87 B).

# Profit and balance sheet growth in recent years

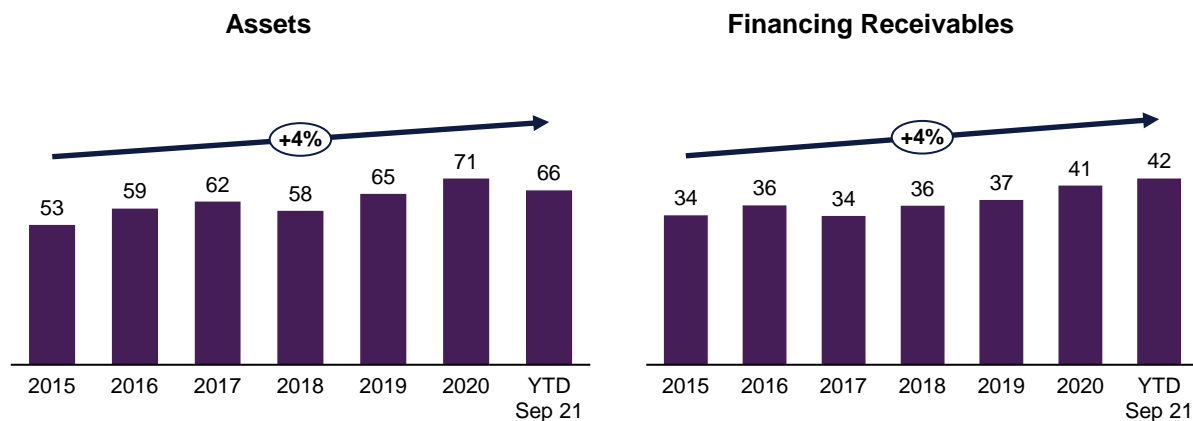
## Revenues and Costs (AED M)



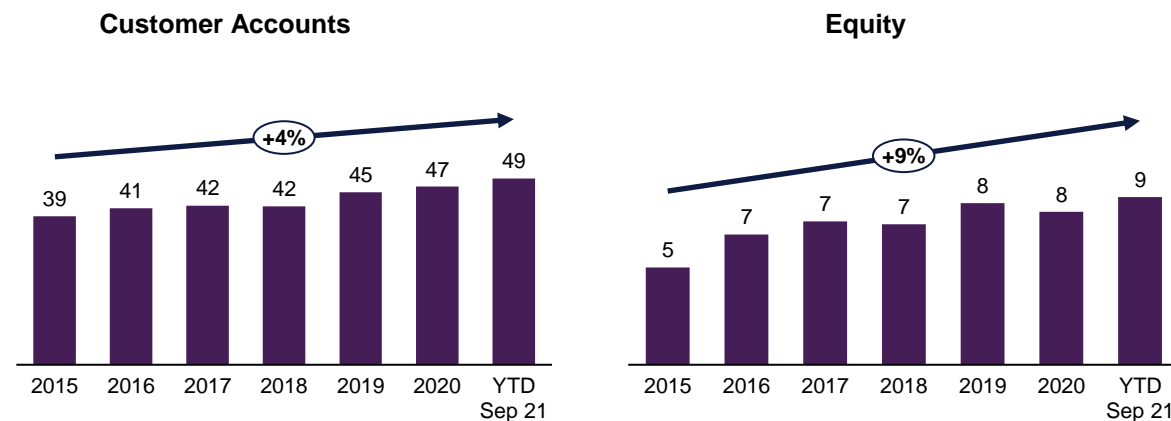
## Profits (AED M)



## Assets and Financing (AED B)



## Customer Accounts and Equity (AED B)



Notes:

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



## Q3 - 2021 Financial Results Highlights

### Highlights

- Net Profit for first nine months of 2021 at AED 804 M
- Net Funded Income declined 2% compared to same period last year mainly due to lower margins (drop in EIBOR) partially offset by higher financing & investments portfolio
- Non-Funded Income increased 91% compared to same period last year due to higher Fx & Fees income. Also, 2020 had revaluation loss on proprietary investments
- Operating Expenses higher by 1% compared to same period last year
- Impairment Allowance at AED 186 M lower by 83% compared to same period last year
- Financing Receivables at AED 42.4 B increased 4% compared to end 2020
- Total Assets at AED 66.2 B, declined 6% compared to end 2020 mainly due to lower Central Bank CDs driven by maturity of EMTN Sukuk

### Key Performance Indicators, AED M

	YTD Sep-21	YTD Sep-20	Better / (Worse)
Net Funded Income	1,268	1,297	-2%
Non Funded Income	529	277	91%
<b>Total Income</b>	<b>1798</b>	<b>1574</b>	<b>14%</b>
Operating Expenses	(808)	(798)	-1%
<b>Pre-impairment Operating Profit</b>	<b>990</b>	<b>775</b>	<b>28%</b>
Impairment Allowances	(186)	(1,087)	83%
<b>Net Profit for the Period</b>	<b>804</b>	<b>(311)</b>	<b>358%</b>

Cost income ratio (%)	44.9%	50.7%	-
Net Funded Income Margin (%)	2.6%	2.8%	-

AED Billion	30-Sep-21	31-Dec-20	%
Total Assets	66.2	70.6	-6.2%
Financing Receivables, net	42.4	40.8	3.8%
Customers' Accounts	48.9	46.9	4.3%
Headline Ratio (%)	87%	87%	-
NPF Ratio (%)	8.4%	9.0%	-

# Q-o-Q Financial Results Highlights

## Highlights

- Net Profit for Q3-21 at AED 236 M
- Net Funded Income higher by 10% compared to same period last year mainly due to lower cost of funds & higher investment portfolio partially offset by lower income on customer financing and Central Bank CDs
- Non-Funded Income increased substantially compared to same period last year mainly due to higher Foreign Exchange and Fees revenue. Also, Q3'20 had revaluation loss on proprietary investments
- Operating Expenses higher by 8% compared to same period last year
- Impairment Allowance at AED 100 M lower by 80% compared to same period last year primarily due to lower impairment on Financing
- Financing Receivables at AED 42.4 B increased 3% compared to same period last year
- Total Assets at AED 66.2 B, decreased 6% compared to same period last year mainly due to lower Central Bank CDs driven by maturity of EMTN Sukuk

