



Investor Presentation

H1 2023

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EMIRATES ISLAMIC

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Executive Summary H1'23 Results


Key Highlights




Strong momentum continues with AED 1.2 bn profit up 73% in 2023, the highest ever first half year profit




Income 71% higher driven by improved financing & deposit mix coupled with higher profit rates and higher non-funded income



Deposits grew by AED 1.9 bn in 2023 mainly due to AED 3.1 bn growth in CASA partially offset by drop in Wakala by AED 1.1 bn and ITD by AED 0.1 bn

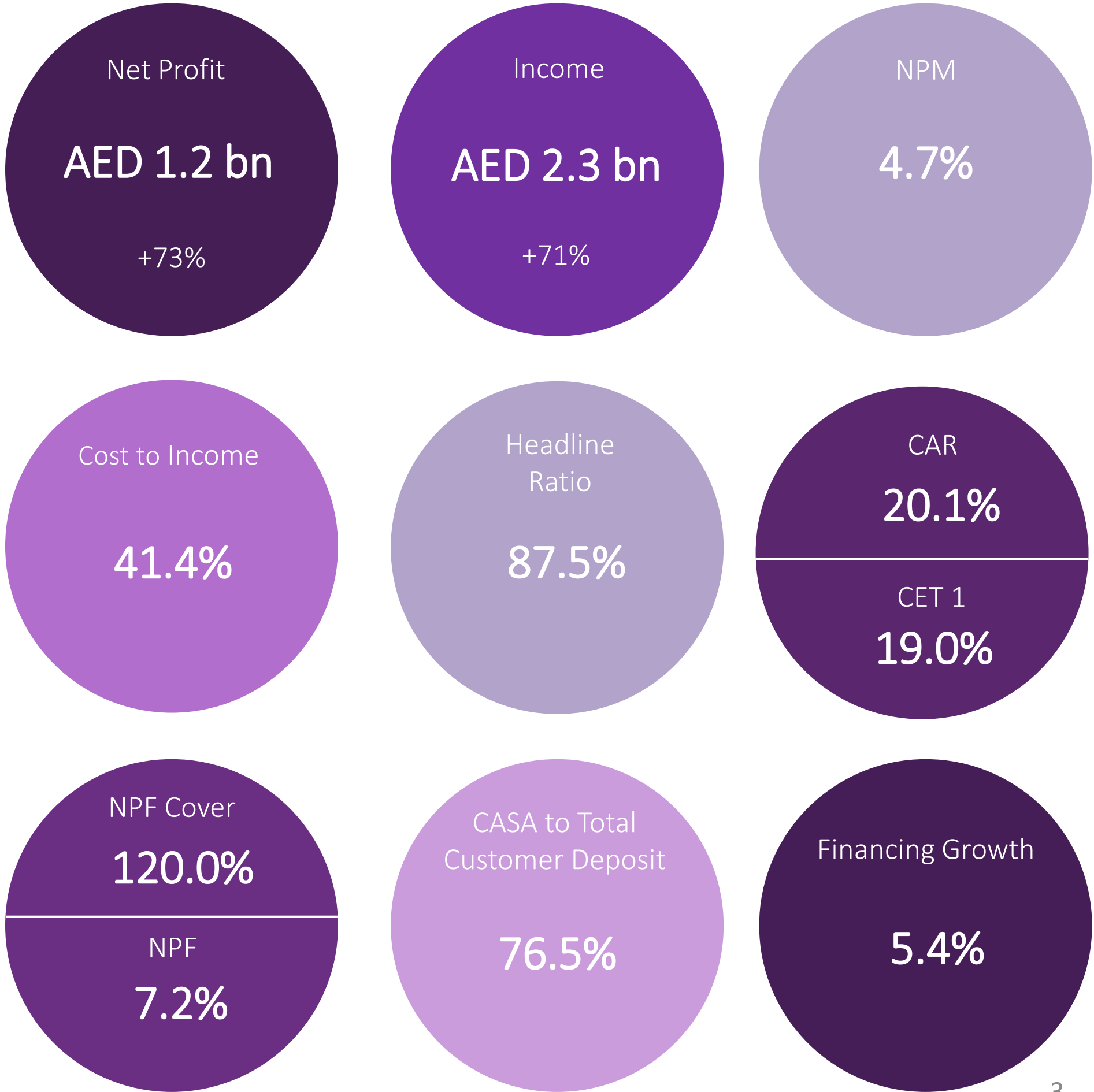


Financing increased by 2.6 bn in 2023 comprising of AED 2.0 bn from RBWM and AED 0.6 bn in C&IB

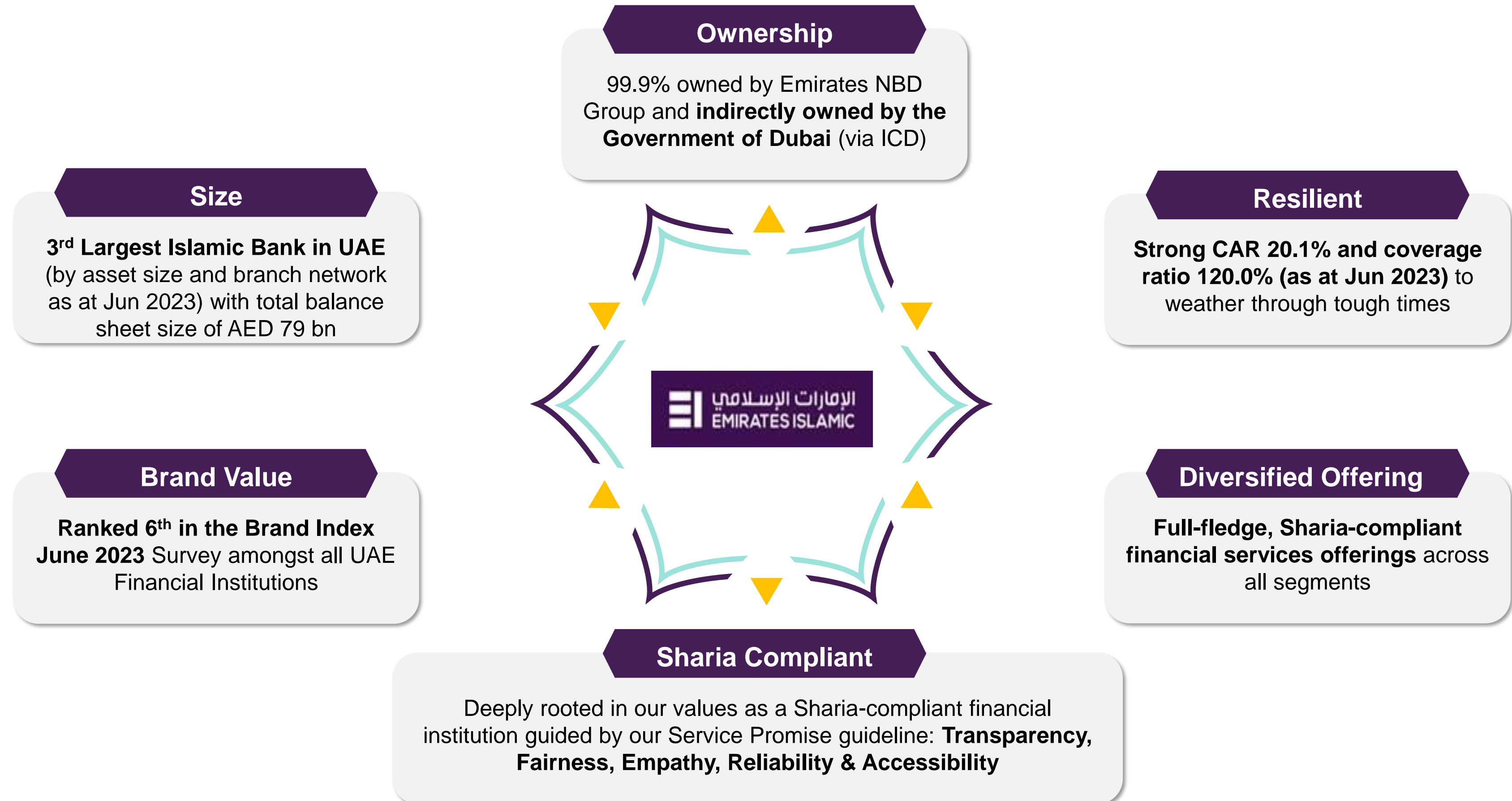


Solid balance sheet with improvement in capital, liquidity and credit quality and strong operating profit remain core strengths of EI

