

# Investor Presentation Q3 2024



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# Executive Summary Q3'24 Results

## Key Highlights



**Strong momentum with AED 2.5 bn profit up 52% y-o-y**



**Total income up 16% y-o-y propelled by superior level of both funded and non-funded income, underlining the Bank's consistent growth trajectory**



**Deposits grew by AED 13 bn in the first 9 months of 2024 supported by higher CASA & Wakala. CASA represents 72% of total deposit.**



**Record AED 13 bn Financing growth in first 9 months of 2024 with Corporate financing closing key deals and higher volumes for Retail**



**Total assets at AED 107 billion; Solid balance sheet, Strong capital and liquidity position, combined with healthy deposit mix and strong operating profit remains our core strengths**

## Key Metrics

Net Profit

**AED 2.5 bn**

+52%

Income

**AED 4.1 bn**

+16%

NPM

**4.5%**

Cost to Income Ratio

**29.4%**

Headline Ratio

**89.6%**

CAR

**19.7%**

CET 1

**18.6%**

NPF Cover

**135.3%**

NPF Ratio

**4.9%**

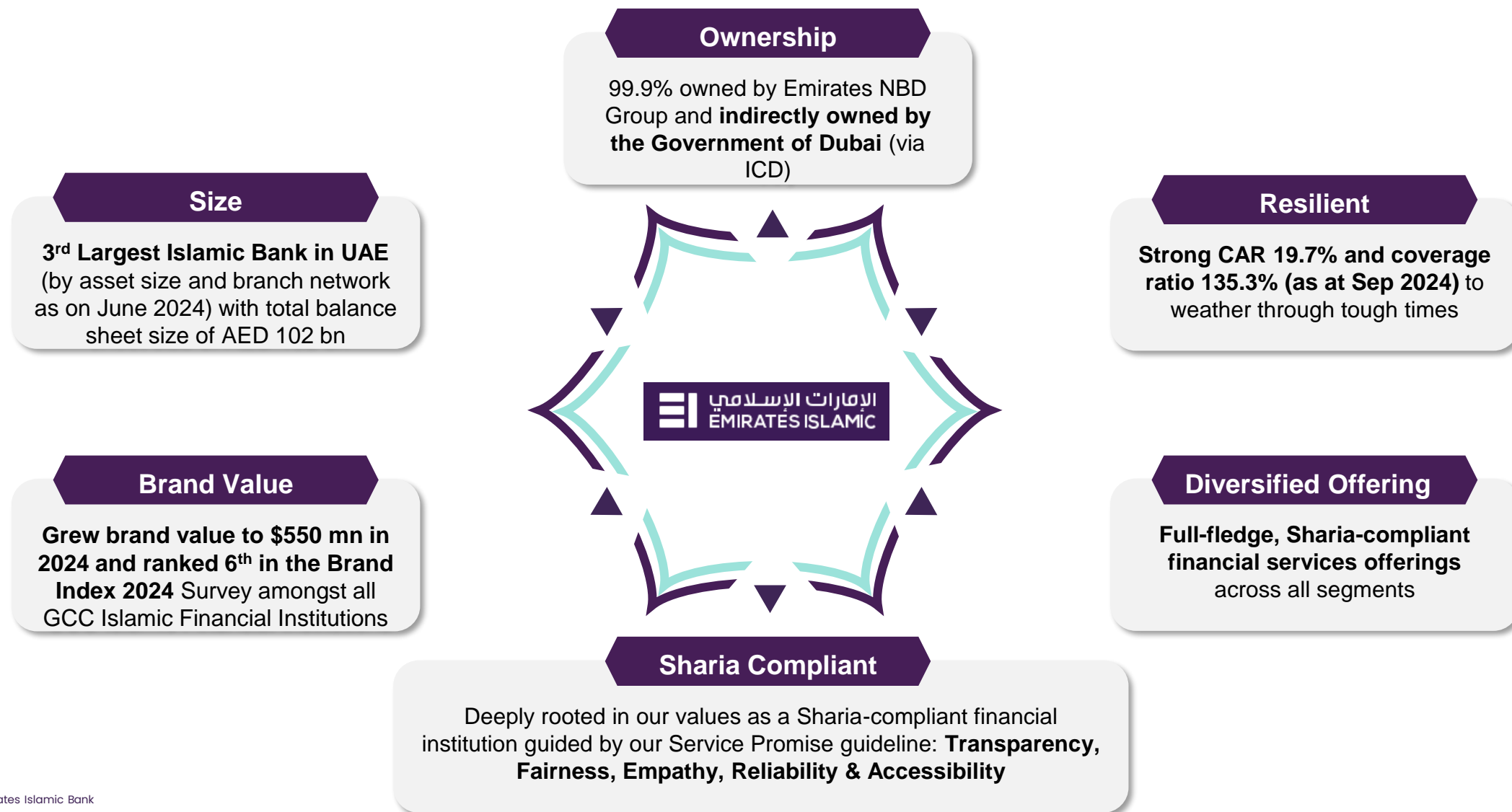
CASA to Total Customer Deposit

**71.7%**

Financing Growth

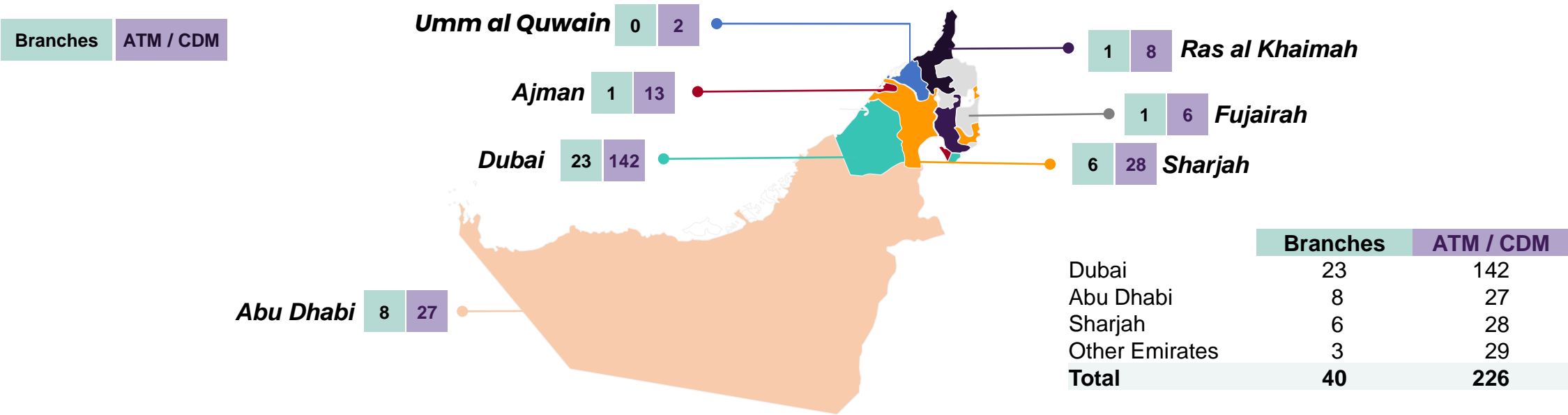
**23.7%**

# EI, a young growing Islamic Bank



# EI 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 March 2024 (Affirmed)

	Long Term	Short Term	Outlook
FitchRatings	A+	F1	Stable

# EI is one of the largest Islamic banks in UAE

H1 2024



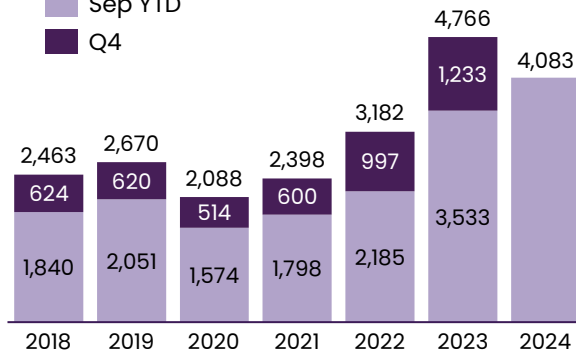
Note: Balance sheet numbers are at end of period

# P&L and Balance Sheet Trend

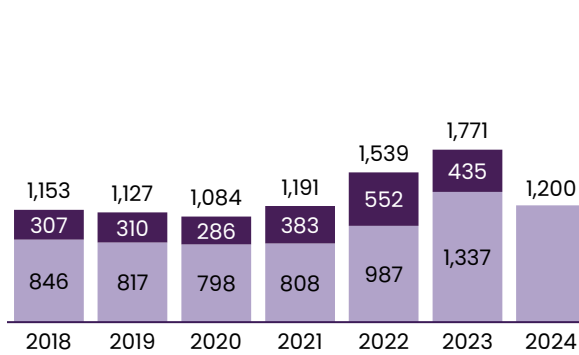
## Revenues and Cost (AED mn)