## Key Performance Indicators, AED M

	Q3-21	Q3-20	Better / (Worse)	Q2-21	Better / (Worse)
Net Funded Income	451	410	10%	420	7%
Non Funded Income	167	23	612%	186	-10%
<b>Total Income</b>	<b>618</b>	<b>434</b>	<b>43%</b>	<b>605</b>	<b>2%</b>
Operating Expenses	(282)	(261)	-8%	(270)	-4%
<b>Pre-impairment Operating Profit</b>	<b>336</b>	<b>173</b>	<b>94%</b>	<b>335</b>	<b>0%</b>
Impairment Allowances	(100)	(496)	80%	22	-560%
<b>Net Profit for the Period</b>	<b>236</b>	<b>(323)</b>	<b>173%</b>	<b>357</b>	<b>-34%</b>

Cost income ratio (%)	45.6%	60.1%	-	44.6%	-
Net Funded Income Margin (%)	2.8%	2.6%	-	2.6%	-

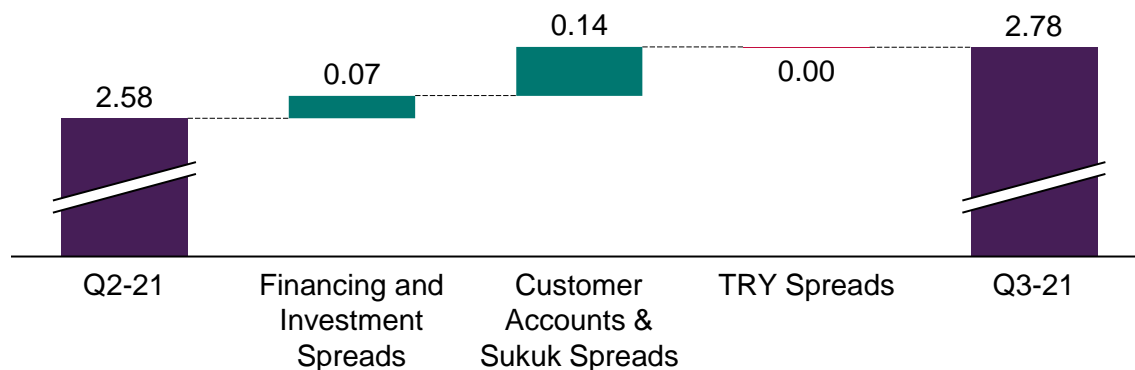
AED Billion	30-Sep-21	30-Sep-20	%	30-Jun-21	%
Total Assets	66.2	70.1	-5.6%	68.0	-2.8%
Financing Receivables, net	42.4	41.0	3.2%	41.5	2.2%
Customers' Accounts	48.9	45.9	6.6%	48.8	0.2%
Headline Ratio (%)	87%	89%	-	85%	-
NPF Ratio (%)	8.4%	8.3%	-	8.7%	-

# Net Funded Income Margin

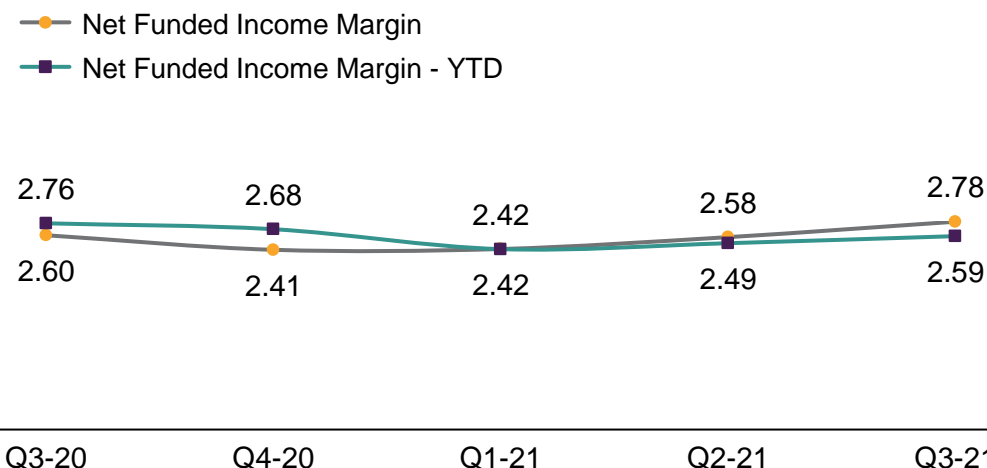
## Highlights

- Net funded income margin for YTD Sep'21 at 2.59%, reduced 17 bps compared to same period last year. The reduction is primarily on account of –
  - Lower spread on financing and investment book due to drop in EIBOR
 Offset by
  - Lower cost of deposits due to drop in EIBOR, higher CASA to total deposits ratio and maturity of EMTN Sukuk
- Net funded income margin for Q3'21 at 2.78%, increased 20 bps q-o-q. The increase is primary on account of maturity of EMTN Sukuk

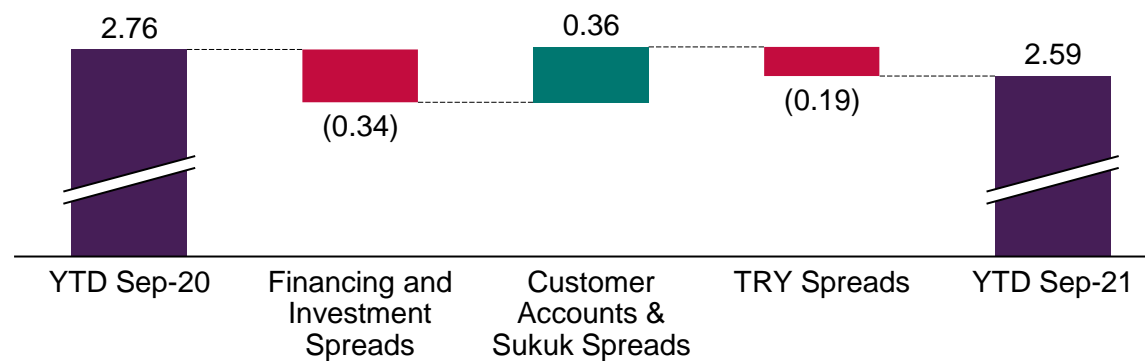
## Net Profit Margin Drivers (%) (Q3-21 Vs Q2-21)