Key Metrics

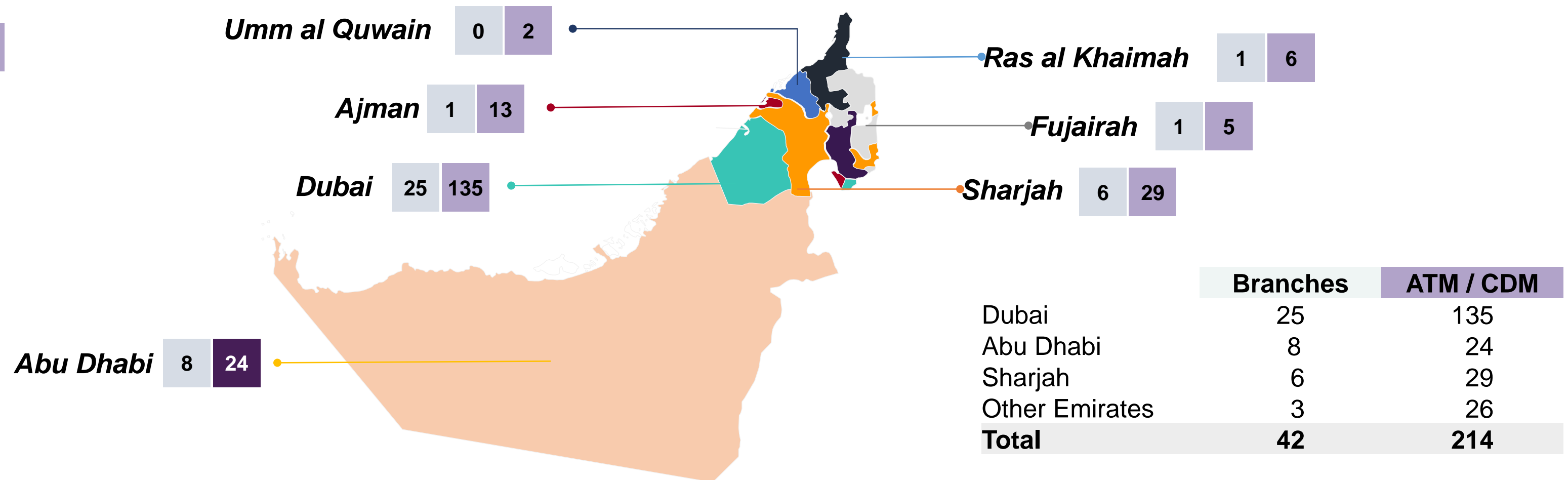


El, a young growing Islamic Bank



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

Optimised Branch and Alternative Channel Footprint across UAE



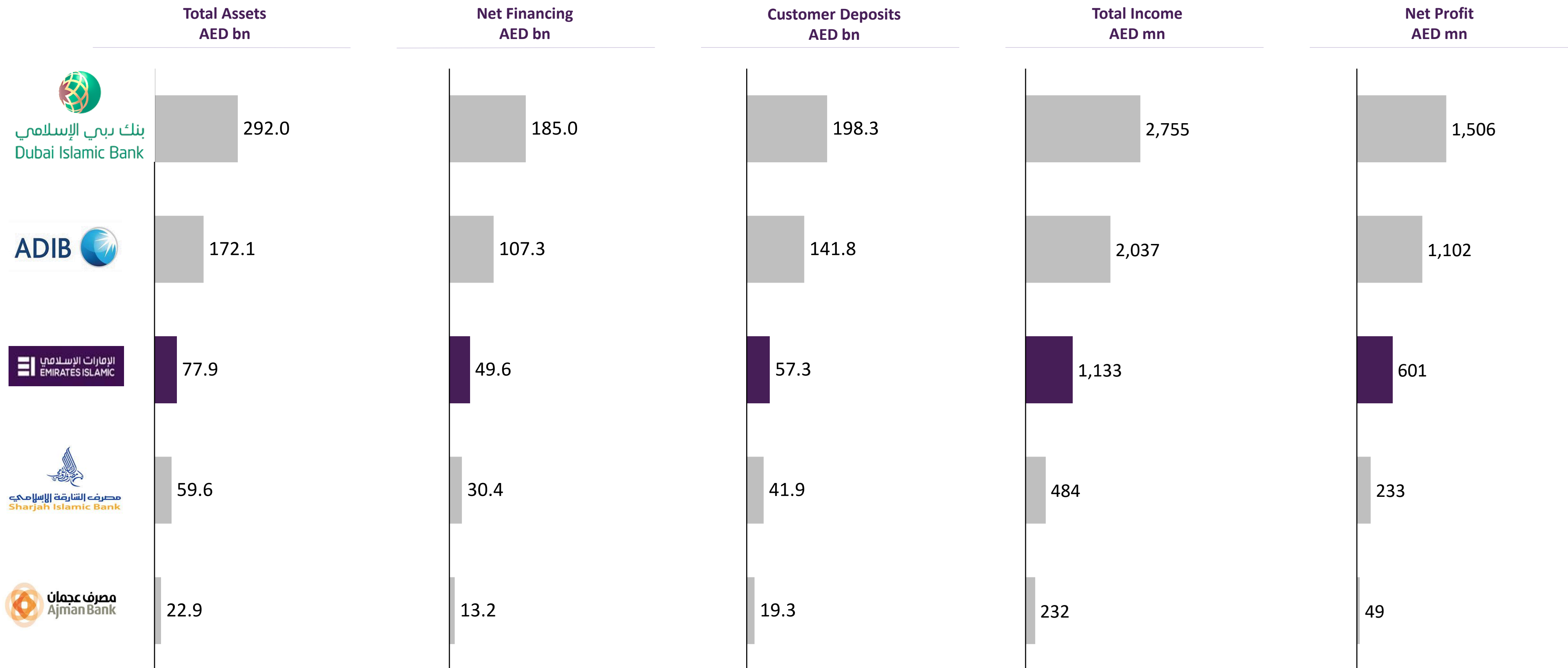
Superior Long Term and Short Term Credit Rating affirmed by Fitch since 2015

As at Apr 2023 (Affirmed)

	Long Term	Short Term	Outlook
FitchRatings	A+	F1	Stable

EI is one of the largest Islamic banks in UAE

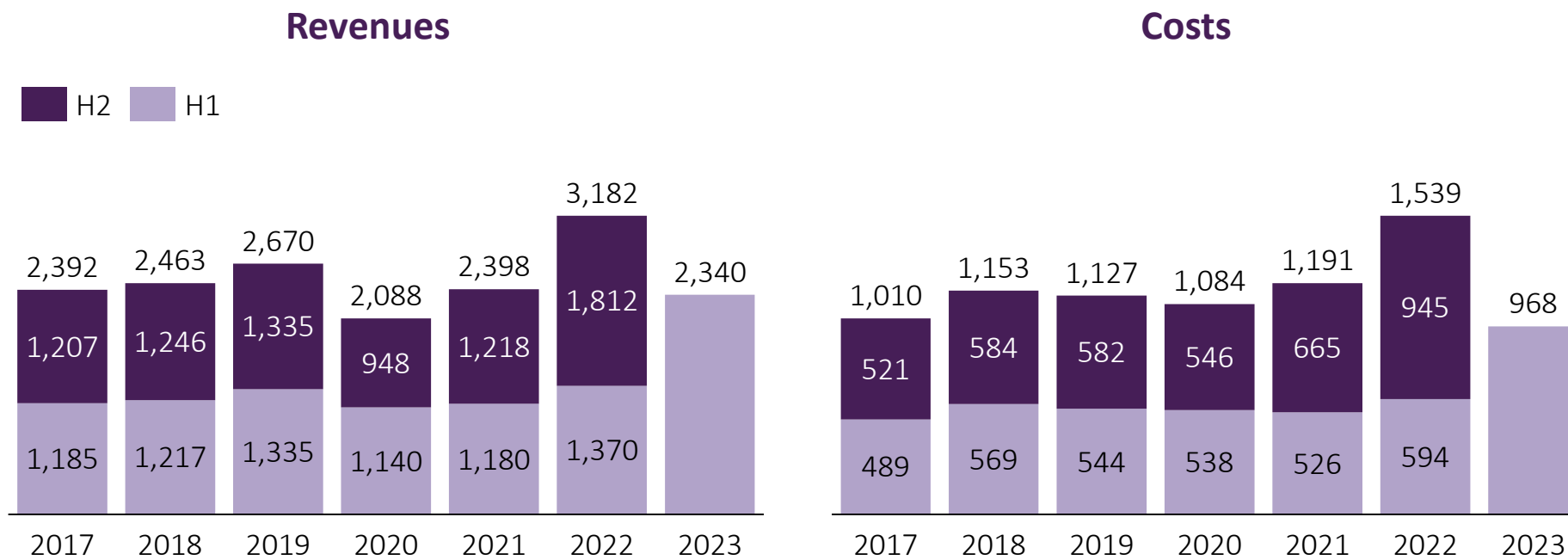
Q1 2023



Note: Balance sheet numbers are at end of period

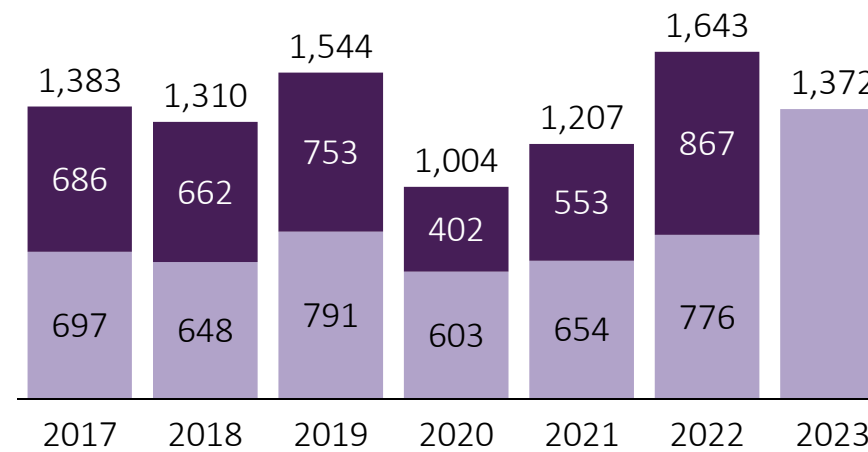
P&L and Balance Sheet Trend

Revenues and Costs (AED mn)

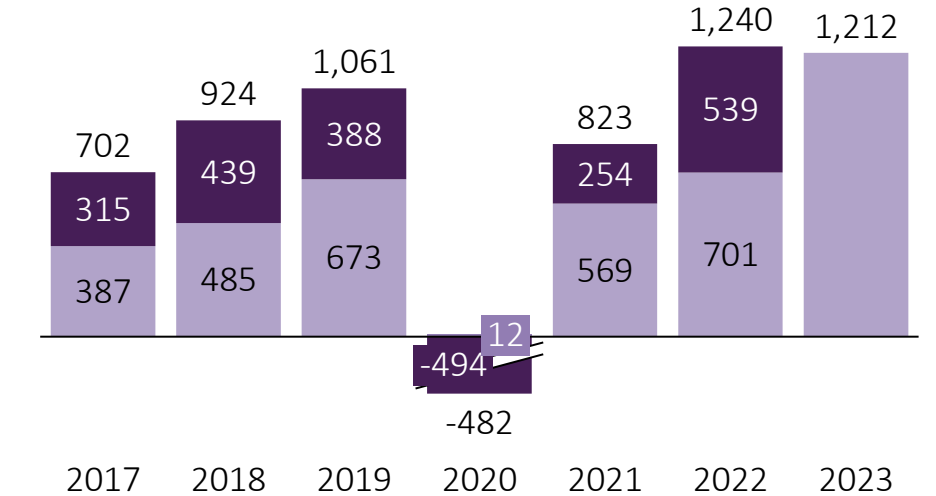


Profits (AED mn)

