



Emirates Islamic

Investor Presentation



September 2019

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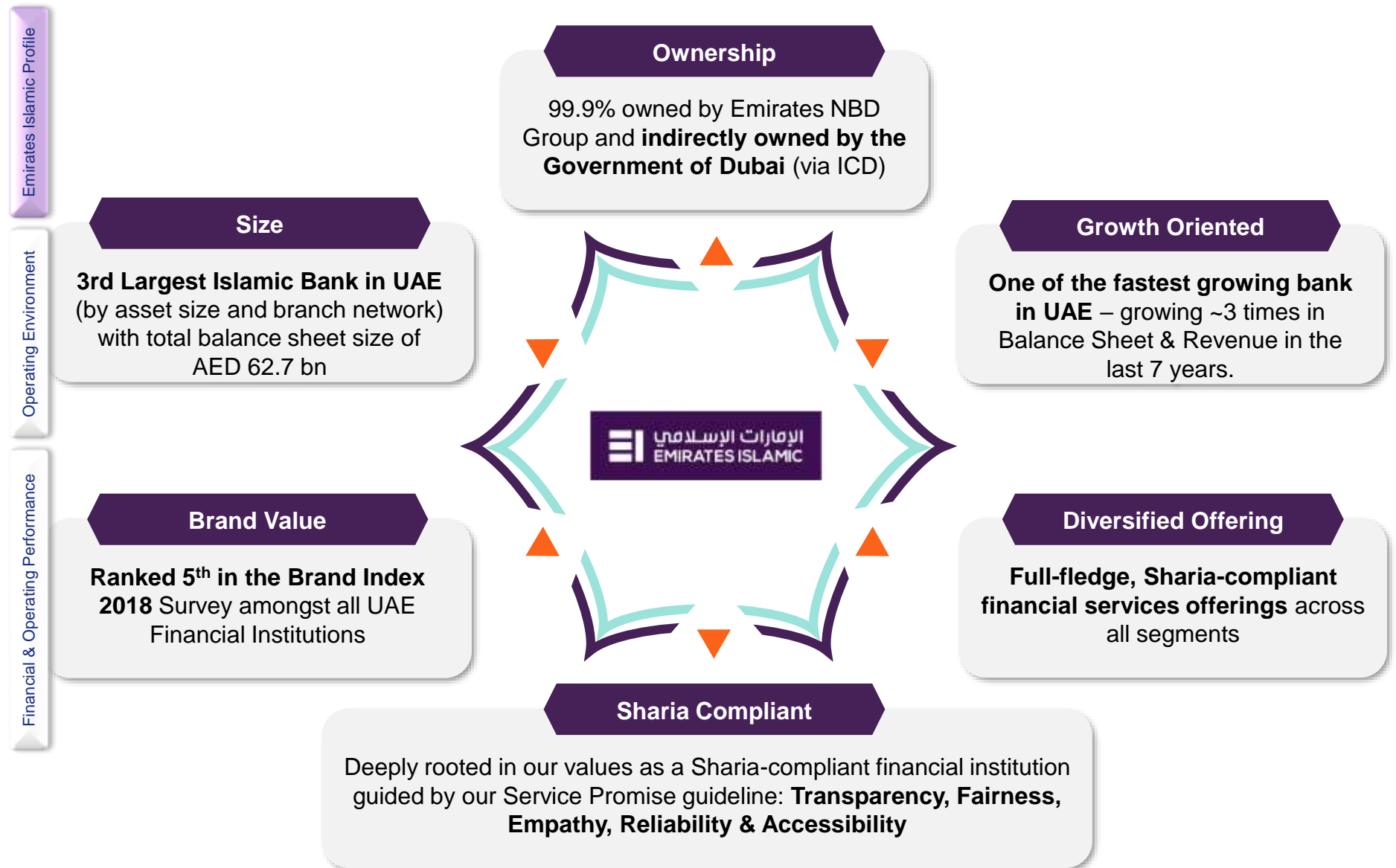
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EI, a young growing Islamic Bank

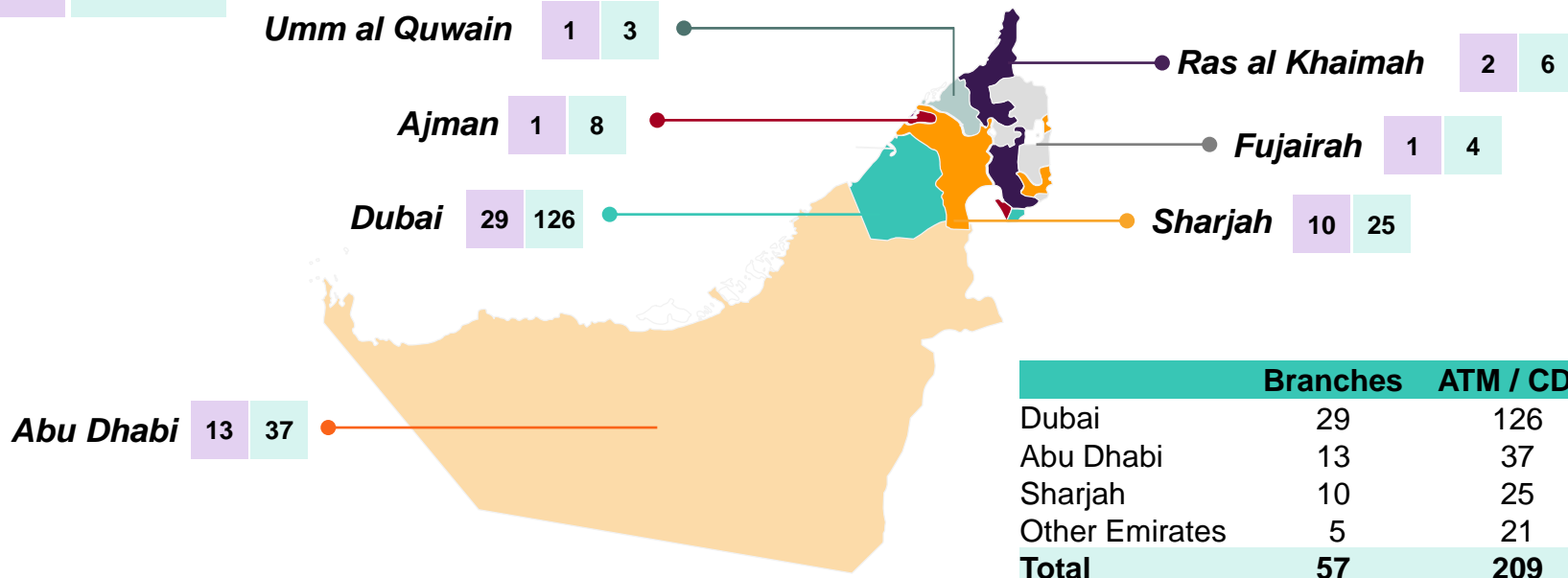


El is strategically positioned across UAE to support its clients. Strong credit rating since 2015