## Net Funded Income Margin (%)

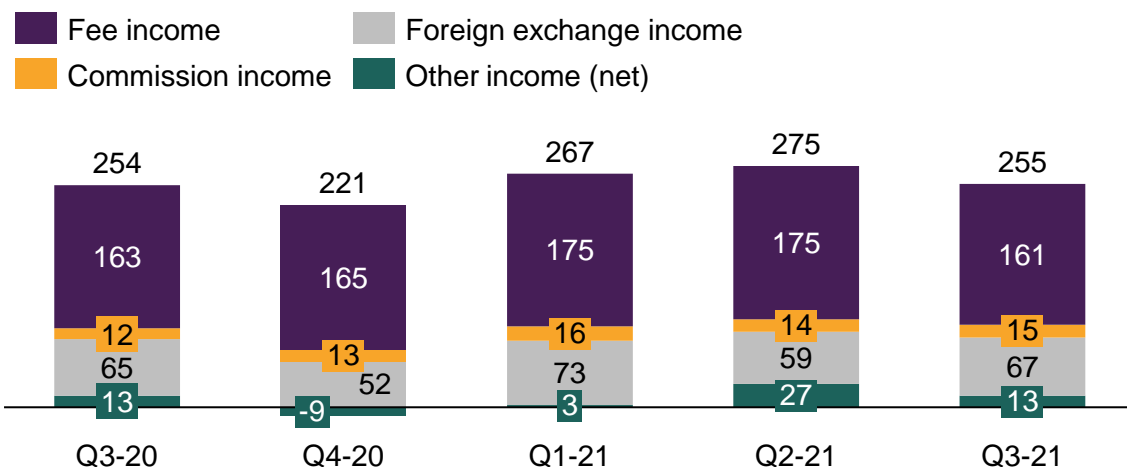


## Net Profit Margin Drivers (%) (YTD Sep-21 Vs YTD Sep-20)



# Non Funded Income

## Trend in Gross Fee Income (AED M)



## Composition of Non Funded Income (AED M)

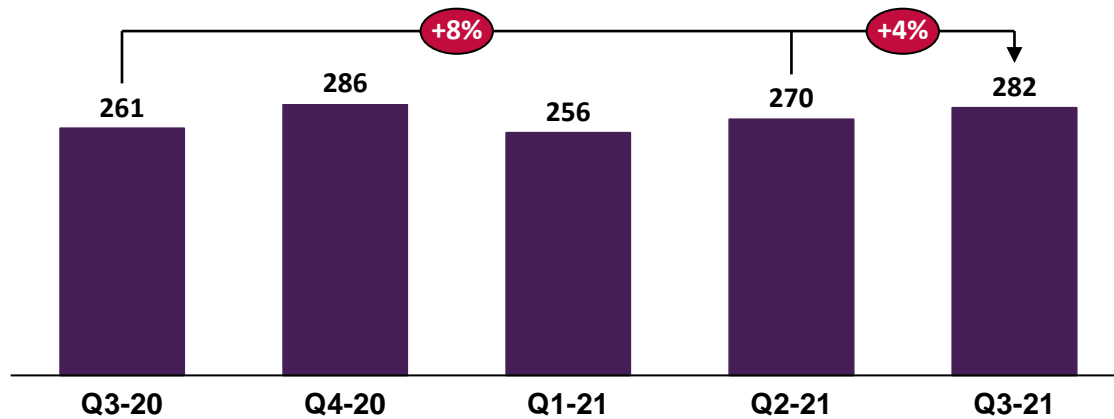
	Q3 21	Q3 20	Better/ (Worse)	Q2 21	Better/ (Worse)
Gross fee income	255	254	1%	275	-7%
Fees & commission expense	(90)	(65)	-38%	(86)	-4%
Core fee income	165	189	-12%	190	-13%
Property Related Income	1	1	-38%	(3)	125%
Investment securities & other income / (loss)	1	(166)	101%	(1)	193%
Total Non Funded Income	167	23	612%	186	-10%

## Highlights

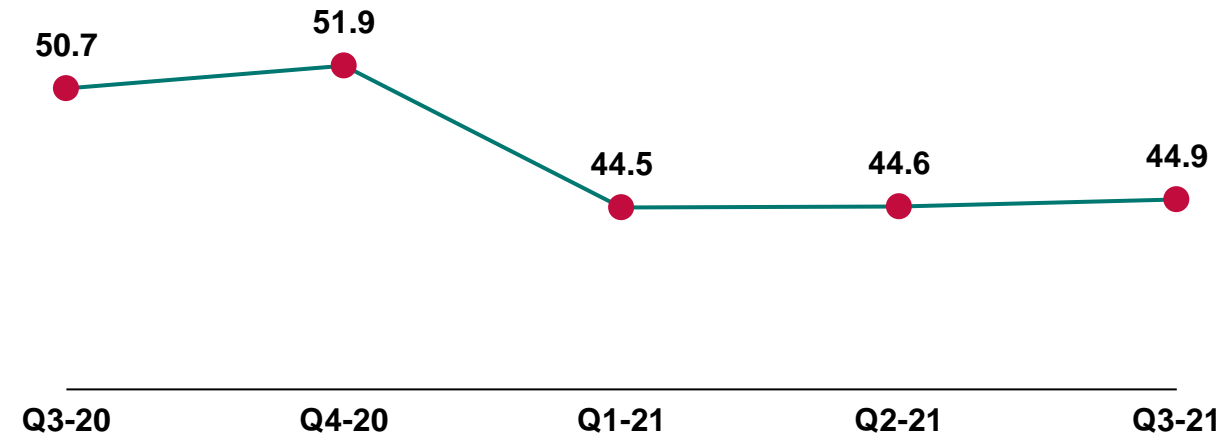
- Total Non Funded Income increased substantially compared to same period last year mainly due to revaluation loss on proprietary investments in Q3'20
- Core Fee Income decreased 12% y-o-y and 13% q-o-q mainly due to lower Fees & Commission Income
- Total Non Funded Income decreased 10% q-o-q mainly due to reduction in Core fee Income