### Revenues

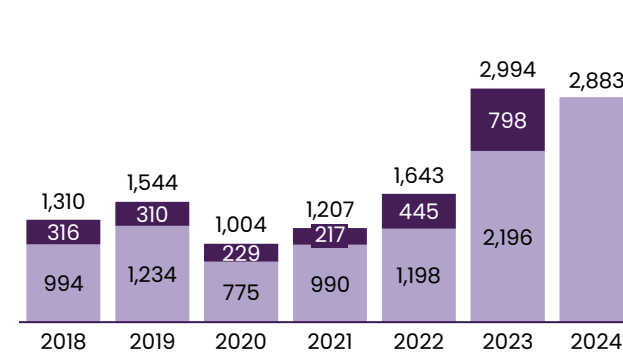
■ Sep YTD  
■ Q4



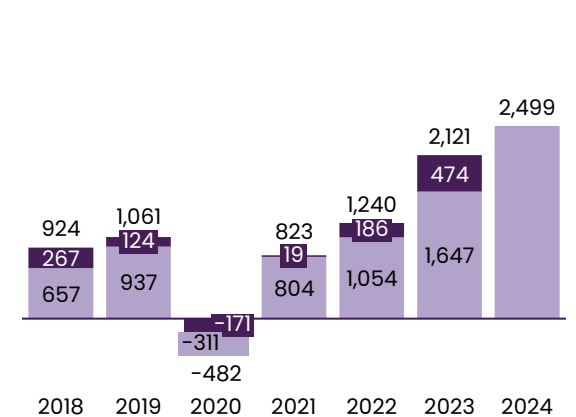
### Costs



### Pre-Impairment Operating Profit

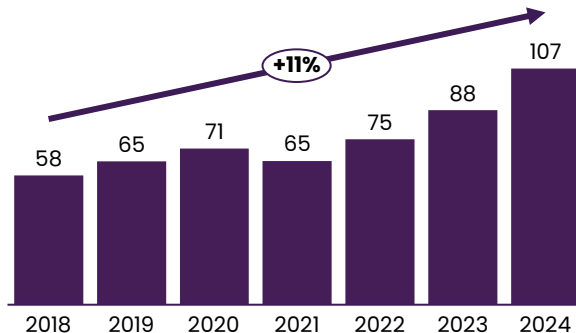


### Net Profit

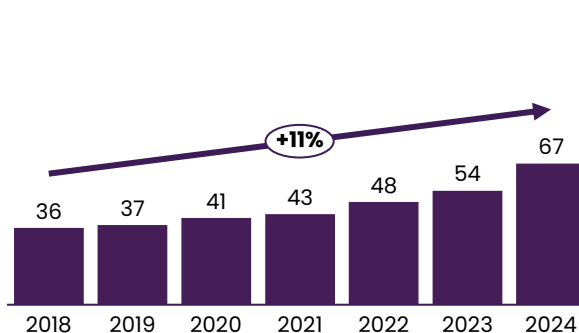


## Asset and Financing (AED bn)

### Assets

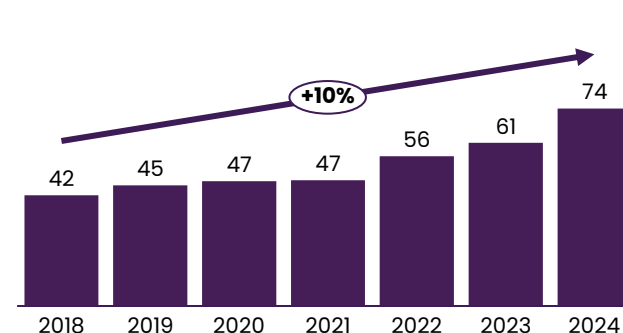


### Financing Receivables (Net)

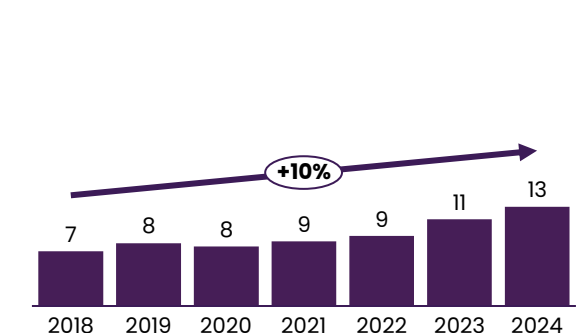


## Customer Accounts and Equity (AED bn)

### Customer Accounts



### Equity



Source: Financial Statements

# Profit rise 52% y-o-y to record AED 2.5 bn backed by strong growth trajectory and healthy recoveries

## Income Statement

	9M'24	9M'23	%Δ YoY
<i>(All figures are in AED mn)</i>			
Net Funded income	3,204	2,715	18%
Non-funded income	880	818	8%
<b>Total income</b>	<b>4,083</b>	<b>3,533</b>	<b>16%</b>
Operating expenses	(1,200)	(1,337)	10%
<b>Pre-impairment operating profit</b>	<b>2,883</b>	<b>2,196</b>	<b>31%</b>
Impairment allowances	(137)	(549)	75%
Taxation Charge	(247)	-	-100%
<b>Net Profit for the Period</b>	<b>2,499</b>	<b>1,647</b>	<b>52%</b>
Cost: income ratio	29.4%	37.8%	-
Net Funded Income Margin	4.5%	4.7%	-

## Balance Sheet

	30-Sep-24	31-Dec-23	%Δ
<i>(All figures are in AED bn)</i>			
Total assets	106.6	87.8	21.4%
Financing Receivables, net	66.5	53.7	23.7%
Customers' Accounts	74.2	61.3	21.0%
Headline ratio (%)	89.6%	87.7%	-
NPF ratio (%)	4.9%	6.3%	-

## Key Highlights

- Net Profit greatly increased to **AED 2,499 mn, higher by 52%** compared to same period last year reflecting strong operating performance and healthy recoveries
- Total income **up 16%** compared to same period last year
  - Funded income **higher by 18%** due to improved financing and deposits mix, higher volumes partially offset by higher cost of funding