Optimised Branch and Alternative Channel Footprint across UAE

Branches

ATM / CDM



	Branches	ATM / CDM
Dubai	29	126
Abu Dhabi	13	37
Sharjah	10	25
Other Emirates	5	21
Total	57	209

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

As at June 2019 (Affirmed)

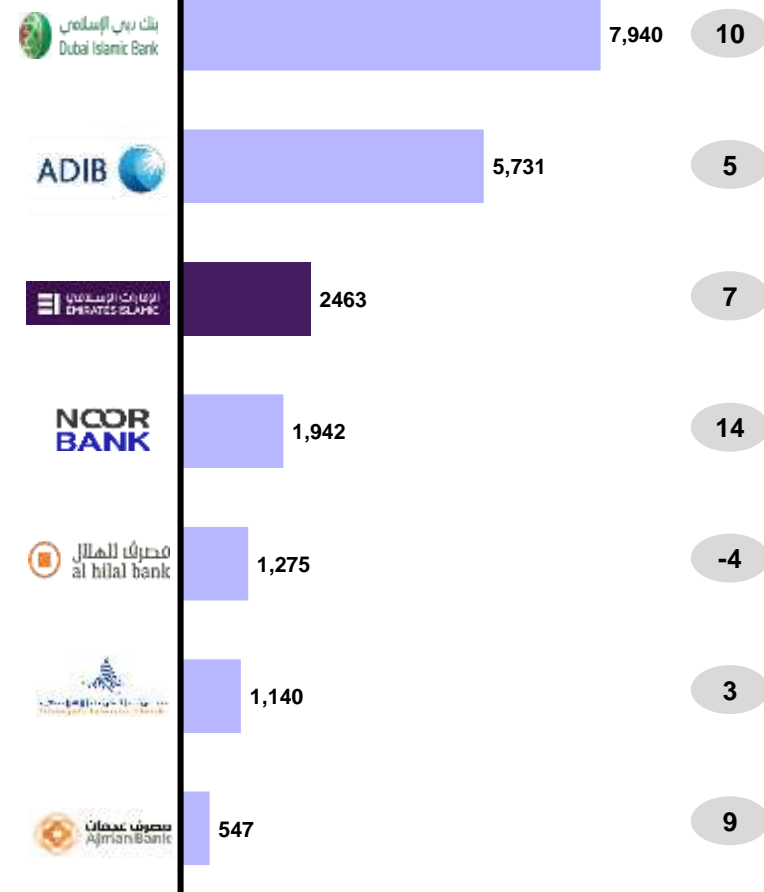
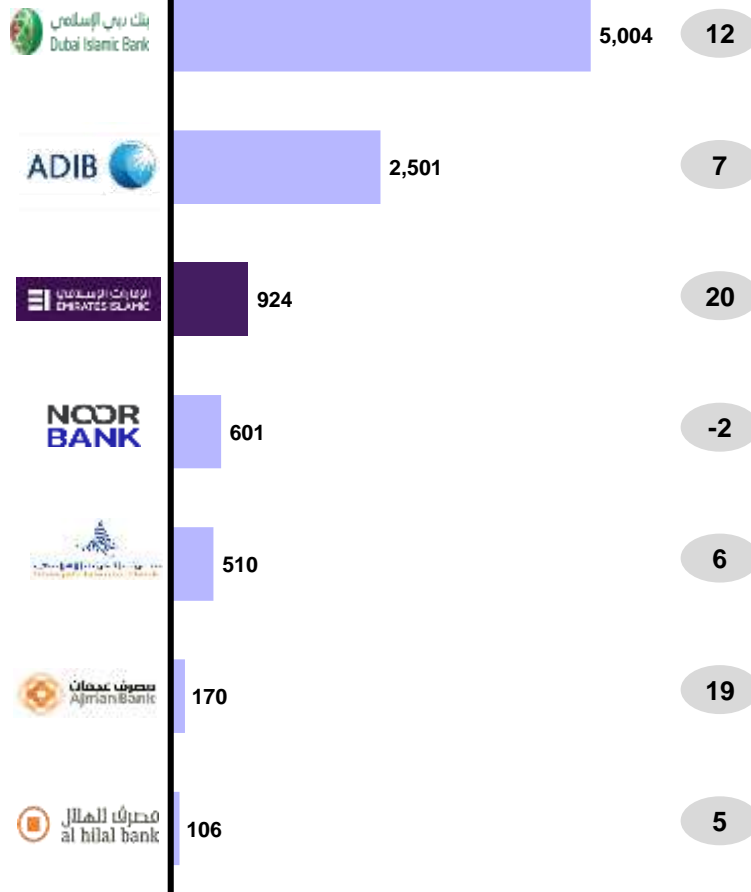
	Long Term	Short Term	Outlook
FitchRatings	A+	F1	Stable

Emirates Islamic leads in profitability growth and has been one of the fastest growing bank in UAE in the last 5 years

CAGR %,
FY'18 over FY'14

Net Profit, 2018, AED Mn

Total Income, 2018, AED Mn



Source: Fitch Connect

Emirates Islamic is the third largest Islamic bank in the UAE, and maintains a healthy financing to deposit ratio