# Operating Costs and Efficiency

## Total Cost (AED M)



## Cost to Income Ratio (%), YTD



## Highlights

Cost to Income ratio at 44.9% for first nine months of 2021, decreased 5.8% y-o-y as a result of:-

- Increase in total income by 14%

Partially offset by

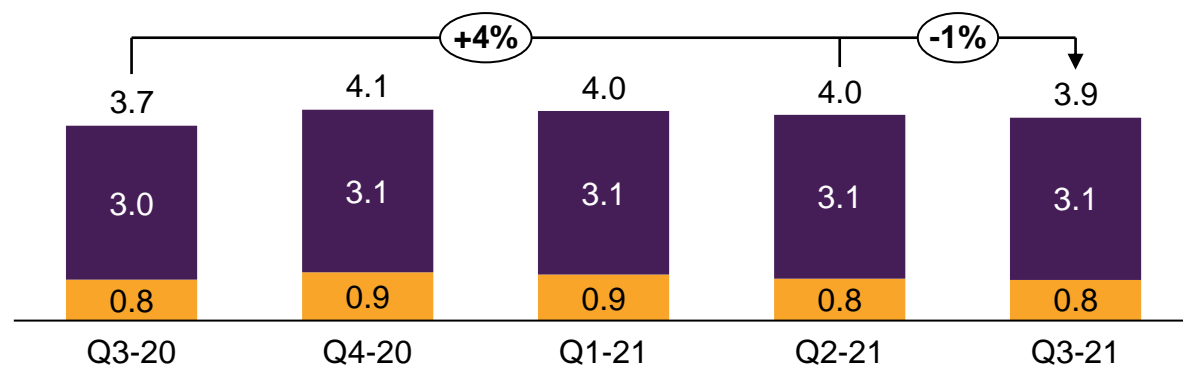
- Increase in total cost by 1%

# Credit Quality

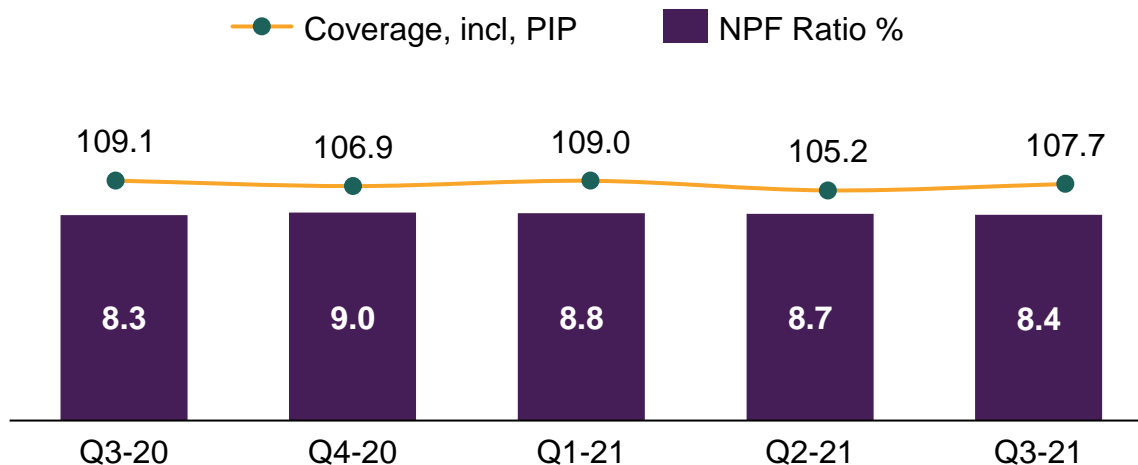
## Highlights

- Non Performing Financing (NPF) ratio decreased to 8.4% from 9.0% at end of 2020
- Coverage ratio at 107.7% increased from 106.9% at end of 2020 mainly due to lower NPF
- The Impairment allowance of AED 4.2 B includes AED 3.3 B (78%) of specific provisions and AED 0.9 B (22%) of ECL provisions
- Expected Credit Loss (ECL) represents 2.3% of total Credit Risk Weighted Assets (CRWA) at the end of Q3'21 (Dec-20 : 2.6%)

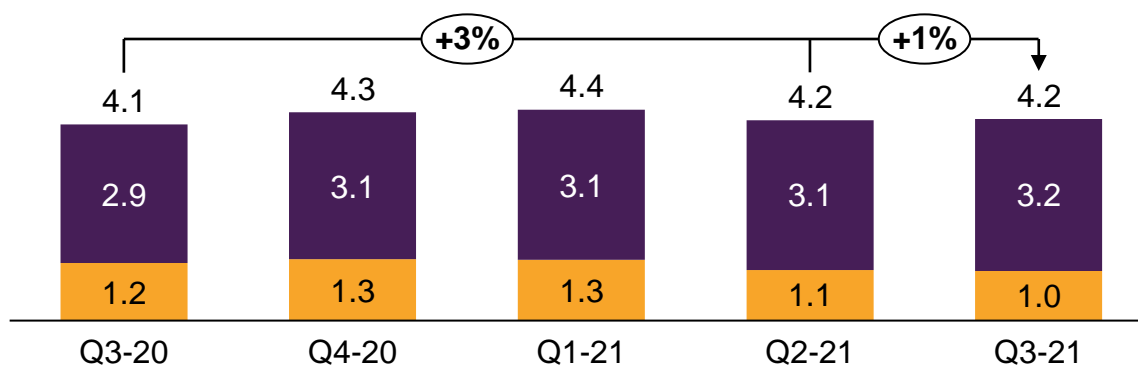
## Impaired Financing (AED B)