  - Non-Funded Income **higher by 8%** mainly due to higher transaction volumes & derivatives income
- Expenses **lower by 10%** compared to same period last year
- Impairment Allowance at AED 137 mn **lower by 75% y-o-y** reflects strong recoveries and robust operating environment
- Financing Receivables at **AED 67 bn, increased 24%** compared to end of 2023 resulted from strong growth momentum in Corporate and Retail financing
- Customer deposits at **AED 74 bn, increased 21%** compared to end of 2023 with CASA balances at 72% of total deposits
- Total Assets at **AED 107 bn**



# Profit rise 92% q-o-q to record AED 0.84 bn backed by strong operating performance

## Income Statement

	Q3 24	Q3 23	%Δ YoY	Q2 24	%Δ QoQ
<i>(All figures are in AED mn)</i>					
Net Funded income	1,097	942	16%	1,065	3%
Non-funded income	289	252	15%	287	1%
<b>Total income</b>	<b>1,385</b>	<b>1,193</b>	<b>16%</b>	<b>1,352</b>	<b>2%</b>
Operating expenses	(424)	(368)	-15%	(394)	-8%
<b>Pre-impairment operating profit</b>	<b>962</b>	<b>825</b>	<b>17%</b>	<b>958</b>	<b>0%</b>
Impairment allowances	(52)	(389)	87%	(17)	-205%
Taxation Charge	(75)	-	-100%	(89)	16%
<b>Net Profit for the Period</b>	<b>835</b>	<b>435</b>	<b>92%</b>	<b>852</b>	<b>-2%</b>
Cost: income ratio	30.6%	30.9%	-	29.2%	-
Net Funded Income Margin	4.3%	4.6%	-	4.4%	-

## Balance Sheet

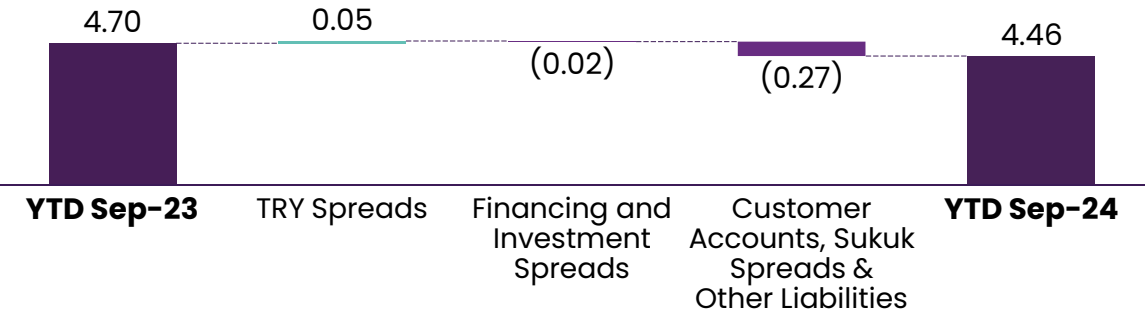
	30-Sep-24	30-Sep-23	%Δ	30-Jun-24	%Δ
<i>(All figures are in AED bn)</i>					
Total assets	106.6	86.0	24.1%	101.8	4.7%
Financing Receivables, net	66.5	51.6	28.9%	61.6	7.9%
Customers' Accounts	74.2	60.5	22.7%	69.8	6.3%
Headline ratio (%)	89.6%	85.3%	-	88.2%	-
NPF ratio (%)	4.9%	7.4%	-	5.2%	-