CAGR %,
FY'18 over FY'14

Total Assets, 2018, AED Bn

Total Deposits, 2018, AED Bn

Total Financing, 2018, AED Bn



224

13



169

12



145

14



125

2



105

3



79

2



58

6



46

7



36

7



51

12



38

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-2



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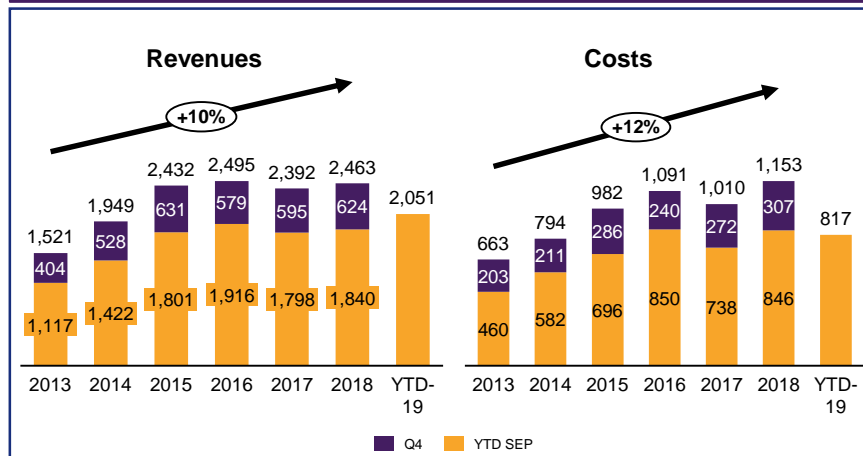
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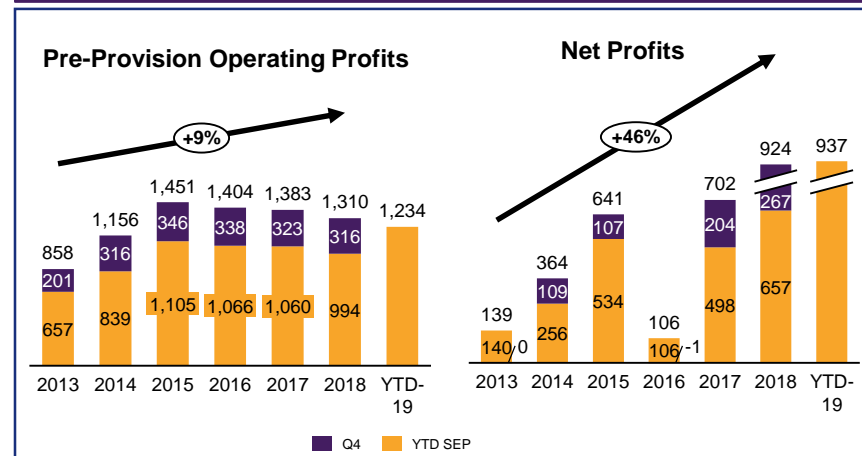
Source: Fitch Connect

Profit and Balance Sheet growth in recent years

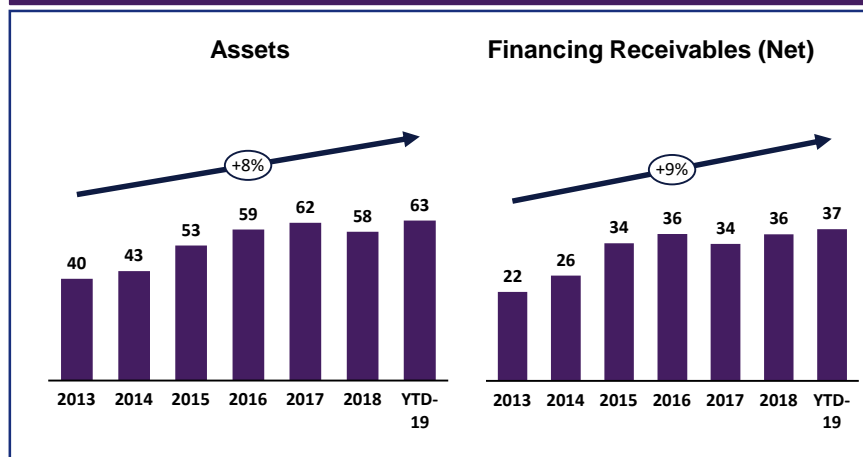
Revenues and Costs (AED Mn)



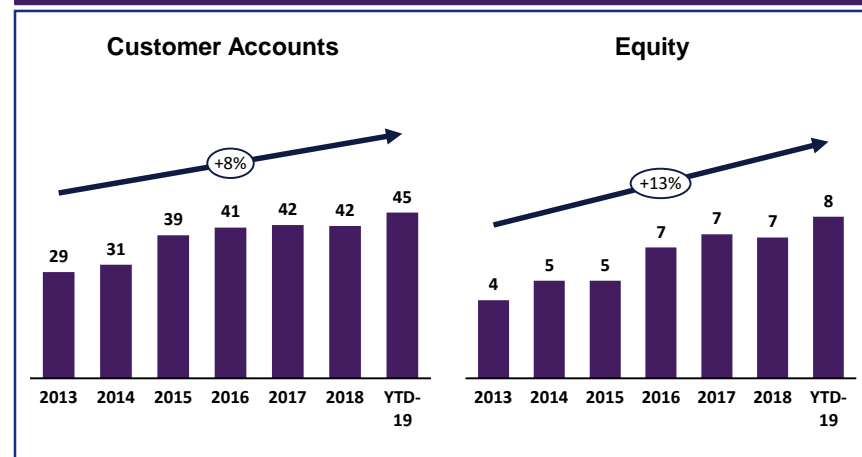
Profits (AED Mn)



Assets and Financing (AED Bn)



Customer Accounts and Equity (AED Bn)



- Equity is Tangible Shareholder's Equity; All P&L numbers are YTD, all Balance Sheet numbers are at end of period
- Source: Financial Statements

YTD Sep-2019 Financial Results Highlights

Key Performance Indicators

AED in Million	YTD Sep'19	YTD Sep'18	Better / (Worse)	YTD Jun'19	Better / (Worse)
Net Funded Income	1,386	1,230	13%	911	52%
Non Funded Income	665	610	9%	424	57%
Total Income	2,051	1,840	11%	1,335	54%
Operating Expenses	(817)	(846)	3%	(544)	-50%
Pre-impairment Operating Profit	1,234	994	24%	791	56%
Impairment Allowances	(297)	(337)	12%	(118)	-151%
Net Profit for the Period	937	657	43%	673	39%
Cost income ratio (%)	39.8%	46.0%	-	40.7%	-
Net Funded Income Margin (%)	3.2%	3.0%	-	3.2%	-
AED Billion	30-Sep-19	31-Dec-18	%	30-Jun-19	%
Total Assets	62.7	58.4	7.5%	61.1	3%
Financing & Investing Receivables, net	37.4	36.2	3.4%	36.6	2%
Customers' Accounts	45.2	41.6	8.7%	43.8	3%
Headline Ratio (%)	83%	87%	-	83%	-
NPF Ratio (%)	8.7%	8.2%	-	8.6%	-

Highlights

- Net Profit at AED 937 M increased by 43% compared to same period last year
- Net Funded income improved by 13% compared to same period last year mainly due to higher asset base and improvement in margin by 20 bps
- Non-Funded income improved by 9% compared to same period last year mainly due to higher Foreign exchange, Fee & other banking income and Investment income
- Costs reduced by 3% compared to same period last year
- Net impairment at AED 297 M improved by 12% compared to same period last year mainly due to higher recoveries, lower impairment on investment properties offset by higher specific provision and ECL
- Financing & Investing Receivables at AED 37.4 B increased by 3% compared to Dec'18
- Total assets at AED 62.7 M grew by 7% compared to Dec'18 on the back of higher investment in securities, higher customer financing and acceptances, higher fixed assets on account of IFRS 16 implementation