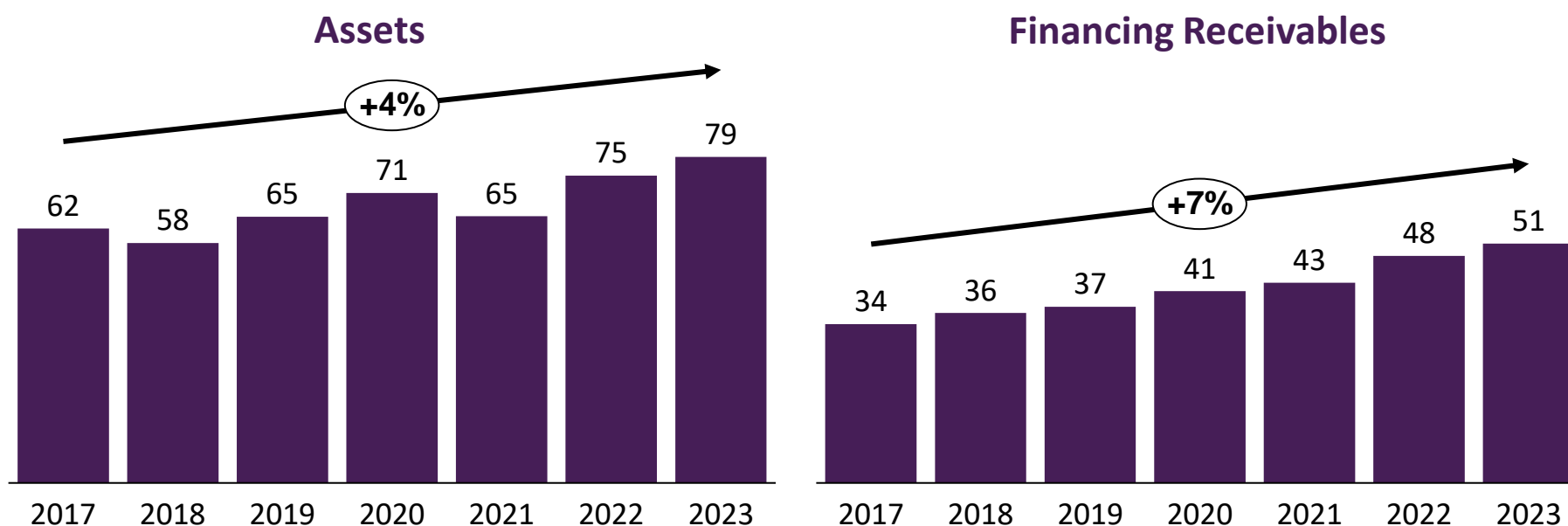
Pre - Provision Operating Profits



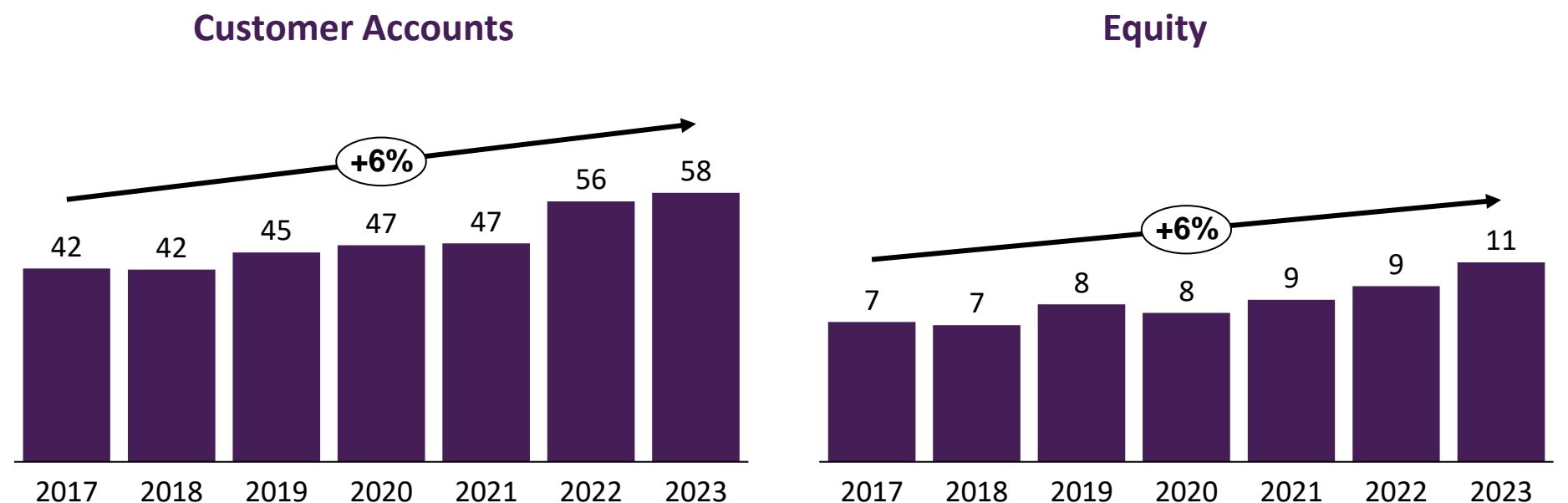
Net Profit



Assets and Financing (AED bn)



Customer Accounts and Equity (AED bn)



Notes:

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

H1-2023 Financial Results Highlights

Income Statement

	H1 2023	H1 2022	%Δ YoY	H2 2022	%Δ
<i>(All figures are in AED mn)</i>					
Net Funded Income	1,774	967	83%	1,369	30%
Non-funded income	566	404	40%	443	28%
Total income	2,340	1,370	71%	1,812	29%
Operating expenses	(968)	(594)	-63%	(945)	-2%
Pre-impairment operating profit	1,372	776	77%	867	58%
Impairment allowances	(160)	(75)	-113%	(328)	51%
Net Profit for the Period	1,212	701	73%	539	125%
Cost: income ratio	41.4%	43.4%	-	55.4%	-
Net Funded Income Margin	4.7%	2.9%	-	4.2%	-

Balance Sheet

	30-Jun-23	30-Jun-22	%Δ YoY	31-Dec-22	%Δ
<i>(All figures are in AED bn)</i>					
Total assets	79.3	73.7	7.6%	74.8	6.1%
Financing Receivables, net	51.0	47.4	7.6%	48.4	5.4%
Customer Accounts	58.2	54.3	7.2%	56.3	3.4%
Headline ratio (%)	88%	87%	-	86%	-
NPF ratio (%)	7.2%	7.1%	-	7.0%	-

Key Highlights

- Net Profit for H1'23 at AED 1,212 mn, higher by 73% compared to same period last year reflecting strong operating performance
- Total income up 71% compared to same period last year
 - Funded income higher by 83% mainly driven by financing growth and higher profit rate
 - Non-Funded Income increased 40% driven by higher Fx & derivatives income and Fees income
- Expenses up 63% y-o-y due to higher investment for future growth.
- Impairment Allowance at AED 160 mn higher by 113% y-o-y due to financing growth (NPF ratio 7.2% & Coverage ratio 120.0%)
- Financing Receivables at AED 51.0 bn, increased 5.4% compared to end of 2022
- Customer deposits at AED 58.2 bn, increased 3.4% from end 2022 with CASA balances at 76.5% of total deposits

Q-o-Q Financial Results Highlights

Income Statement

	Q2 23	Q2 22	%Δ YoY	Q1 23	%Δ QoQ
<i>(All figures are in AED mn)</i>					
Net Funded Income	916	505	81%	858	7%
Non-funded income	291	213	37%	275	6%
Total income	1,207	718	68%	1,133	7%
Operating expenses	(591)	(313)	-89%	(377)	-57%
Pre-impairment operating profit	616	405	52%	756	-19%
Impairment allowances	(5)	(45)	90%	(155)	97%
Net Profit for the Period	611	359	70%	601	2%
Cost: income ratio	49.0%	43.7%	-	33.3%	-
Net Funded Income Margin	4.8%	2.9%	-	4.7%	-

Balance Sheet

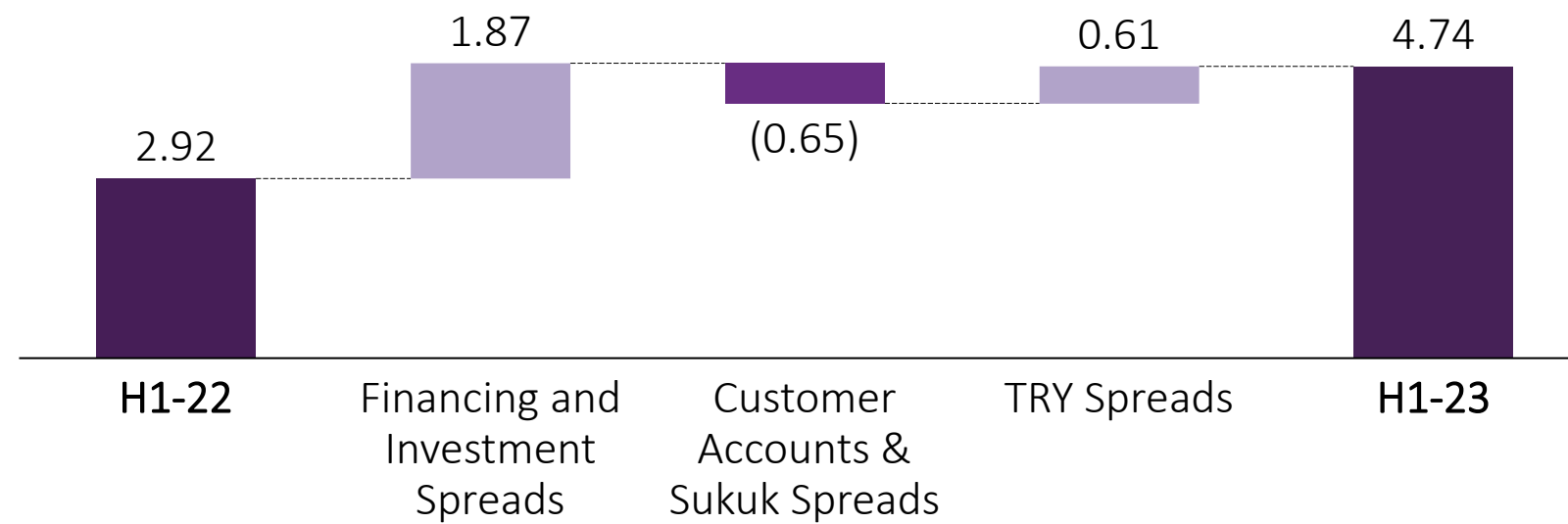
	30-Jun-23	30-Jun-22	%Δ YoY	31-Mar-23	%Δ QoQ
<i>(All figures are in AED bn)</i>					
Total assets	79.3	73.7	7.6%	77.9	1.8%
Financing Receivables, net	51.0	47.4	7.6%	49.6	2.8%
Customer Accounts	58.2	54.3	7.2%	57.3	1.7%
Headline ratio (%)	88%	87%	-	87%	-
NPF ratio (%)	7.2%	7.1%	-	6.8%	-