## Key Highlights

- Net Profit for Q3'24 at **AED 835 mn, higher by 92%** compared to same period last year reflecting strong operating performance
- Total income **up 16%** compared to same period last year
  - Funded income **higher by 16%** mainly due to improved financing and deposits mix, higher volumes partially offset by higher cost of funding
  - Non-Funded Income **higher by 15%** mainly due to transaction volumes & derivatives income
- Expenses **higher by 15%** compared to same period last year.
- Impairment Allowance at AED 52 mn lower by 87% y-o-y
- Financing Receivables at **AED 67 bn, increased 29% y-o-y** resulted from strong growth momentum in Corporate and Retail financing
- Customer deposits at **AED 74 bn, increased 23% y-o-y** with CASA balances at 72% of total deposits

# Net Funded Income Margin – CASA growth and favorable financing deposit mix helped offset higher cost of funding

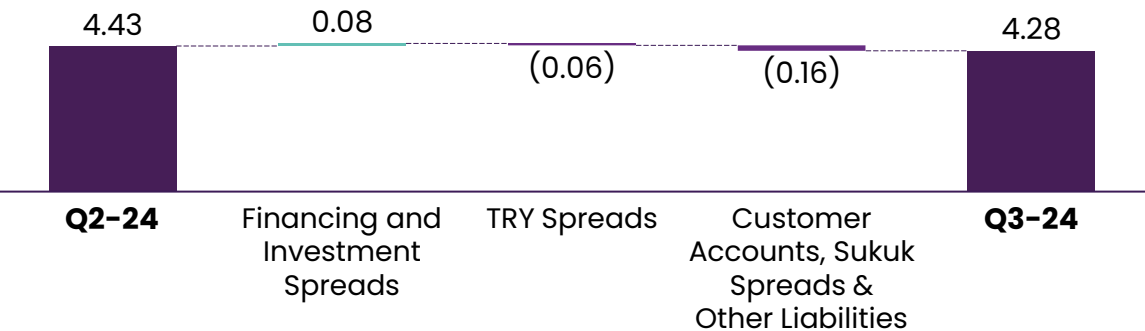
## NPM Drivers YTD(%)



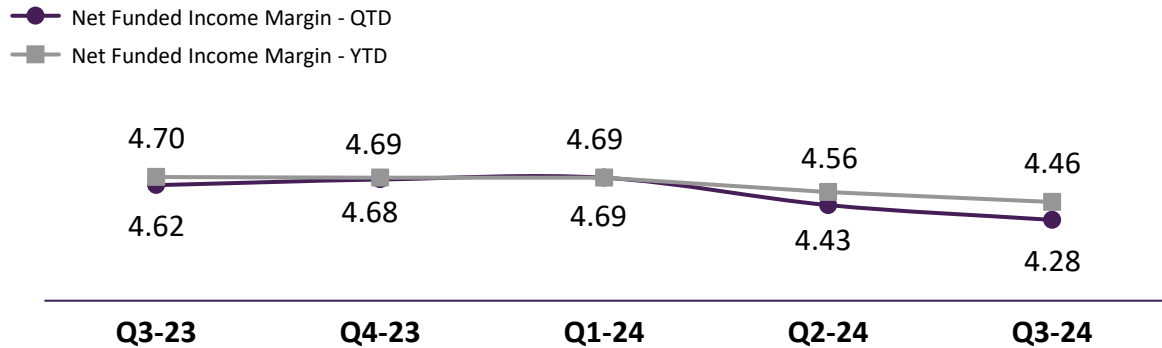
## Key Highlights

- Net funded income margin for **the first 9 months at 4.46%, decreased by 24 bps** compared to same period last year. The decrease is primarily on account of higher volume of customer deposits and higher cost of deposits
- Net funded income margin for **Q3'24 at 4.28%, decreased by 15 bps q-o-q** primarily on account of higher cost of funding and higher cost of deposits partially offset by improved financing and deposit mix, higher margins from Investment portfolio and bank placements

## NPM Drivers Q3-24 vs Q2-24 (%)



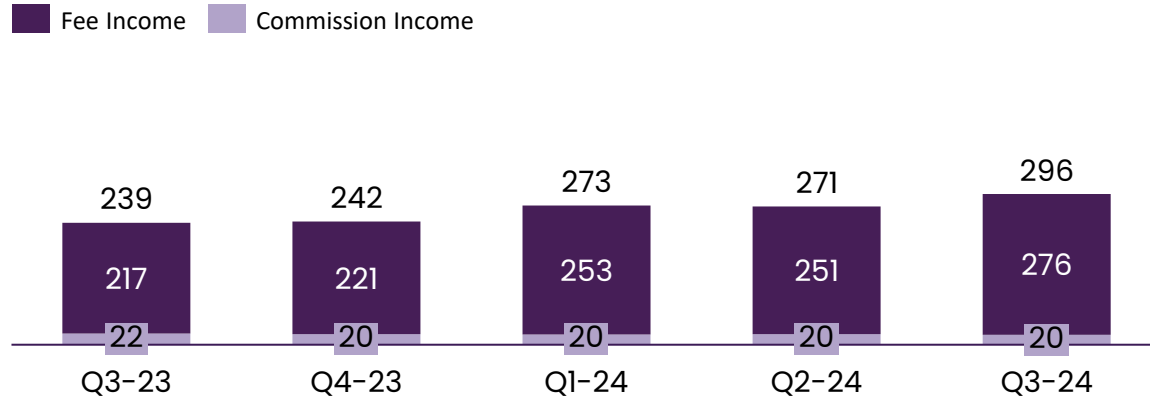
## Net Profit Margin (%)