Q3 – 2019 Financial Results Highlights

Key Performance Indicators

AED in Million	Q3-19	Q3-18	Better / (Worse)	Q2-19	Better / (Worse)
Net Funded Income	474	421	13%	468	1%
Non Funded Income	241	202	19%	204	18%
Total Income	715	623	15%	672	6%
Operating Expenses	(273)	(277)	1%	(274)	0%
Pre-impairment Operating Profit	442	346	28%	398	11%
Impairment Allowances	(178)	(174)	-3%	(136)	-31%
Net Profit for the Period	264	172	54%	262	1%
Cost income ratio (%)	38.1%	44.5%	-	40.8%	-
Net Funded Income Margin (%)	3.2%	3.0%	-	3.2%	-
AED Billion	30-Sep-19	30-Sep-18	%	30-Jun-19	%
Total Assets	62.7	59.8	4.9%	61.1	2.6%
Financing & Investing Receivables, net	37.4	36.3	3.2%	36.6	2.2%
Customers' Accounts	45.2	42.4	6.7%	43.8	3.1%
Headline Ratio (%)	83%	86%	-	83%	-
NPF Ratio (%)	8.7%	8.3%	-	8.6%	-

Highlights

- Net Profit at AED 264 M in Q3-2019 increased by 54% compared to same period last year
- Net Funded income improved by 13% compared to same period last year mainly due to higher asset base and improvement in margin by 19 bps
- Non-Funded income higher by 19% compared to same period last year mainly due to higher Foreign exchange and Fee & other banking income
- Costs reduced by 1% compared to same period last year
- Net impairment at AED 178 M increased by 3% compared to same period last year mainly due to lower ECL write-back offset by lower impairment on investment properties
- Financing & Investing Receivables at AED 37.4 B increased by 3% compared to same period last year
- Total assets grew by 5% compared to same period last year on the back of higher investment in securities & Central Bank CDs, higher customer financing and higher fixed assets on account of IFRS 16 implementation

Net Funded Income Margin (NFIM)

Highlights

Q3-19 vs Q2-19

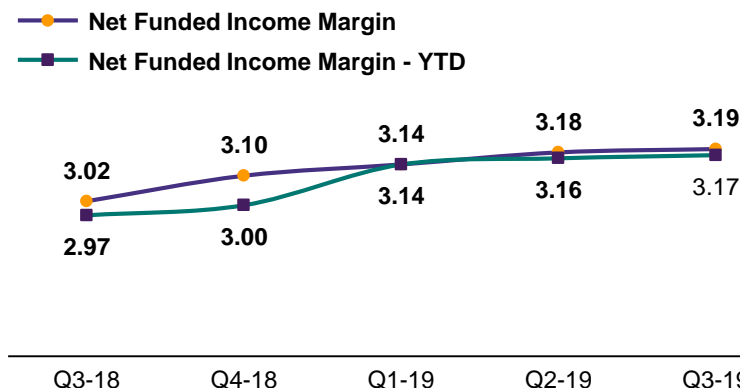
- Net funded income margin at 3.19% increased by 1 bps q-o-q mainly due to:-
 - Higher yield on Customer Financing
- Offset by
 - Lower yield on Central Bank CDs

Q3-19 vs Q3-18

Net Funded Income Margin (YTD) at 3.17% increased by 20 bps over same period last year mainly due to:-

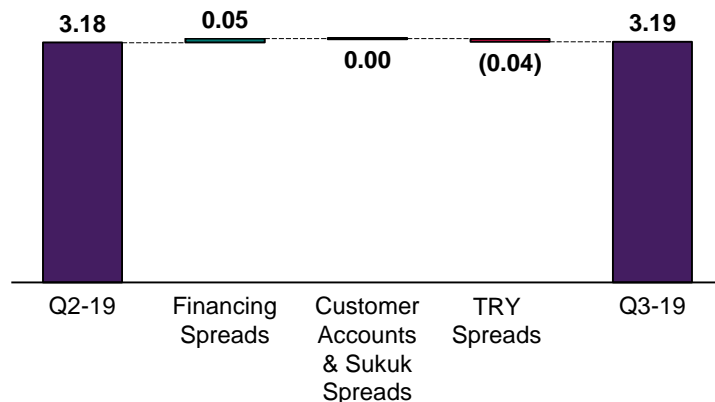
- Higher yield on central bank CDs, customer financing, investment securities and bank placements
- Offset by
- Higher profit rate on Wakala deposits

Net Funded Income Margin (%)

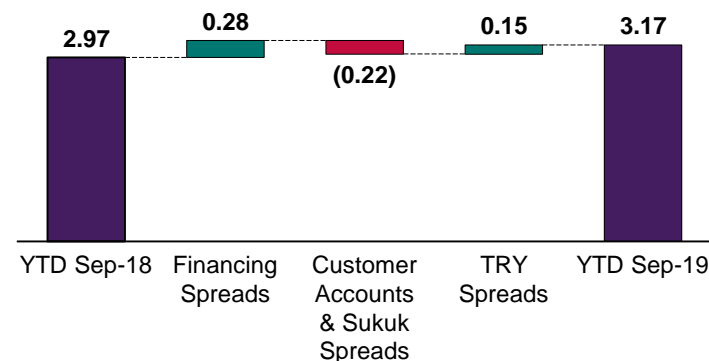


Net Profit Margin Drivers (%)

Q2-19 vs. Q3-19



YTD Sep-18 vs. YTD Sep-19



Non Funded Income

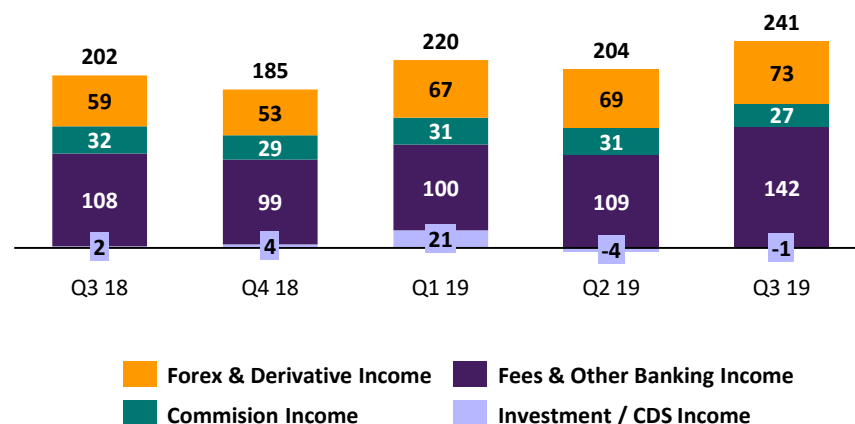
Highlights

- Total Non Funded Income increased by 19% y-o-y and increased by 18% q-o-q
- Core Fee Income increased by 22% y-o-y and increased by 17% q-o-q mainly on account of higher Foreign exchange revenue & higher Fee & other banking income
- Loss from Investment securities increased by 144% y-o-y mainly due to higher revaluation loss on securities and lower dividend income
- Income from Investment Securities increased by 82% q-o-q mainly due to lower revaluation loss on securities