Key Highlights

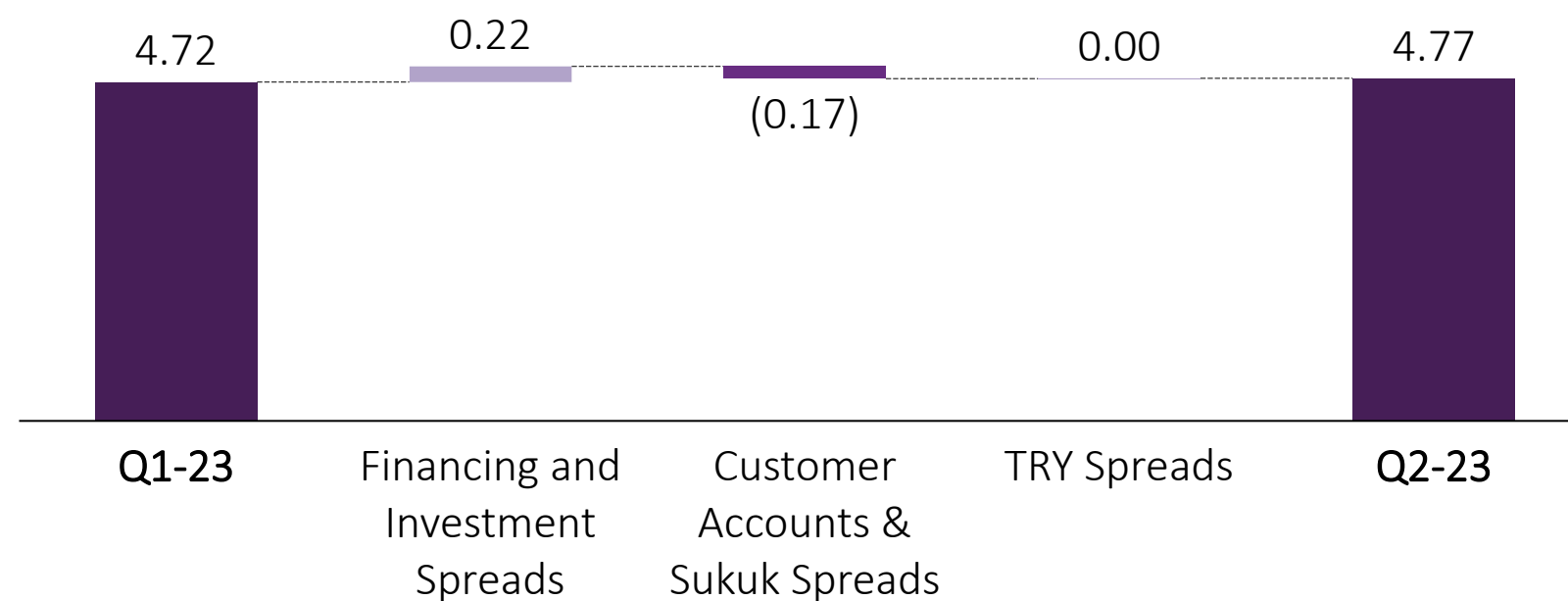
- Net Profit for Q2'23 at AED 611 mn, higher by 70% compared to same period last year reflecting strong operating performance
- Total income up 68% compared to same period last year
 - Funded income higher by 81% mainly driven by financing growth and higher profit rate
 - Non-Funded Income increased 37% driven by higher Fx & derivatives income and Fees income
- Expenses up 89% y-o-y due to higher investment for future growth.
- Impairment Allowance at AED 5 mn lower by 90% y-o-y due to higher recoveries partially offset by financing growth
- Financing Receivables at AED 51.0 bn, increased 7.6% y-o-y
- Customer deposits at AED 58.2 bn, increased 7.2% y-o-y

Net Funded Income Margin

NPM Drivers H1-23 vs H1-22 (%)



NPM Drivers Q2-23 vs Q1-23 (%)

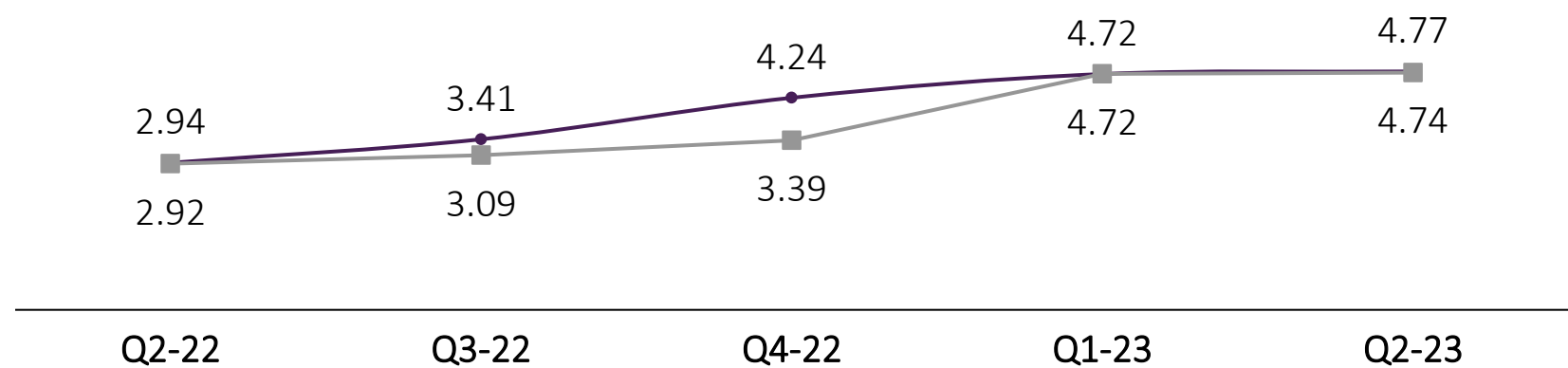


Key Highlights

- Net funded income margin for H1'23 at 4.74%, 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 Q2'23 at 4.77%, increased 5 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 (%)

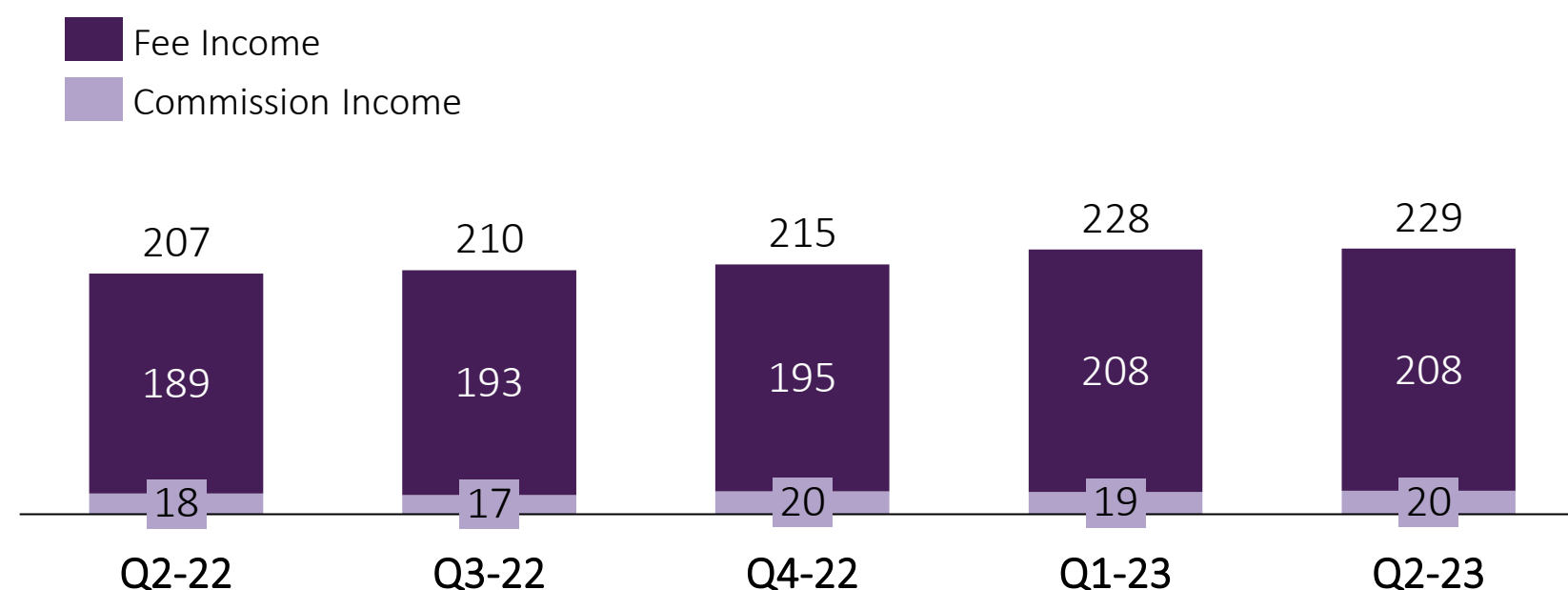
- Net Funded Income Margin - MTD
- Net Funded Income Margin - YTD



Non-Funded Income

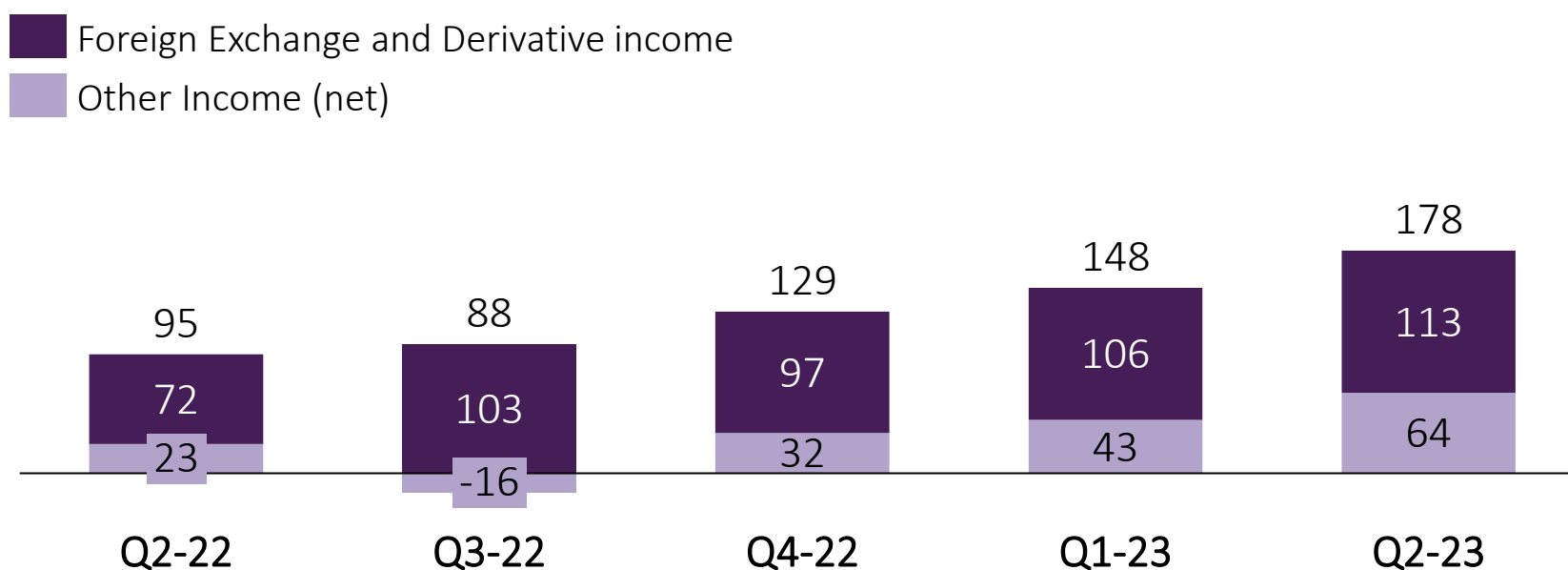
Gross Fee and Commission Income

(All figures are in AED mn)