## Impaired Financing & Coverage Ratios (%)



## Impairment Allowances (AED B)



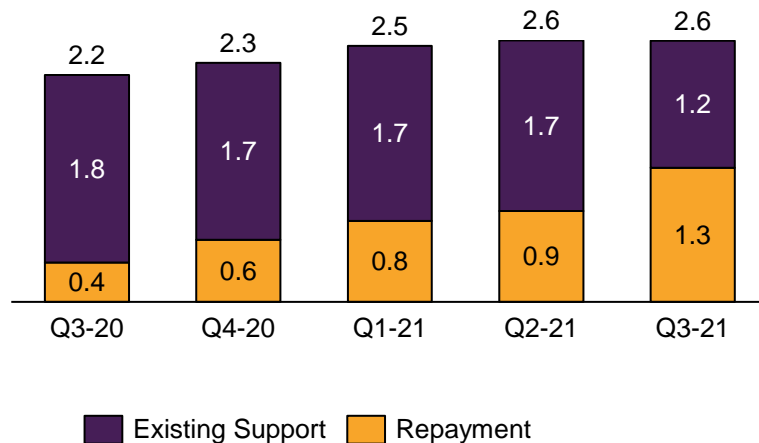


# Impairment allowances and Stage 1,2 and 3 Coverage

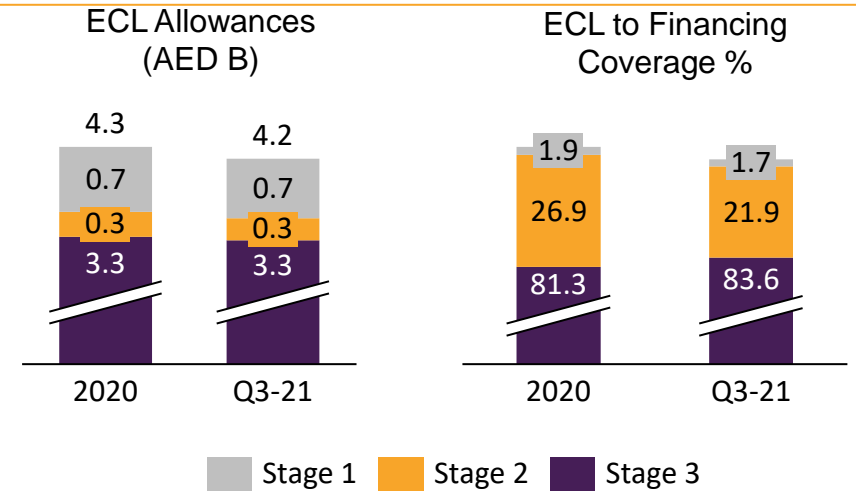
## Highlights

- Stage 1 coverage ratio is 1.7% at the end of Q3-21 compared to 1.9% at the end of 2020.
- Stage 2 coverage ratio is 21.9% at the end of Q3-21 compared to 26.9% at the end of 2020
- Continued strong Stage 3 coverage ratio at 83.6%
- The Bank has supported 40,232 customers with AED 2.6 B of deferrals, of which AED 1.3 B has been repaid resulting in net support of AED 1.2 B as at Sep'21. Customers continue to repay support demonstrates improving business sentiment

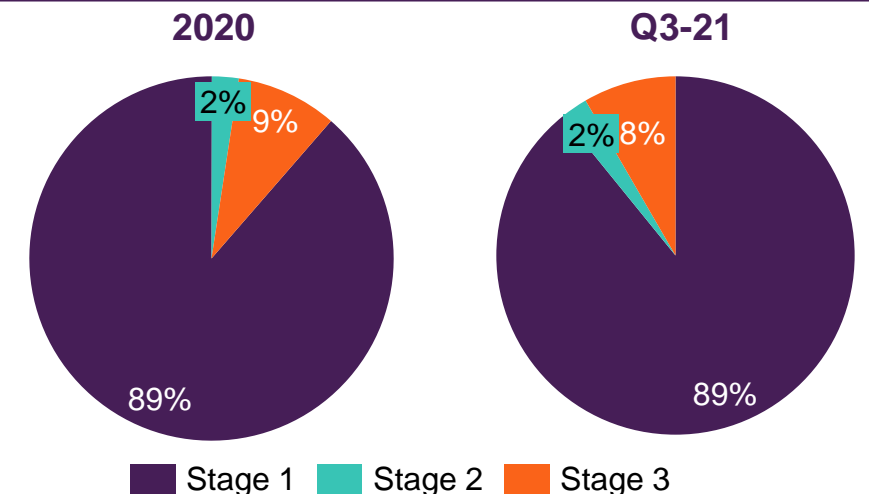
### Customer obtaining payments deferrals



### Impairment Allowances and Coverage %



### Total Gross Financing



# Capital Adequacy

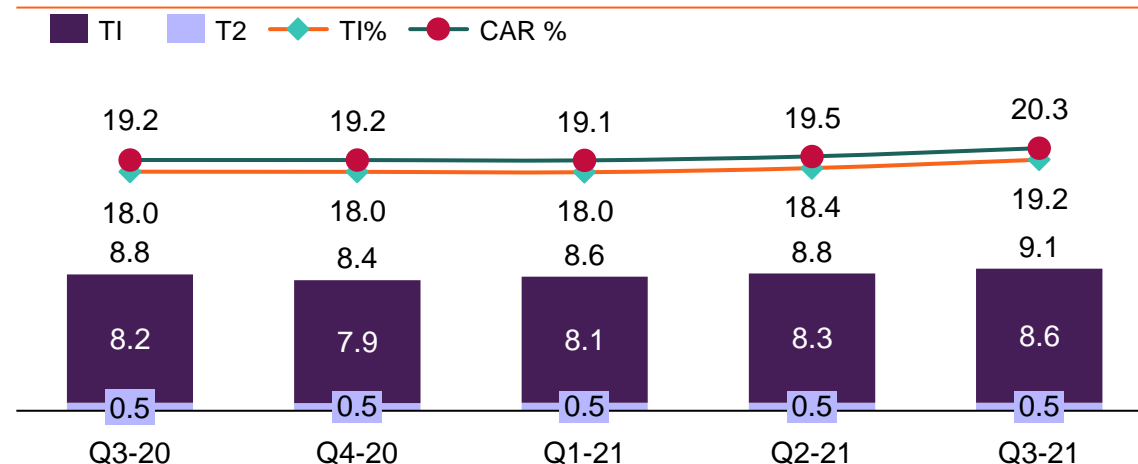
## Highlights

- CAR at 20.3% increased from 19.5% at end of Q'2 21, mainly due to –
  - Lower placements with banks
  - Lower risk weight on financing portfolio
  - Increase in capital base on account of profit for the quarter
- Tier I ratio at 19.2% increased from 18.4% at the end of Q2'21