Composition of Non Funded Income (AED Mn)

AED Mn	Q3 19	Q3 18	% Change	Q2 19	% Change
Gross fee income	273	256	6.7%	260	5.3%
Fees & commission expense	(37)	(62)	40.3%	(57)	35.0%
Core fee income	236	194	21.7%	203	16.6%
Property Related Income	5	6	-5.8%	6	-13.0%
Investment securities & other income / (loss)	(1)	2	-143.8%	(4)	81.8%
Total Non Funded Income	241	202	19.4%	204	17.9%

Trend in Non Funded Income (AED Mn)

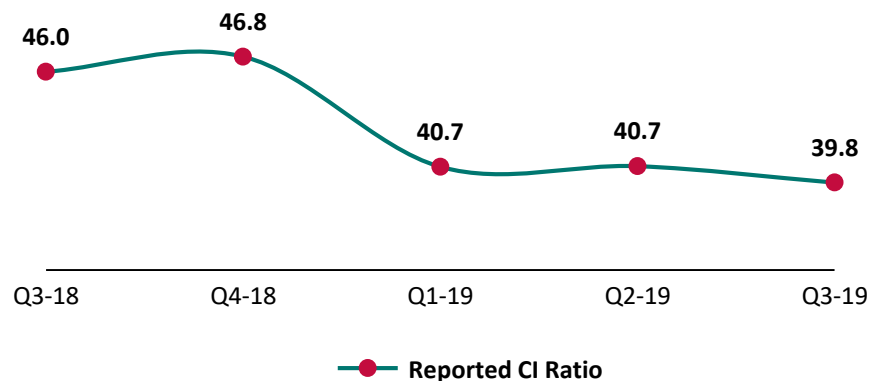


Operating Costs and Efficiency

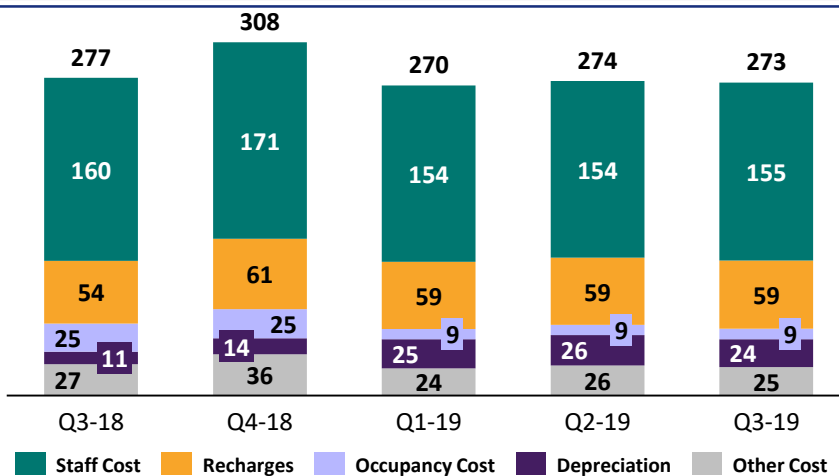
Highlights

- Cost to Income ratio at 39.8% at the end of Sep'19 improved by 6% compared to the same period last year as a result of :-
 - Improvement in total income by 11%
 - Reduction in total cost by 3%
- Re-class between Occupancy cost and Depreciation from Mar-19 onwards is on account of implementation of IFRS 16

Cost to Income Ratio (%)



Cost Composition (AED Mn)

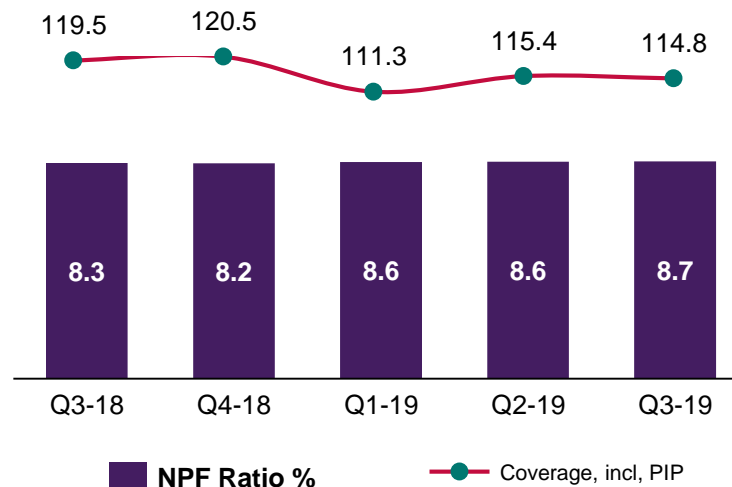


Credit Quality

Highlights

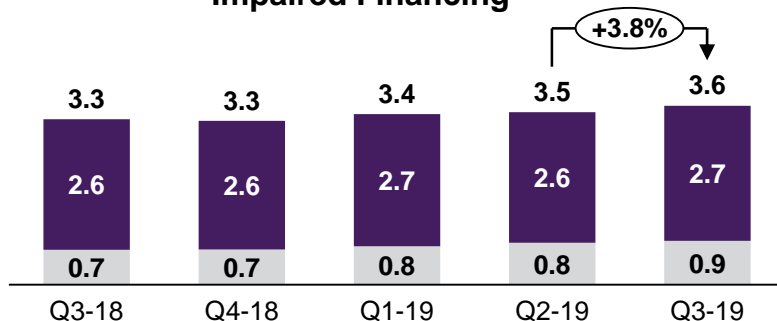
- Non Performing Financing (NPF) ratio increased from 8.2% to 8.7% compared to Dec-18 mainly due to higher NPF
- Coverage ratio at 114.8% reduced from Dec-18 mainly due to increase in Non performing finance and ECL write-back in Q1-2019
- The impairment allowance of AED 4.1 B includes AED 3.1 B (77%) of specific impairment and AED 1.0 B (23%) of ECL provisions
- Expected Credit Loss (ECL) represent 2.5% of total Credit Risk Weighted Assets (CRWA) at the end of Sep'2019 (Dec'2018 – 3.1%)