Other Operating Income

(All figures are in AED mn)



Key Highlights

- Non-Funded Income increased 40% y-o-y and increased 6% q-o-q
 - Net Fee and Commission income increased by 8% y-o-y and decreased 4% q-o-q
 - Other operating income increased primarily due to higher FX & derivatives income and other banking income

Non-funded Income

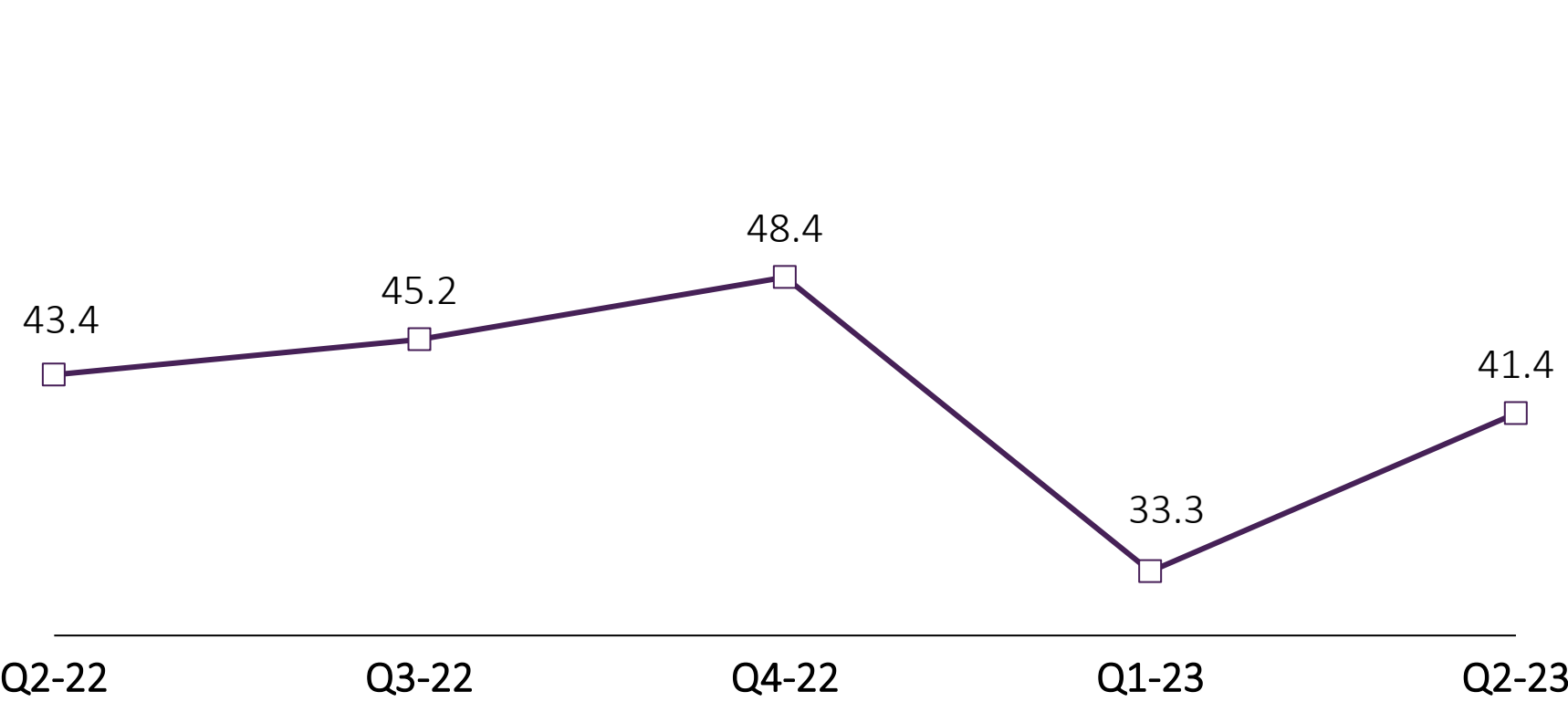
(All figures are in AED mn)

	Q2 23	Q2 22	%Δ YoY	Q1 23	%Δ QoQ
Fee and Commission income	229	207	11%	228	0%
Fee and Commission expense	(107)	(89)	-21%	(101)	-6%
Net Fee and Commission Income	121	118	3%	127	-4%
Other operating income	170	95	79%	148	15%
Total Non-funded income	291	213	37%	275	6%

Key Highlights

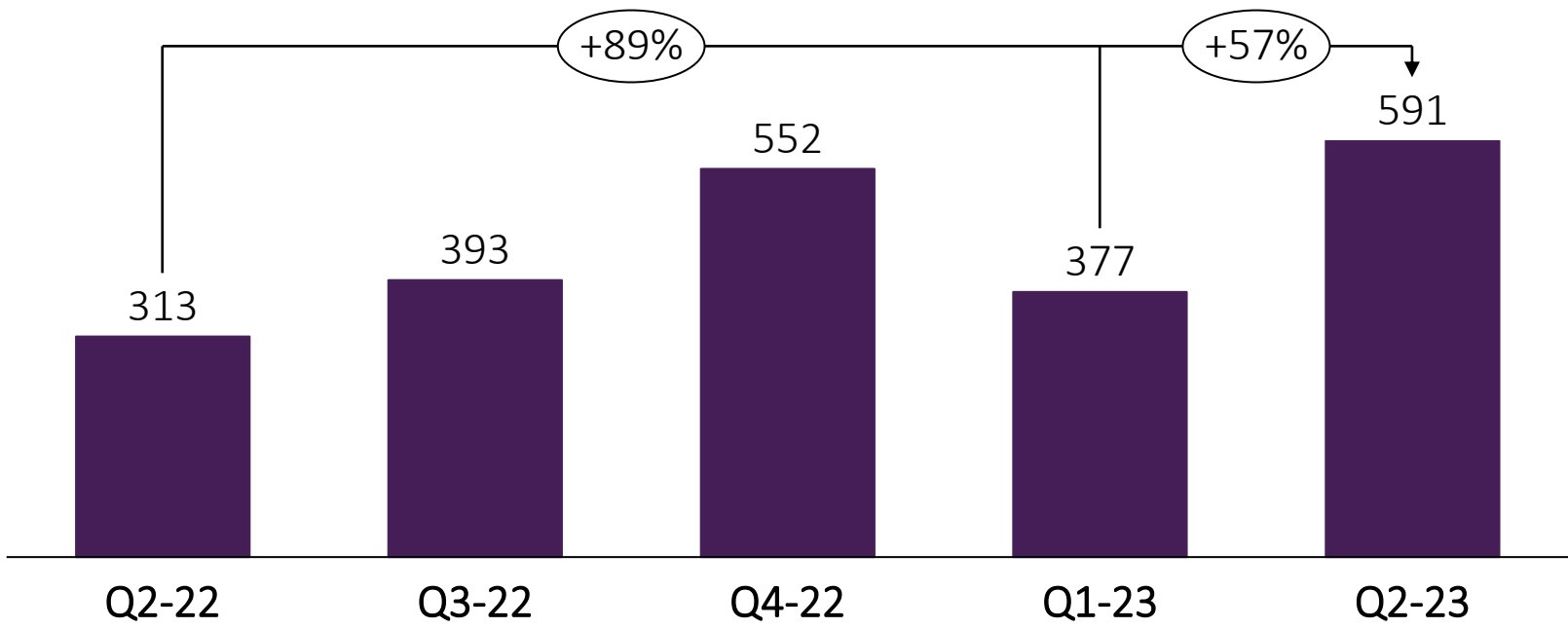
- Cost to Income ratio at 41.4% for H1'23, decreased 2.0% compared to same period last year as a result of:-
 - Increase in total income by 71%Partially offset by
 - Increase in total cost by 63%