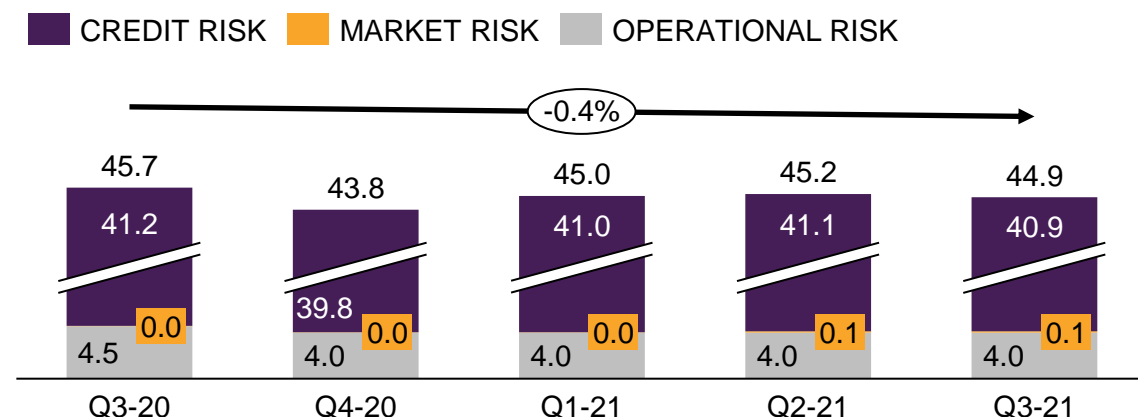
## Capital Movements as per Basel III (AED M)

	Tier-1	Tier-2	Total
Capital as at 31 December 2020	7,901	498	8,399
Net Profits generated	804	-	804
ECL (considered in December 2020)	(152)	-	(152)
Other	65	13	78
Capital as at 30 September 2021	8,619	511	9,129

## Capitalisation (AED B)



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

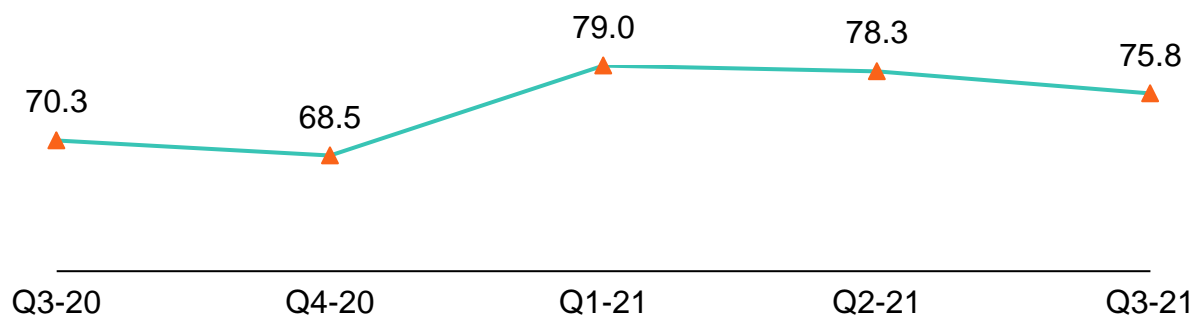


# Funding and Liquidity

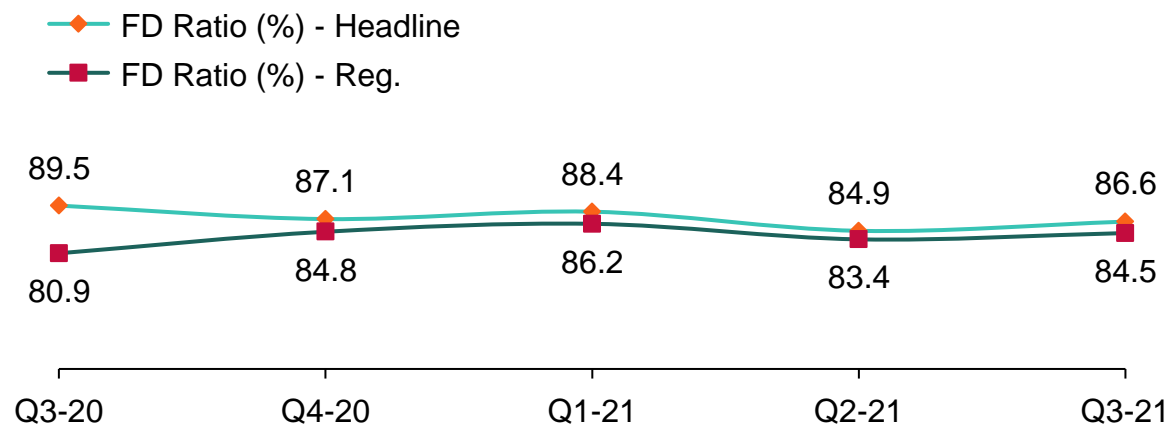
## Highlights

- Financing to Deposits ratio remains healthy at 86.6%
- Long term funding (Sukuk) represent 3.3% of total borrowings
- CASA to Total Customer Deposits ratio at the end Q3'21 is 75.8% (Dec'20 – 68.5%)