Impaired Financing & Coverage Ratios (%)

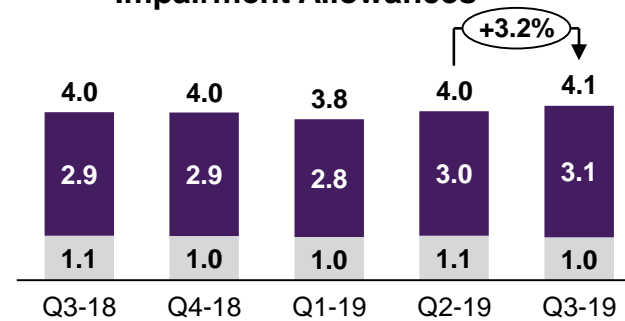


Impaired Financing and Impairment Allowances (AED Bn)

Impaired Financing



Impairment Allowances



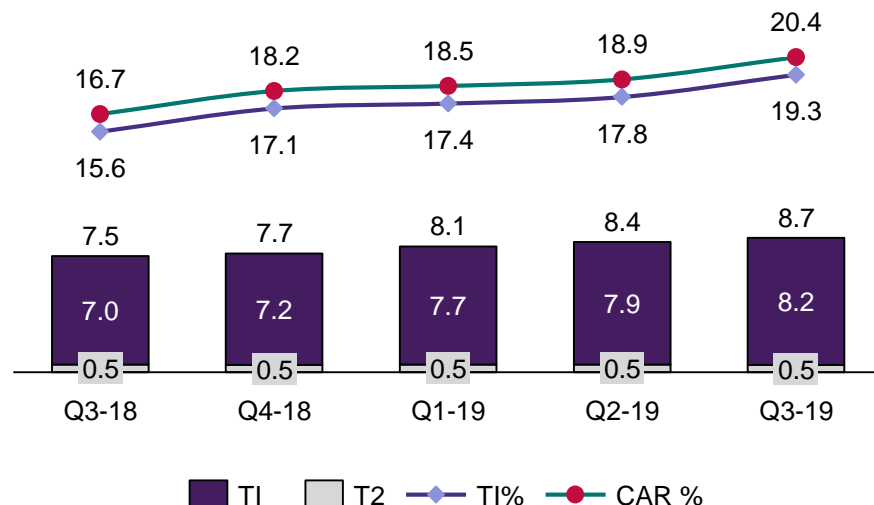
■ Corporate ■ Retail

Capital Adequacy

Highlights

- CAR ratio as at the end of Q3-19 is at 20.4% increased from 18.9% at the end of Q2-19 mainly due to:-
 - Increase in capital base on account of Net Profit of AED 264 M during the quarter
 - Lower risk weight on Finance portfolio
 - Due from Banks balances decreased by AED 1.8 B
 - Investments decreased by AED 162 M
- Tier I ratio increased to 19.3% (Q2-19: 17.8%)

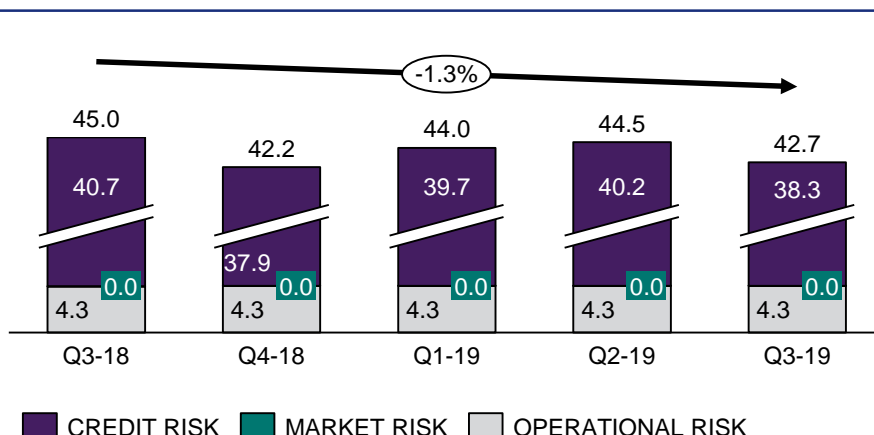
Capitalisation (AED Bn)



Capital Movements (as per Basel II)

AED (Mn)	Tier-1	Tier-2	Total
Capital as at 31 December 2018	7,211	474	7,685
Net Profits generated	937	-	937
Other	70	6	76
Total	8,219	479	8,698

Risk Weighted Assets – Basel II (AED Bn)

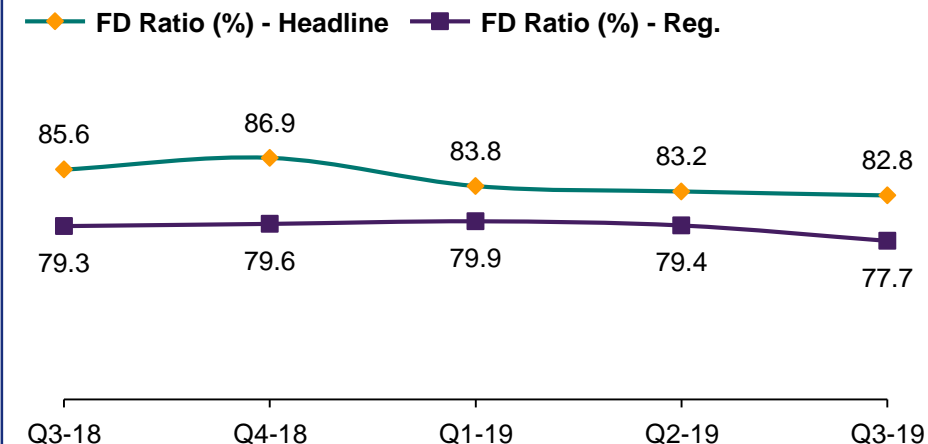


Funding and Liquidity

Highlights

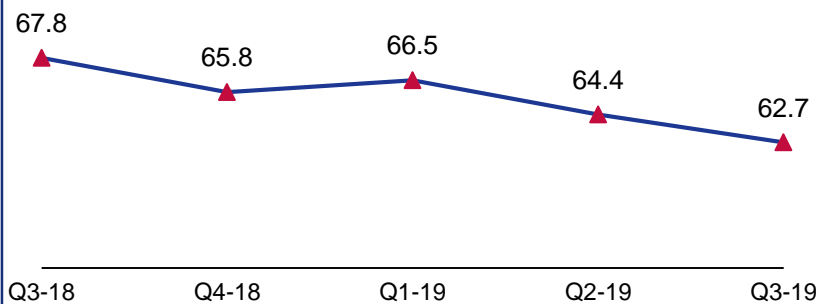
- Financing to deposits ratio at 83% reduced by 4% from 2018 due to increase in customer deposits by AED 3.6 billion
- Long term funding (Sukuk) represent 7.1% of total borrowings
- The CASA to Customer Deposits ratio at the end of Sep'19 is at 63% (Dec'2018 – 66%)