Cost to Income Ratio (%), YTD



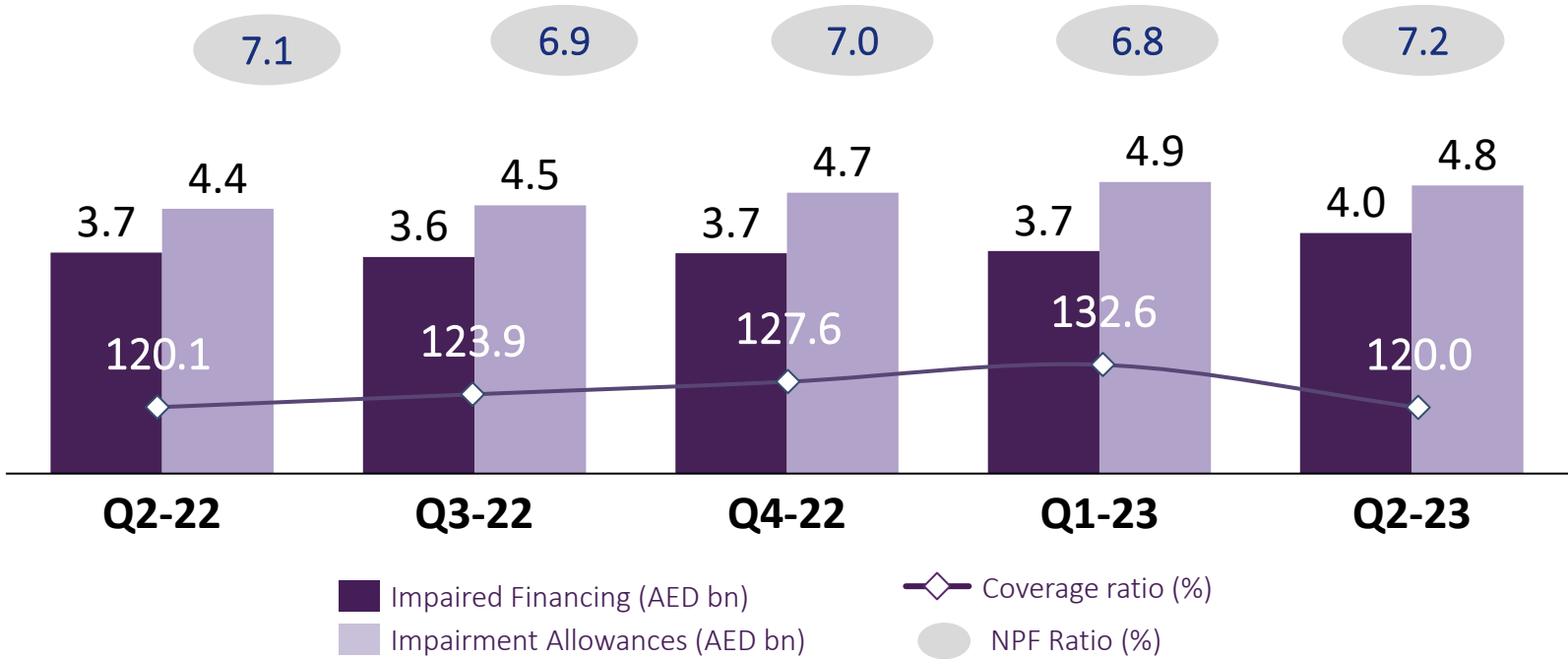
Operating Costs Trends

(All figures are in AED mn)



Impaired Financing and allowances

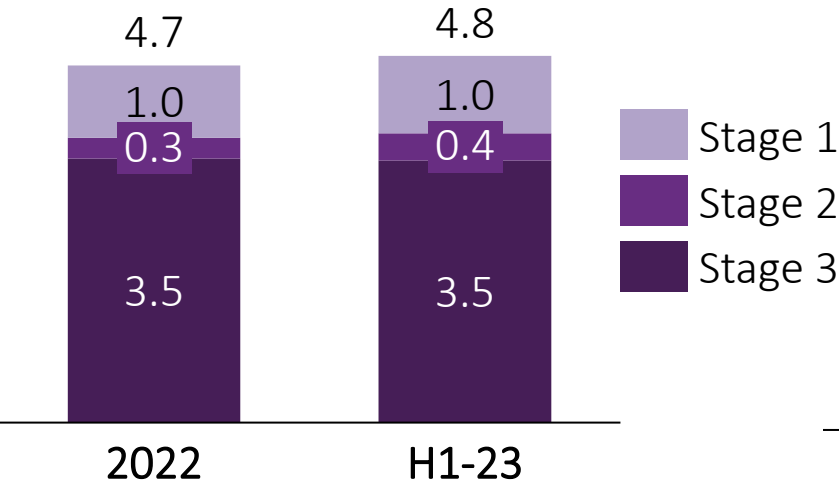
(All figures are in AED bn)



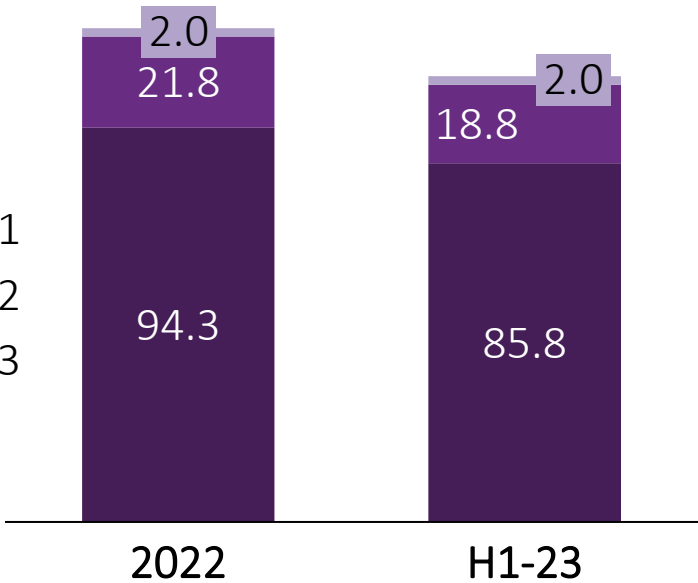
Key Highlights

- Non Performing Financing (NPF) ratio increased to 7.2% from 7.0% at end of 2022.
- Coverage ratio at 120.0% decreased from 127.6% at end of 2022
- The Impairment allowance of AED 4.8 bn includes AED 3.46 bn (71%) of specific provisions and AED 1.38 bn (29%) of ECL provisions
- Stage 1 and Stage 2 Expected Credit Loss (ECL) represents 2.6% of total Credit Risk Weighted Assets (CRWA) at the end of H1'23 (Dec-22 : 2.5%)

ECL Allowances (AED bn)