# Non-Funded Income – strong transaction volumes driving fee & commission income growth

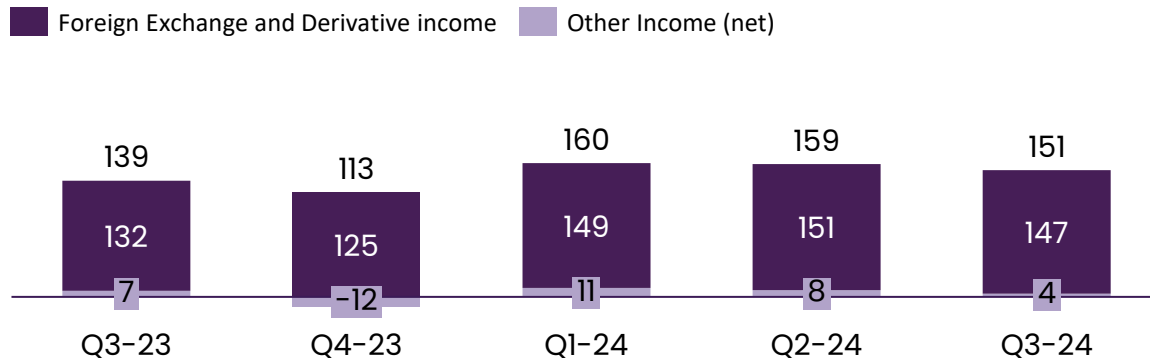
## Gross Fee and Commission Income

(All figures are in AED mn)



## Other Operating Income

(All figures are in AED mn)



## Key Highlights

Non-Funded Income for **the first 9 months increased by 8%** and increased by 15% y-o-y

- Healthy trend in Fee and Commission income for the first 9 months, higher by 22% and 7% y-o-y supported by growth trajectory
- Other operating income for the first 9 months increased by 9% and decreased by 5% y-o-y

## Non-funded Income

(All figures are in AED mn)

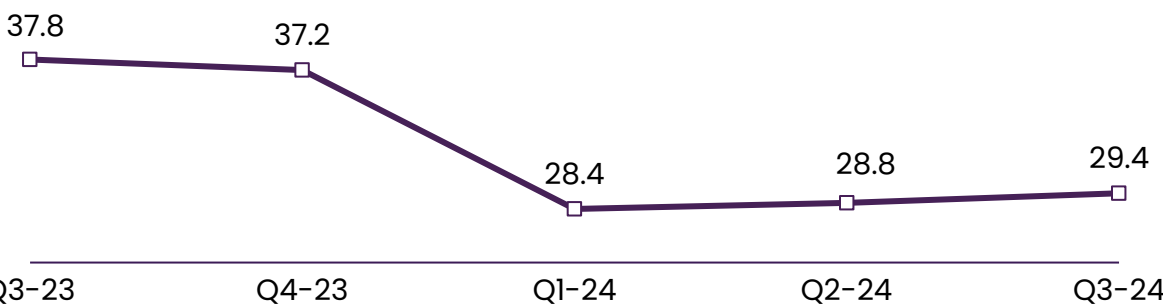
	Q3 24	Q3 23	%Δ YoY	Q2 24	%Δ QoQ
<b>Fee and Commission income</b>	296	239	24%	271	9%
Fee and Commission expense	(158)	(126)	-25%	(143)	-11%
<b>Net Fee and Commission Income</b>	138	113	22%	129	7%
Other operating income	151	139	9%	159	-5%
<b>Total Non-funded income</b>	<b>289</b>	<b>252</b>	<b>15%</b>	<b>287</b>	<b>1%</b>

# Costs firmly controlled with focus on future growth

## Key Highlights

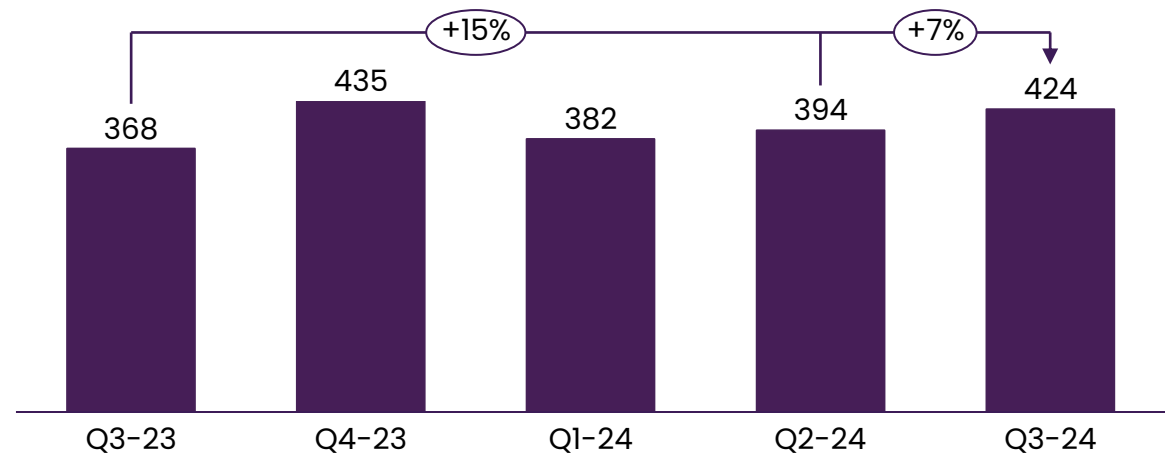
- Cost to Income ratio at **29.4% for the first 9 months of 2024**, decreased by 22% compared to same period last year as a result of:-
  - Increase in total income by 16%
  - Decrease in total cost by 10%

## Cost to Income Ratio (%), YTD



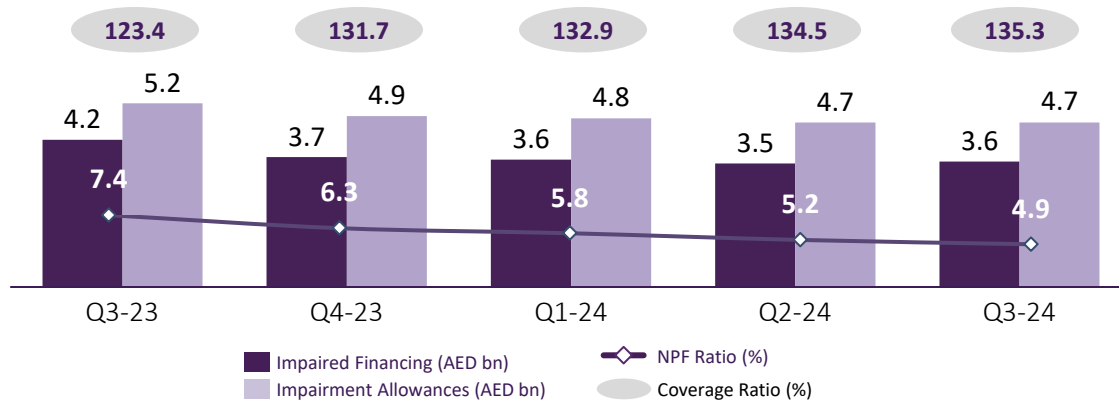
## Operating Costs Trends

(All figures are in AED mn)