Headline Ratio (%)



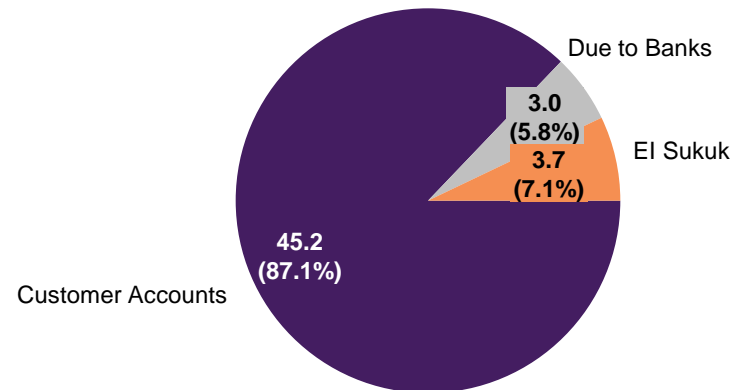
Source: UAE Central Bank

CASA to Deposit Ratio



Composition of Liabilities / Sukuk Issued (%)

AED in Billions

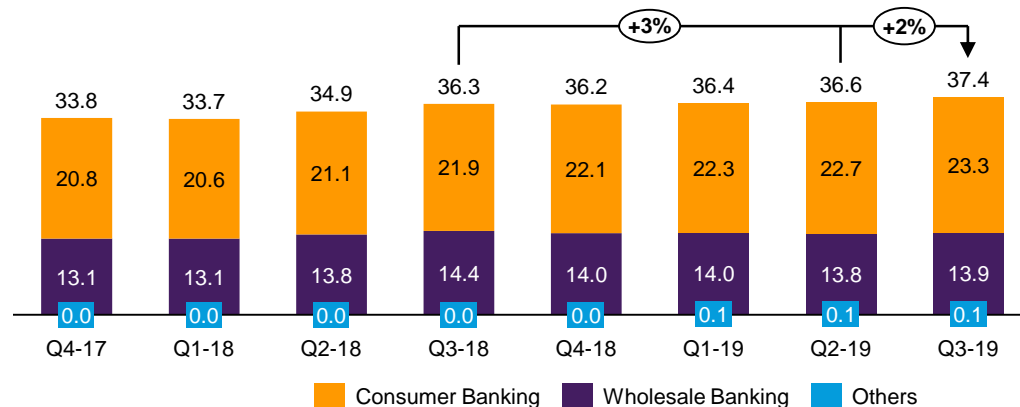


Financing and Customer Accounts Trends

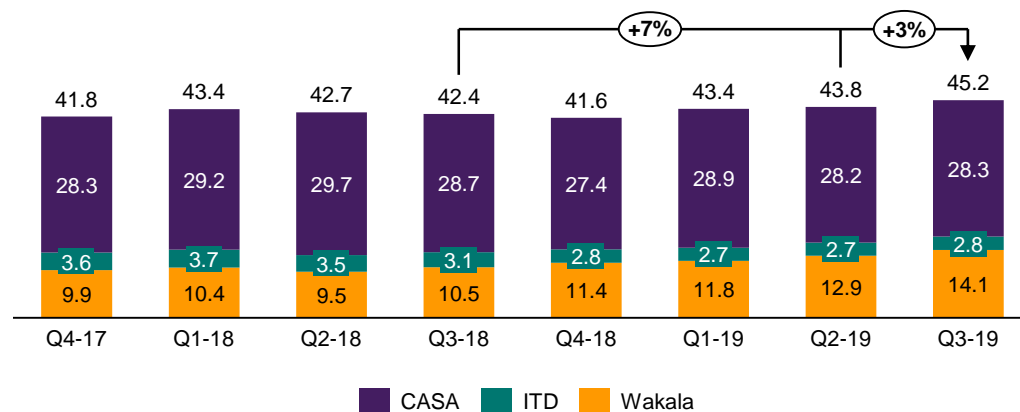
Highlights

- Financing receivables increased by 3% y-o-y and increased by 2% q-o-q
 - Consumer Banking financing receivable increased by 6 % y-o-y and increased by 3% q-o-q
 - Wholesale Banking financing receivables decreased by 3% y-o-y and increased by 1% q-o-q
- Customer accounts increased by 7% y-o-y and increased by 3% q-o-q
 - CASA decreased by 1% y-o-y and increased by 0.4% q-o-q
 - ITD decreased by 10% y-o-y and increased by 4% q-o-q
 - Wakala increased by 34% y-o-y and increased by 9% q-o-q

Trend in “Net” Financing by Type (AED Bn)



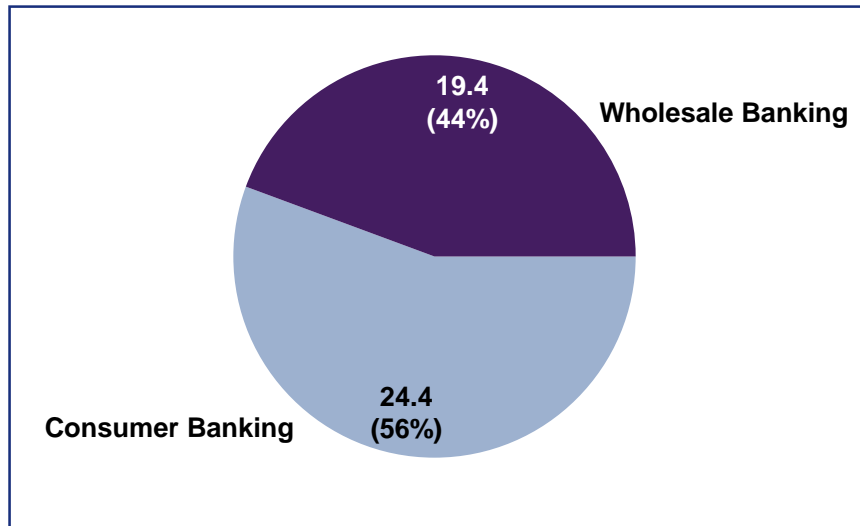
Trend in Customer Accounts by Type (AED Bn)