ECL to Financing Coverage %



Total Gross Financing

FY-22 | AED 53.1 bn

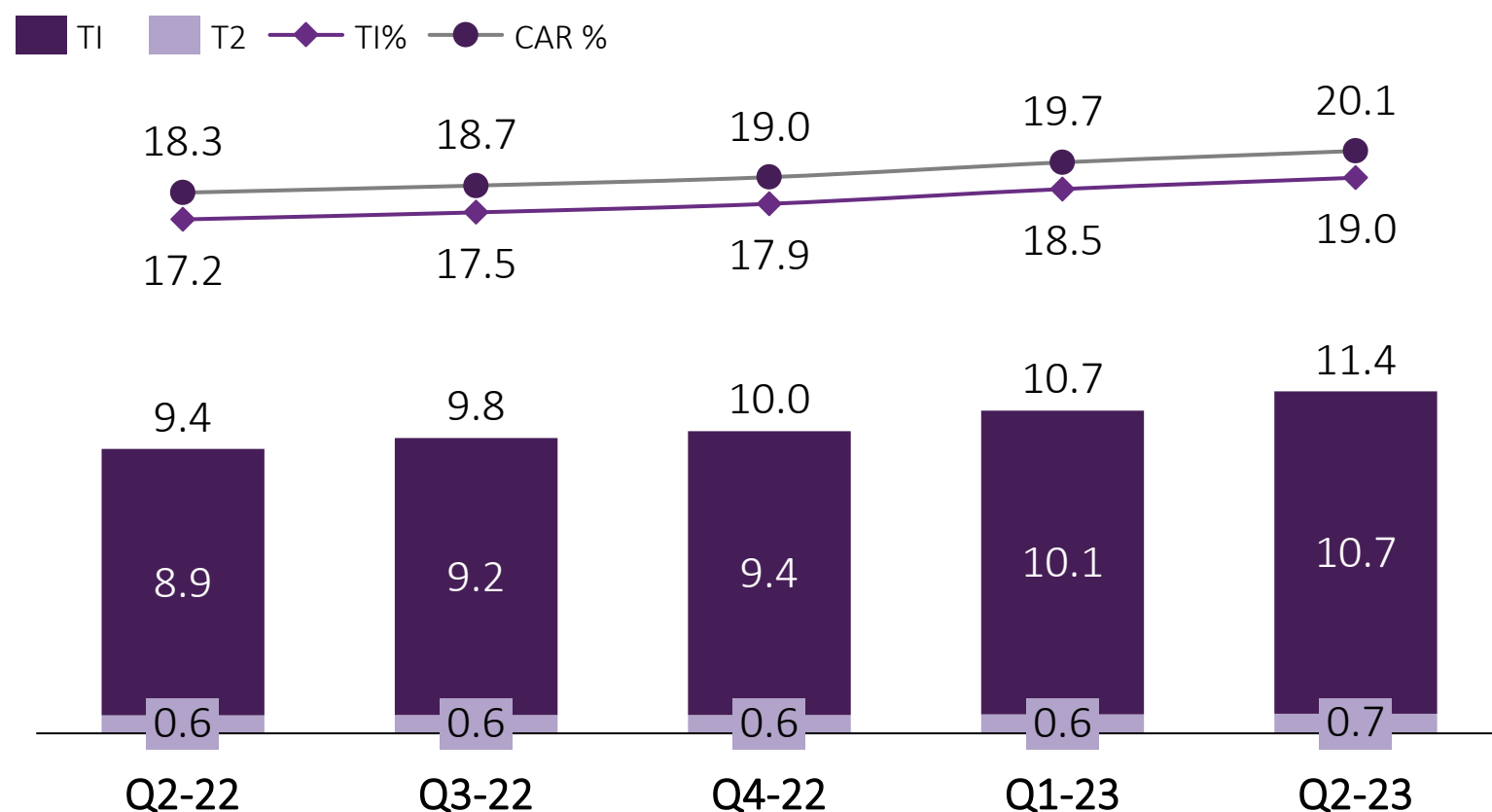
Stage 1 90.7%
Stage 2 2.4%
Stage 3 7.0%



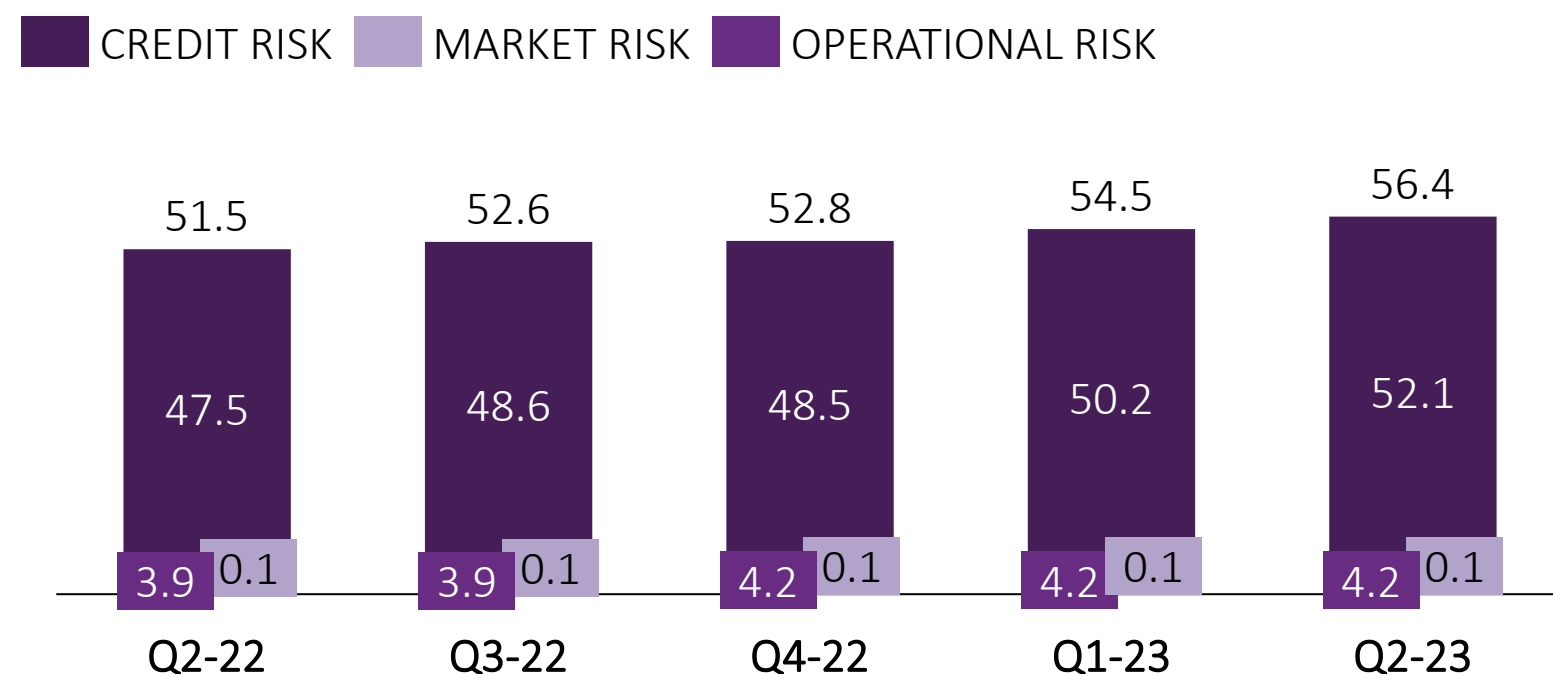
H1-23 | AED 55.8 bn

Stage 1 89.4%
Stage 2 3.4%
Stage 3 7.2%

Capitalisation *(All figures are in AED bn)*



Risk Weighted Assets – Basel II (AED bn)



Key Highlights

- CAR at 20.1% increased from 19.7% at the end of Q1'23, mainly due to –
 - Lower capital charge due to lower risk grade for Investments
 - Increase in capital base on account of profit for the quarter
 Offset by
 - Higher capital charge due to growth in Financing receivables and bank placements
- Tier I ratio at 19.0% increased from 18.5% at end of Q1'23

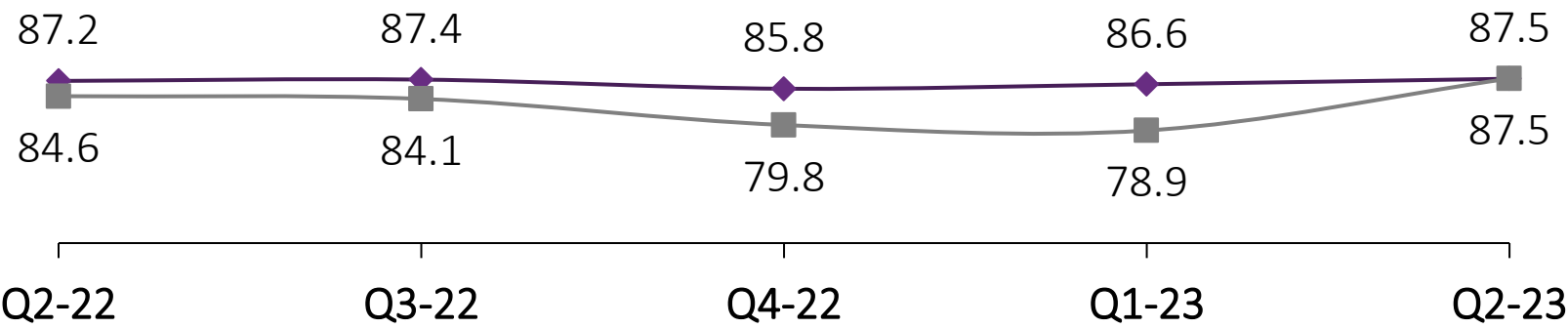
Capital Movements (as per Basel III)

(All figures are in AED mn)

	Tier-1	Tier-2	Total
Capital as at 31 December 2022	9,428	606	10,034
Net Profits generated	1,212	-	1,212
ECL add-back	41	-	41
Other	24	45	69
Capital as at 30 June 2023	10,705	651	11,356

Headline Ratio (%)

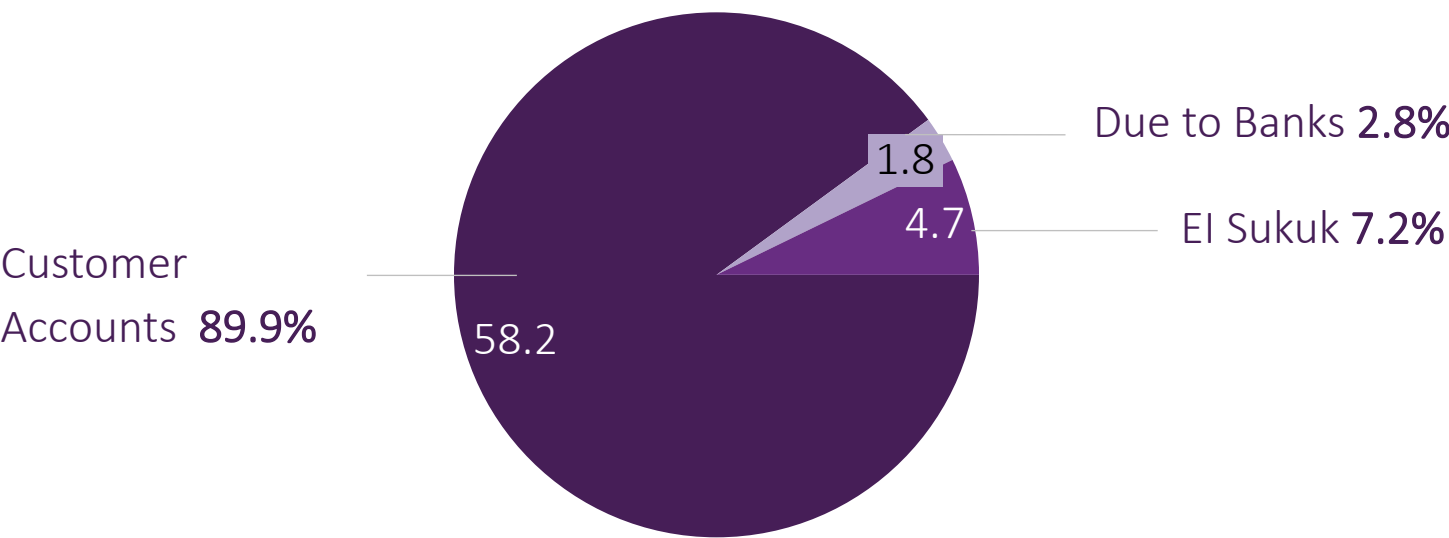
◆ FD Ratio (%) - Headline
■ FD Ratio (%) - Regulatory



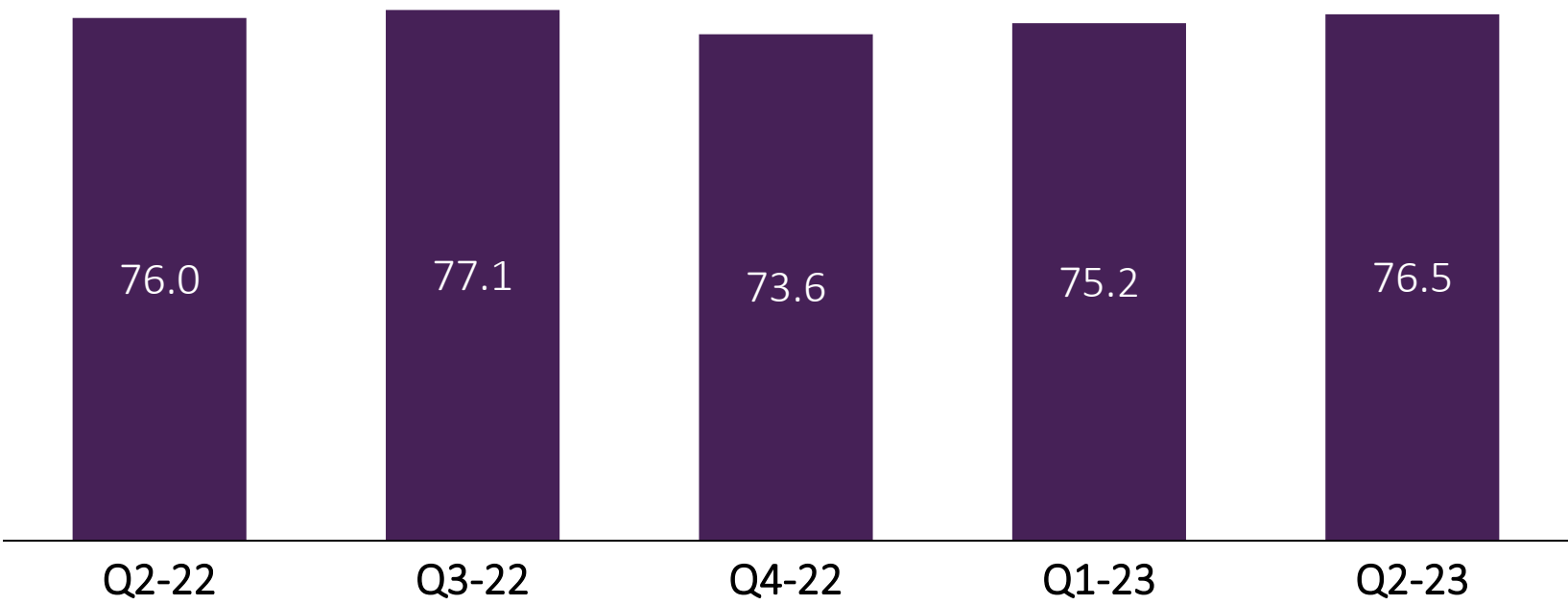
Key Highlights

- Financing to Deposits ratio remains healthy at 87.5%
- Long term funding (Sukuk) represent 7.2% of total borrowings
- CASA to Total Customer Deposits ratio at end H1'23 is 76.5% (Dec'22 – 73.6%)