# Credit Quality improving with market leading coverage ratio

## Impaired Financing and allowances



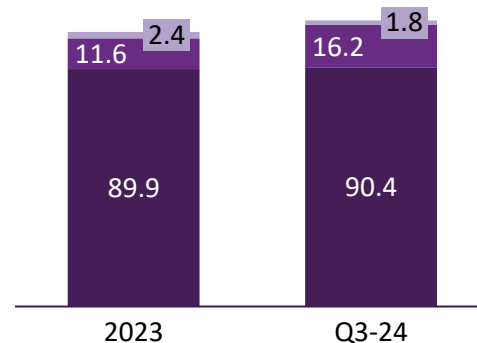
## Key Highlights

- Non-Performing Financing (NPF) ratio decreased to 4.9% from 6.3% at end of 2023
- Coverage ratio at 135.3% increased from 131.7% at end of 2023
- The Impairment allowance of AED 4.7 B includes AED 3.1 B (67%) of specific provisions and AED 1.6 B (33%) of ECL provisions
- Stage 1 and stage 2 Expected Credit Loss (ECL) represents 2.2% of total Credit Risk Weighted Assets (CRWA) at the end of Q3'24 (Dec-23 : 2.7%)

## ECL Allowances (AED bn)



## ECL to Financing Coverage %



## Total Gross Financing

**FY-23 | AED 58.6 bn**

Stage 1 **89.7%**  
Stage 2 **4.0%**  
Stage 3 **6.3%**

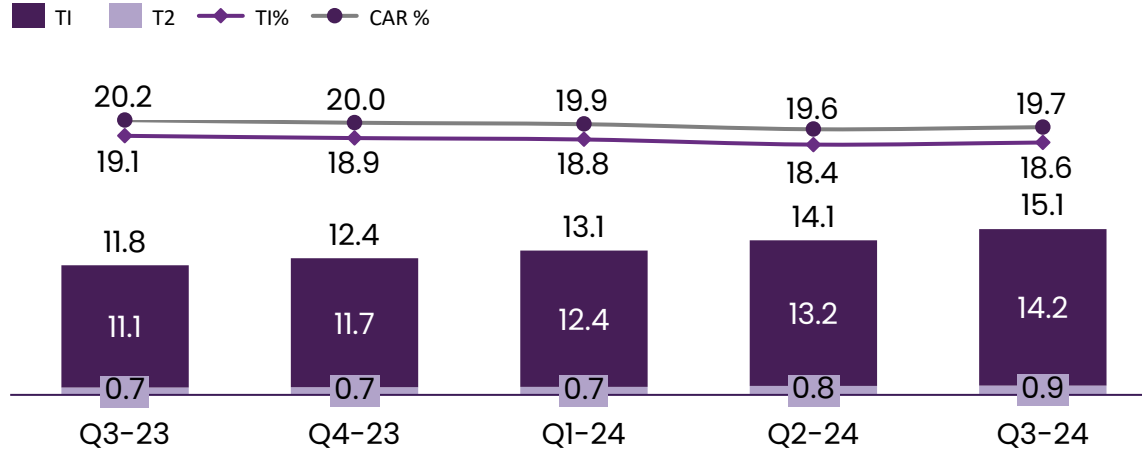


**YTD Sep-24 | AED 71.2 bn**

Stage 1 **91.7%**  
Stage 2 **3.4%**  
Stage 3 **4.9%**

# Capital ratio exceptionally strong at 19.7%

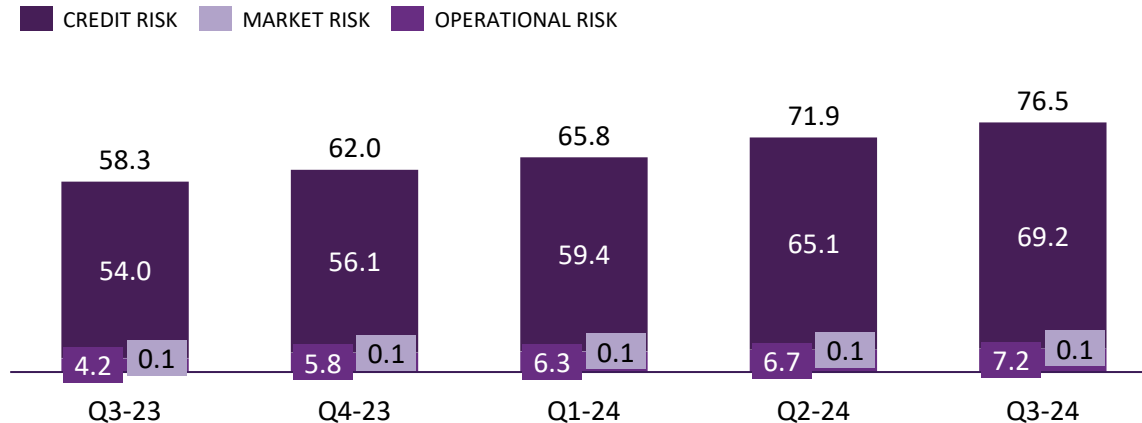
## Capitalisation (All figures are in AED bn)



## Key Highlights

- **CAR at 19.7%** in Q3'24 increased from 19.6% at the end of Q2'24, mainly due to –
  - Increase in capital base partially offset by higher capital charge due to strong Retail and Corporate Financing growth coupled with higher Bank placements
- Tier I ratio at 18.6% in Q3'24 increased from 18.4% at end of Q2'24
- Capital ratios well above CBUAE minimum requirement