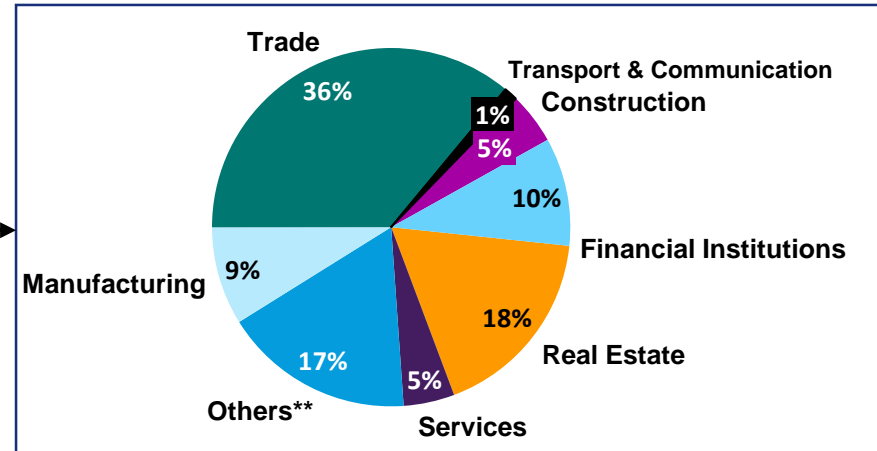
* Financing is Net of Deferred Income and impairment provisions

Financing Composition

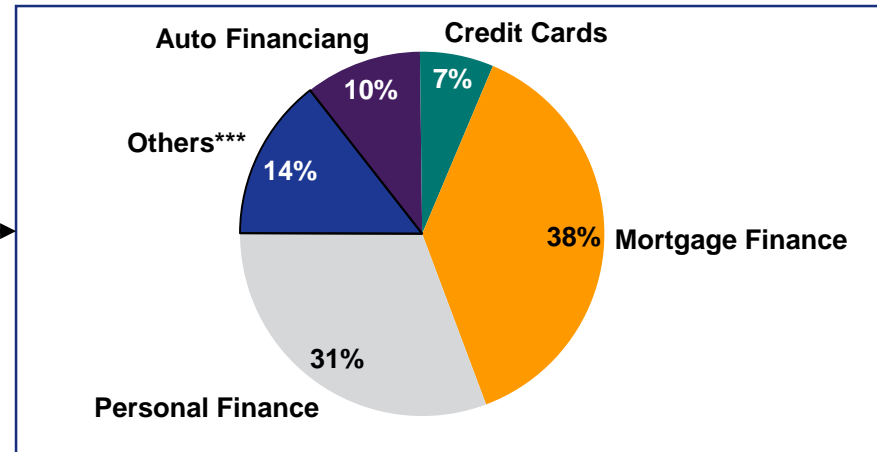
Total "Gross" Financing* (AED 43.8 Bn)



Wholesale Banking Financing (AED 19.4 Bn)



Consumer Financing (AED 24.4 Bn)



* Gross Financing includes deferred portion

** Others under Sector wise breakup includes Agriculture and Sovereign

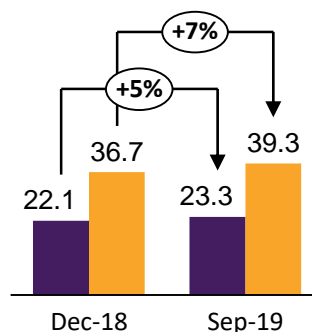
***Others include SME products held by retail customers

Divisional Performance

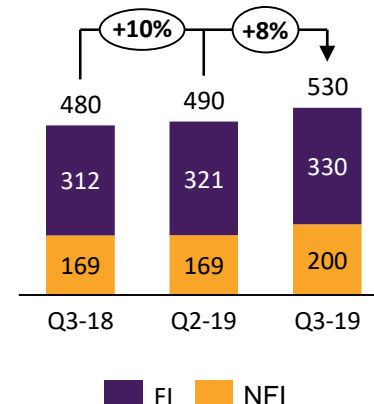
Consumer Banking (CWM)

- Financing receivable increased by 5%. Customer deposits increased by 7% mainly due to higher CASA and Wakala deposits.
- Revenue increased by 10% y-o-y. Funded income increased mainly due to higher margin on account of improved internal fund transfer pricing on customer deposits further increased by higher customer deposits compared to same period previous year.
- Revenue increased by 8% q-o-q. Funded income increased mainly due to higher customer financing and higher income from internal fund transfer pricing on the back of increased customer deposits compared to previous quarter. Non funded income increased on account of higher foreign exchange revenue and fees & other banking income.

Balance Sheet Trends AED Bn



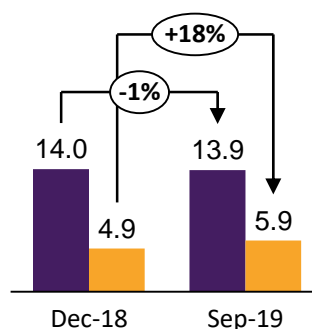
Revenue Trends AED Mn



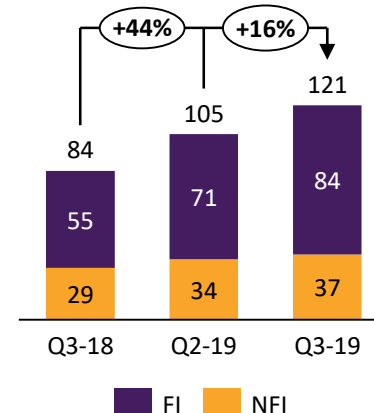
Wholesale Banking (WB)

- Financing receivable decreased by 1% from end of 2018 mainly due to reclassification of exposure to other banks. Customer deposits increased by 18% from end of 2018 mainly due to increase in Wakala deposits.
- Revenue increased by 44% y-o-y. Funded income increased mainly due to higher profit from customer financing partially offset by higher cost of funds on the back of increased customer deposits compared to same period previous year. Non funded income increased on account of higher Foreign exchange revenue & Fees Income.
- Revenue increased by 16% q-o-q. Funded income increased as a result of higher internal fund transfer pricing income on the back of increased customer deposits compared to previous quarter.

Balance Sheet Trends AED Bn



Revenue Trends AED Mn



All Balance Sheet numbers are at end of period

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