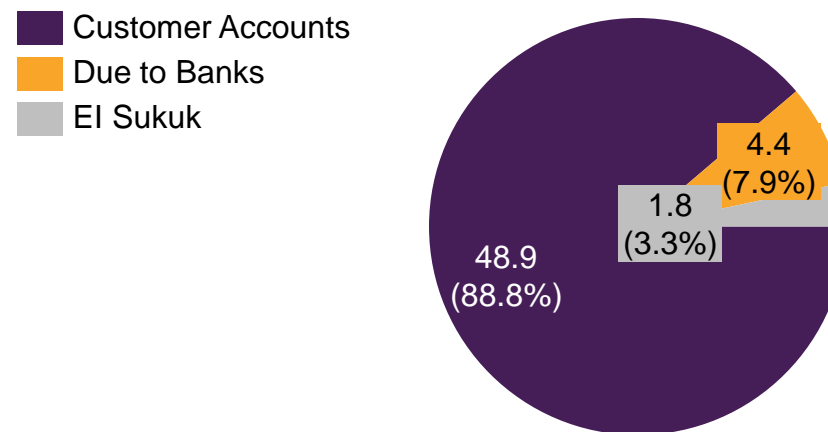
## CASA to Deposit Ratio



## Headline Ratio (%)



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

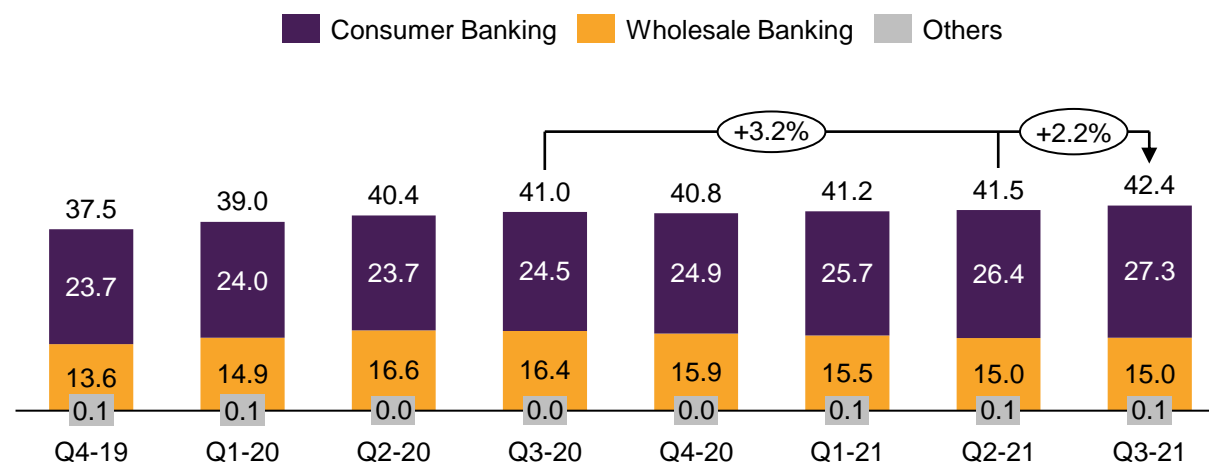


# Financing and Customer Deposits trends

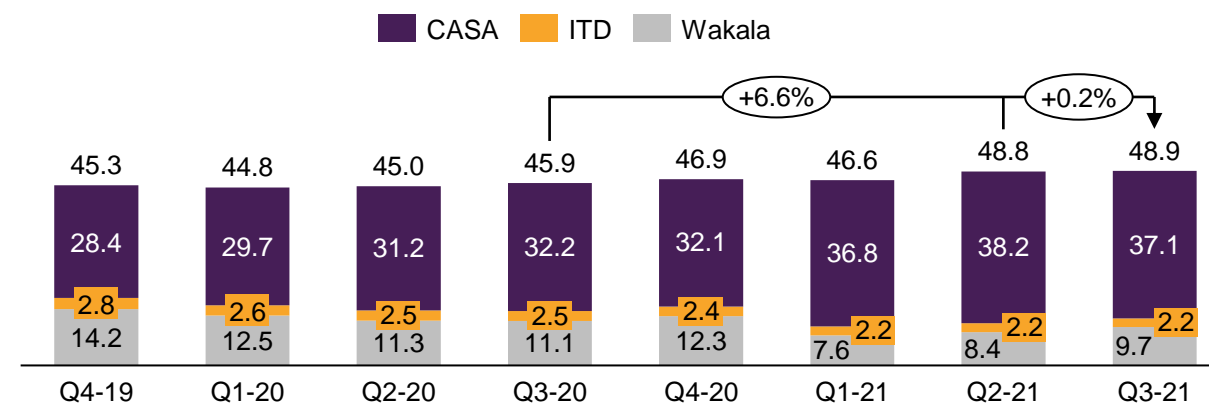
## Highlights

- Financing receivables increased 3% y-o-y and 2% q-o-q
  - Consumer Banking financing receivable increased 11% y-o-y and 3% q-o-q
  - Wholesale Banking financing receivables decreased 9% y-o-y and remained flat q-o-q
- Customer deposits increased 7% y-o-y and remained flat q-o-q
  - CASA increased 15% y-o-y and decreased 3% q-o-q
  - ITD decreased 12% y-o-y and remained flat q-o-q
  - Wakala decreased 13% y-o-y and increased 15% q-o-q

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



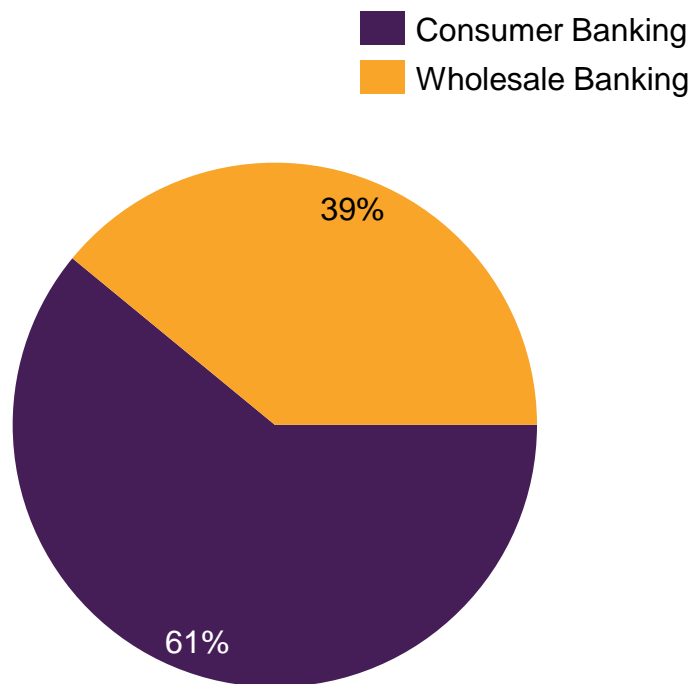
## Trend in Customer Deposits by Type (AED B)