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



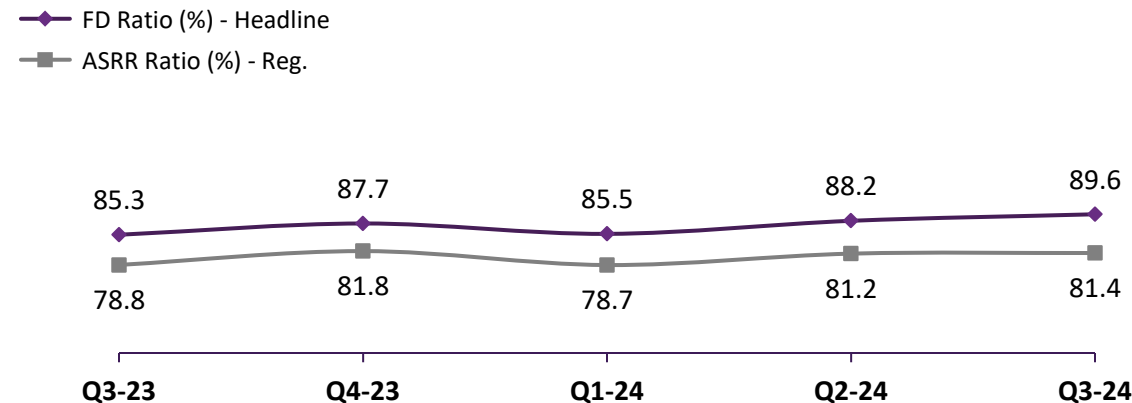
## Capital Movements (as per Basel III)

(All figures are in AED mn)

	Tier-1	Tier-2	Total
Capital as at 31 December 2023	11,726	700	12,426
Net Profits generated	2,499	-	2,499
ECL add-back	(161)	-	(161)
General Provisions	-	165	165
Others	157	-	157
<b>Capital as at 30 September 2024</b>	<b>14,221</b>	<b>865</b>	<b>15,086</b>

# Funding and Liquidity remains very healthy

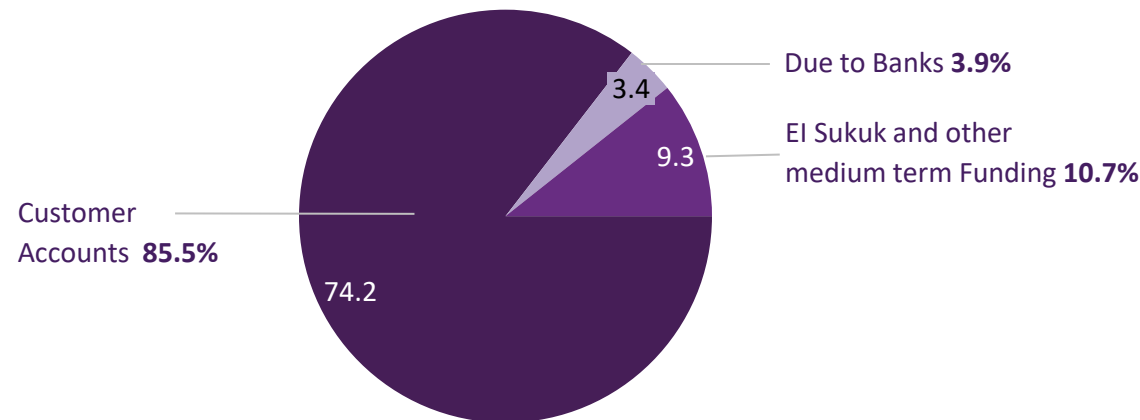
## Headline Ratio (%)



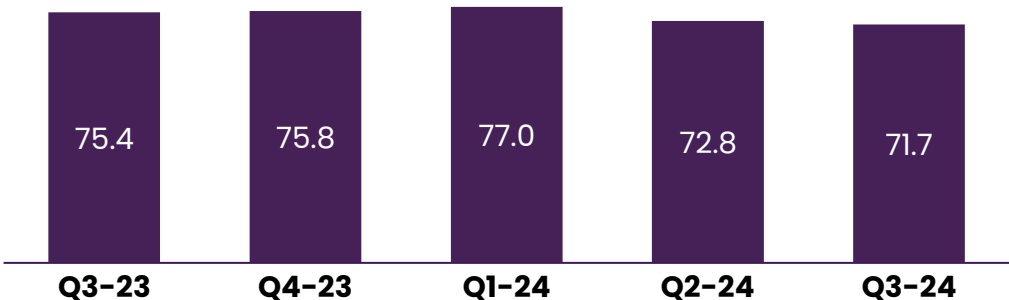
## Key Highlights

- Financing to Deposits ratio remains healthy at **89.6%**
- EI Sukuk and other medium-term funding represent 10.7% of total borrowings
- CASA to Total Customer Deposits ratio at end of **Q3'24 is 71.7%** (Dec'23 – 75.8%)

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



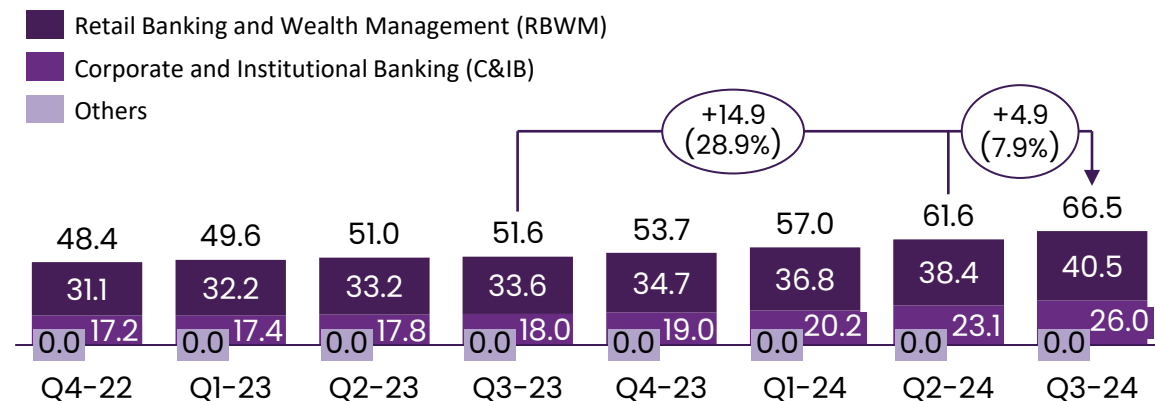
## CASA to Deposit Ratio (%)