Composition of Liabilities / Sukuk Issued (AED bn, %)



CASA to Deposit Ratio (%)

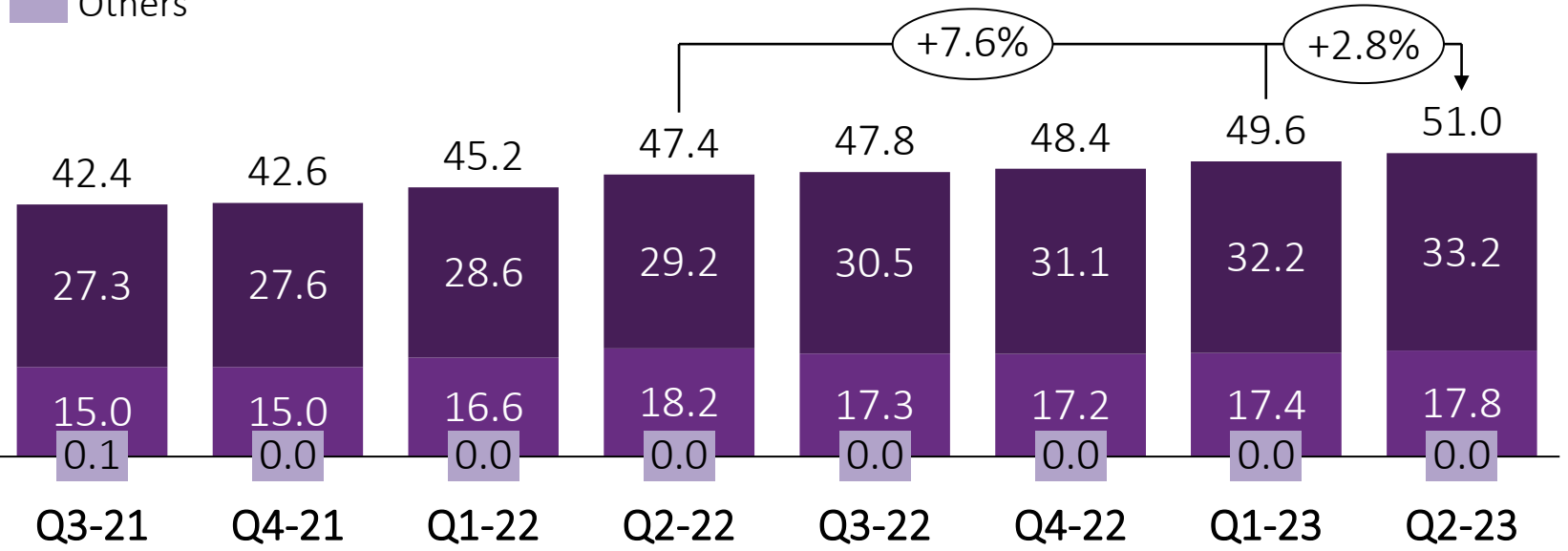


Financing and Customer Deposits Trend

Net Financing by Type

(All figures are in AED bn)

- Retail Banking and Wealth Management (RBWM)
- Corporate and Institutional Banking (C&IB)
- Others

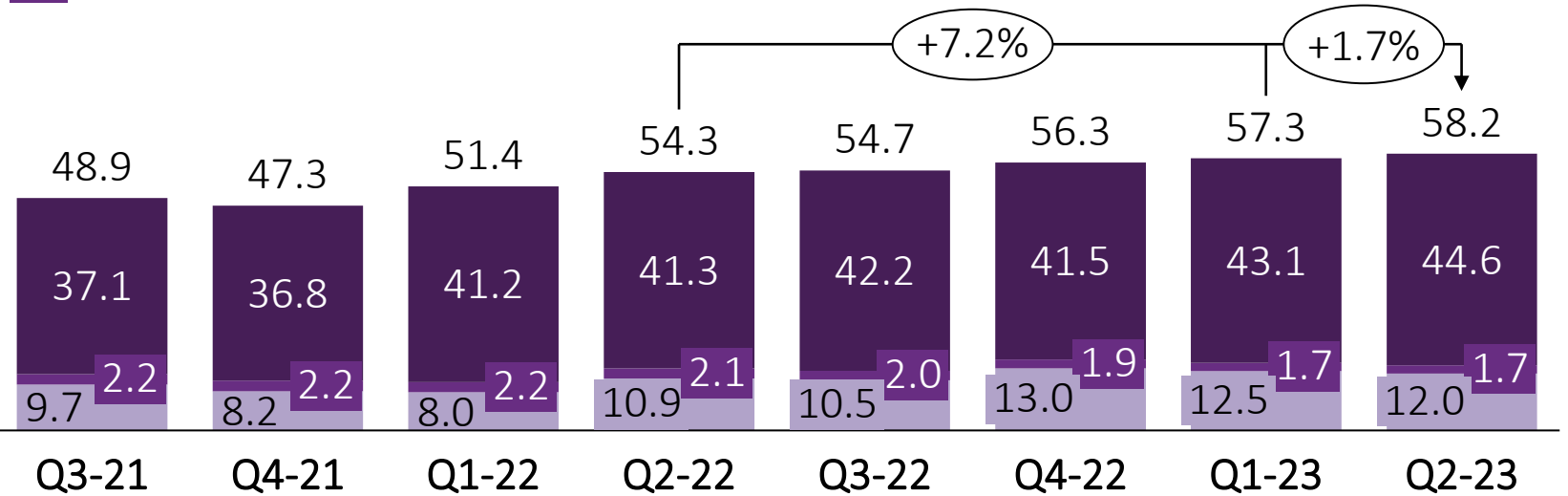


* Financing is Net off Deferred Income and impairment provisions

Customer Deposits by Type

(All figures are in AED bn)

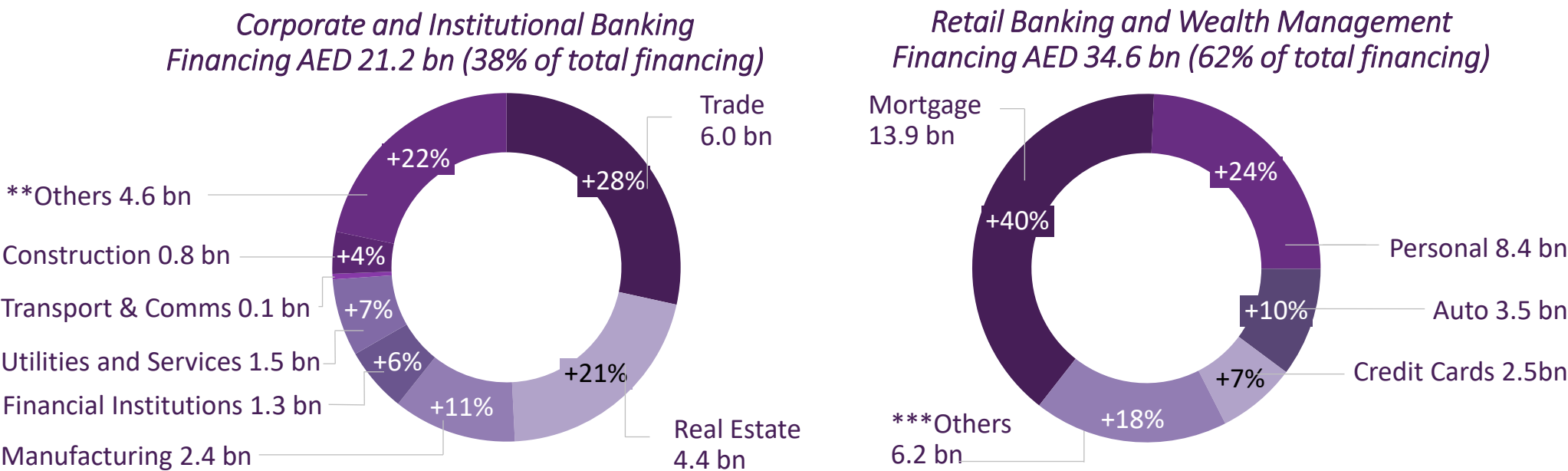
- CASA
- Wakala
- ITD



Key Highlights

- Financing receivables increased 7.6% y-o-y and 2.8% q-o-q
 - Retail Banking and Wealth Management' financing receivable increased 14% y-o-y and 3% q-o-q
 - Corporate and Institutional Banking' financing receivables decreased 2% y-o-y and increased 2% q-o-q
- Customer deposits increased 7.2% y-o-y and increased 1.7% q-o-q
 - CASA increased 8% y-o-y and 3% q-o-q
 - ITD decreased 20% y-o-y and 2% q-o-q
 - Wakala increased 10% y-o-y and decreased 4% q-o-q

Gross Financing by Sector (AED bn, %)



* Gross Financing net off Deferred Income

** 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

Operating Segment	Metrics	Q2-23	%Δ QoQ	%Δ YoY
Retail Banking and Wealth Management	Income (mn)	756	10%	43%
	Expense (mn)	300	3%	22%
	Profit (mn)	277	17%	26%
	Financing Receivable (bn)	33	3%	14%
	Deposits (bn)	48	6%	13%
Corporate and Institutional Banking	Income (mn)	196	-5%	37%
	Expense (mn)	34	5%	19%
	Profit (mn)	235	29%	79%
	Financing Receivable (bn)	18	2%	-2%
	Deposits (bn)	10	-14%	-13%

Note: All Balance Sheet numbers are at end of period

Key Highlights

Retail Banking and Wealth Management

- Financing receivable increased 7% from end of 2022
- Customer deposits increased 10% from end of 2022 mainly driven CASA growth
- Total Revenue increased 43% y-o-y and 10% q-o-q driven by improved economic activity and higher profit rate
 - Funded Income increased on account of higher margins supported by financing book growth
 - Non Funded Income increased mainly due to Fx & derivatives income and Fee income

Corporate and Institutional Banking

- Financing receivable increased 3% from end of 2022
- Customer deposits decreased 19% from end of 2022
- Total Revenue increased by 37% y-o-y driven by improved economic activity and higher profit rate
 - Funded Income increased primarily on account of portfolio growth and increased margins
 - Non Funded Income increased mainly due to higher Fx & derivatives income

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