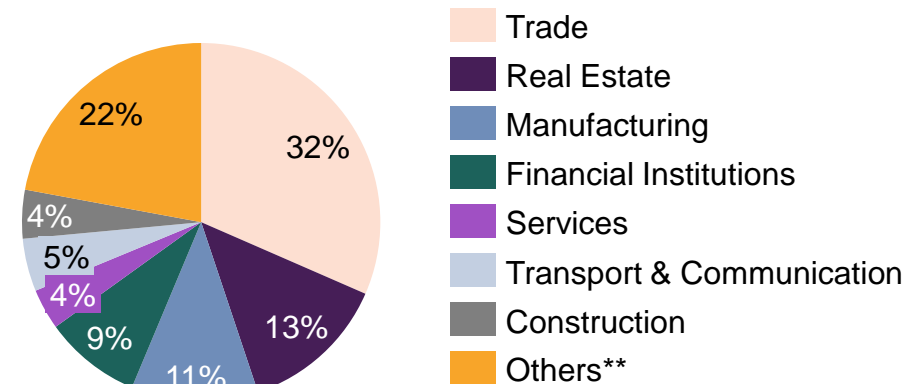
\* Financing is Net of Deferred Income and impairment provisions

# Financing composition

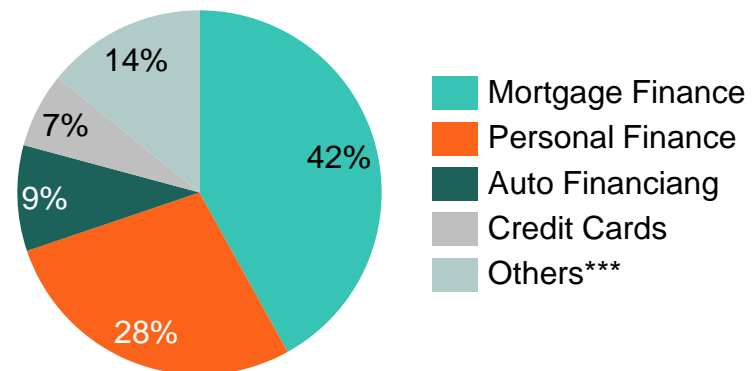
## Total Gross Financing\* (AED 46.6 B)



## Wholesale Banking Financing (AED 18.2 B)



## Consumer Financing (AED 28.3 B)



\* Gross Financing net off deferred portion

\*\* Others under Wholesale Banking includes Management of companies and enterprises and Sovereign

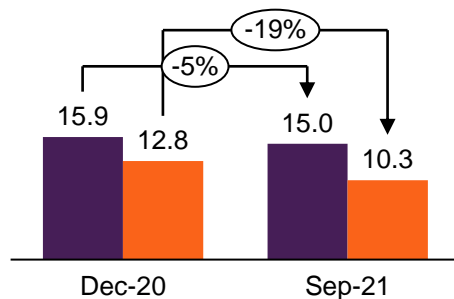
\*\*\*Others under Consumer Financing include SME products held by retail customers

# Divisional performance

## Wholesale Banking

### Balance Sheet Trends (AED B)

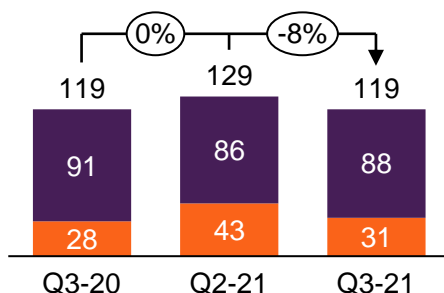
- Financing Receivable
- Customer Deposits



- Financing receivable decreased 5% from end of 2020
- Customer deposits decreased 19% from end of 2020

### Revenue Trends (AED M)

- FI
- NFI

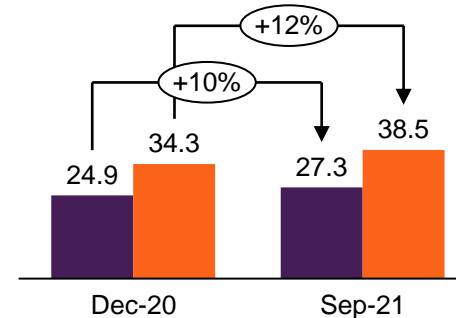


- Total Revenue remained flat y-o-y
- Total Revenue decreased 8% q-o-q primarily due to lower fees income

## Consumer Banking

### Balance Sheet Trends (AED B)

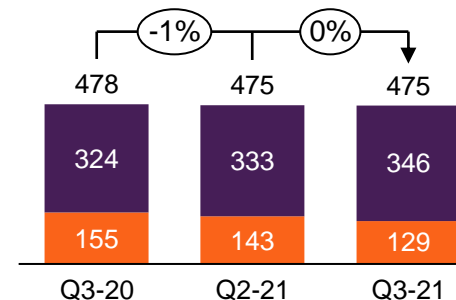
- Financing Receivable
- Customer Deposits



- Financing receivable increased 10% from end of 2020
- Customer deposits increased 12% from end of 2020

### Revenue Trends (AED M)

- FI
- NFI



- Total Revenue decreased 1% y-o-y mainly due to lower fees & commission income partially offset by higher funded income
- Total Revenue remained flat q-o-q. Lower fees & commission income offset by higher funded income

Note: All Balance Sheet numbers are at end of period



**For any enquiries please contact:**

**Huda Sabil**

Chief Financial Officer

Tel: +971 4 383 4671

Email: [Hudaab@emiratesislamic.ae](mailto:Hudaab@emiratesislamic.ae)

**Investor Relations**

PO Box 777

Emirates NBD Head Office, 4th Floor,  
Dubai, UAE

Tel: +971 4 201 2606

Email: [IR@emiratesnbd.com](mailto:IR@emiratesnbd.com)