# Financing and Customer Deposits reflects strong growth momentum

## Net Financing by Type

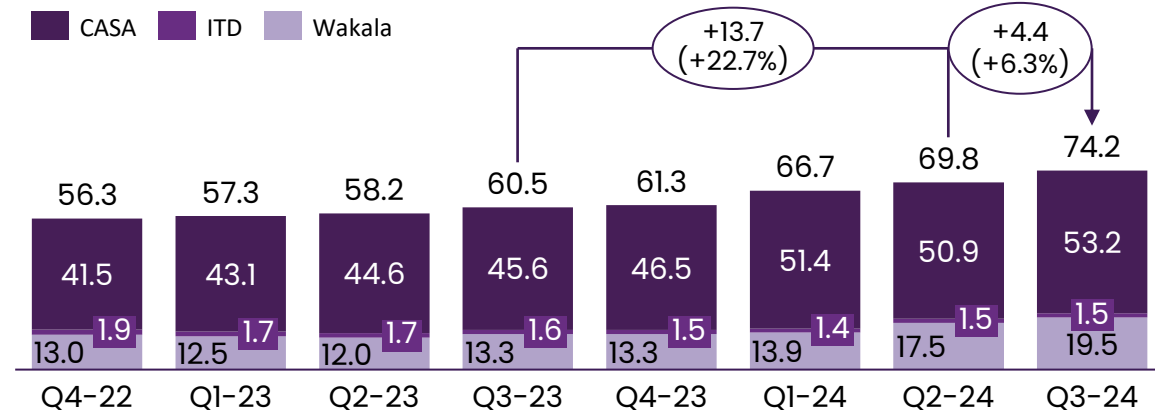
(All figures are in AED bn)



\* Financing is Net off Deferred Income and impairment provisions

## Customer Deposits by Type

(All figures are in AED bn)

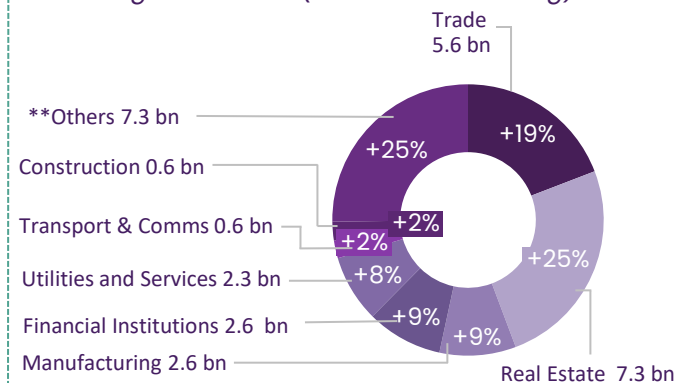


## Key Highlights

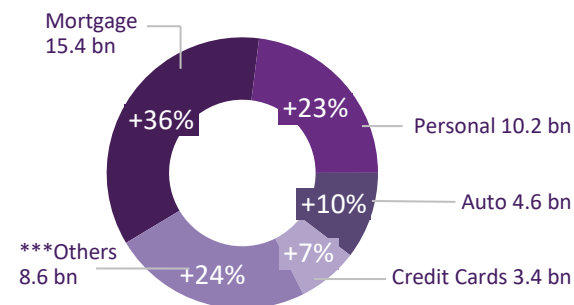
- Financing receivables **increased 29% y-o-y and 8% q-o-q**
  - Retail Banking and Wealth Management' financing receivable increased 21% y-o-y and 5% q-o-q with healthy demand across all products
  - Corporate and Institutional Banking' financing receivables increased 44% y-o-y and 13% q-o-q backed by growth in corporate financing portfolio
- Customer deposits **increased 23% y-o-y and 6% q-o-q**
  - Wakala increased 47% y-o-y and 11% q-o-q
  - CASA increased 17% y-o-y and decreased 5% q-o-q
  - ITD decreased 6% y-o-y and remains nil q-o-q

## Gross Financing by Sector (AED bn, %)

Corporate and Institutional Banking  
Financing AED 29.0 bn (41% of total financing)



Retail Banking and Wealth Management  
Financing AED 42.2 bn (59% of total financing)



\* 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	YTD Sep-24	YTD Sep-23	%Δ YoY
Retail Banking and Wealth Management	Income (mn)	2,579	2,195	18%
	Expense (mn)*	1,061	909	-17%
	Profit (mn)	1,242	684	82%
	Net Financing Receivable (bn)**	40	35	17%
	Deposits (bn)**	58	50	15%
Corporate and Institutional Banking	Income (mn)	779	604	29%
	Expense (mn)*	110	107	-2%
	Profit (mn)	782	561	71%
	Net Financing Receivable (bn)**	26	19	37%
	Deposits (bn)**	17	12	46%

## Notes:

1.\* '- %' reflects increase in expenses

2.\*\*Dec'23 Balance Sheet numbers considered for YTD Sep'23



## Key Highlights

### Retail Banking and Wealth Management

- Total income **increased by 18% y-o-y**, driven by improved economic activity leading to book growth and supported by increase in Non funded income
  - Funded Income increased mainly on account of growth in financing book and customer deposits
  - Non-Funded Income increased mainly due to higher FX income and transaction volumes
- Net Financing **receivable increased 17%** from end of 2023
- Strong growth recorded in Customer deposits, **increased by 15%** from end of 2023

### Corporate and Institutional Banking

- Total income **increased by 29% y-o-y**, driven by improved economic activity and higher profit margin
  - Funded Income increased backed up by portfolio growth and improved financing and deposits mix
  - Non-Funded Income increased mainly due to higher transaction volumes and derivative income
- Net Financing receivable **increased 37%** from end of 2023
- Customer deposits **increased 46%** from end of 2023

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