

MANAGEMENT DISCUSSION & ANALYSIS

Q1 2025 Financial Results

Abu Dhabi, UAE | 23 April 2025

ADIB achieved a Record-Breaking start to 2025, with Net Profit before tax increasing by 18% year-on-year to AED 1.9 billion, resulting in an industry-leading return on equity of 29%

Q1 2025 solid results underscore strategic execution and strong client activity



+18%

AED 1.9bn

Net Profit before tax



+14%

AED 2.9bn

Revenues



-1.5 pts

28.9%

Cost to income ratio



+1.8 pts

28.8%

ROE



+25%

AED 244bn

Total Assets



+27%

AED 155bn

Gross Customer Financing



+25%

AED 200bn

Deposits



-1.7pts

3.7%

NPA ratio



-36 bps

4.31%

Net profit margin



67,000

New customers joined ADIB



+20%

AED 0.417

Earnings Per Share

Net Profit

- Abu Dhabi Islamic Bank reported a **Q1 2025 net profit before tax** of **AED 1.9 billion**, **rising 18% year-on-year**, reflecting a strong balance sheet growth, coupled with increased business momentum and a sustained customer growth.
- Q1 2025 net profit before tax increased 18% compared to Q4 2024, reflecting significant growth and reinforcing the positive trajectory we have built over recent quarters.
- Net profit after tax for Q1 2025** was **AED 1.7 billion**, reflecting a **18% increase** compared to Q1 2024.

Revenues

- Revenue** for Q1 2025 **improved by 14% to AED 2.9 billion** compared to AED 2.5 billion for Q1 2024. This exceptional growth reflects broad-based performance across all key segments. This was supported by an increase in both income from financing activities and non-funding income. The strong business volumes along with continued strength in fee-based businesses, played a significant role in this improvement.
- We delivered **double digit revenue growth compared to Q1 2024**, reflecting strong momentum and continued success in driving top-line performance.
- Funded income** recorded a **4% year-on-year growth** to **AED 1.8 billion in Q1 2025**, compared to AED 1.7 billion last year supported by higher business volumes and our ability to generate sustainable returns despite the lower rate environment.
- Net Profit Margin (NPM)** reached **4.31% contracting by only 36 bps**, reflecting strong business volumes and our effective asset- liability management which compensated for the lower rate environment.
- Non-funded income** grew by **35% year-on-year** to reach **AED 1.1 billion in Q1 2025**, compared to AED 827 million last year. This growth reflects continued strength in **fee-generation revenues**, which saw a **30% increase** from various product sales across retail and corporates, reflecting increased customer activity and successful cross-sell efforts. **Non-funded income now contributes 39% to operating income**, up from 33% in Q1 2024, underlining the continued strategic focus on revenue diversification.

Expenses

- Operating expenses** for Q1 2025 were **AED 830 million**, reflecting an **8% year-on-year increase** as we continue our ongoing investments in people, digital initiatives, and new technology.
- The **cost to income ratio** improved by **1.5 percentage points** to **28.9%** in Q1 2025, compared to 30.4% in Q1 2024.

Provisions and asset quality

- Impairments** decreased by 3% to **AED 106 million** during Q1 2025, translating to a **cost of risk (CoR)** of **37bps**.
- The **non-performing asset ratio** improved to **3.7%**, its lowest level since Q4 2016, due to active remediation of our legacy portfolio coupled with strong underwriting standards.
- The **provision coverage ratio, including collaterals**, improved by **16.6 percentage points** to **161.3%**. The **provision coverage ratio (excluding collaterals)** improved to **82.8%** from 73.0% year-on-year.

Balance sheet

- Total assets** increased by **25% year-on-year** to reach **AED 244 billion**. This growth was driven by financing growth in both retail and corporate banking, as well as an expansion in the investment portfolio.
- Customer financing** grew by **28% year-on-year**, representing AED 33 billion increase compared to last year and AED 8 billion increase year to date. This reflects market share gains across key segments and wholesale banking closing landmark deals.
- Customer deposits** rose by **25% year-on-year** to **AED 200 billion**, compared with AED 160 billion at Q1 2024. This growth maintained a healthy funding mix, with a **12% year-on-year growth** in **Current and Savings Accounts (CASA)**, which now comprise **69% of total deposits**.

Liquidity and capital

- ADIB maintained a robust capital position with a **Common Equity Tier 1 ratio** of **12.24%** and a total **Capital Adequacy Ratio** of **16.23%**.
- The bank's liquidity position was healthy and within regulatory requirements, with the **advances to stable funding ratio** at **78.9%** and the **eligible liquid asset ratio** at **17.1%**.
- Total shareholders' equity** rose 12% year-on-year to AED 27 billion, led by growth in earnings.
- The **return on equity (RoE)** stood at **28.8%** in Q1 2025.



“We started the year with a strong performance, continuing the positive trajectory built over previous quarters. Our results are a clear reflection of our ability to grow profitably and execute our strategy with discipline.”

H.E Jawaan Awaidah Al Khaili

Chairman

67,000

Total number of customers
In Q1 2025

AED **244bn**

Total assets



29%

Return on
shareholders' equity



“We started the year with a strong performance, continuing the positive trajectory built over previous quarters. Our results are a clear reflection of our ability to grow profitably and execute our strategy with discipline. This outstanding performance was underpinned by strong revenue growth across all segments, improved cost efficiency and the best asset quality metrics we've seen to date.

Net profit grew significantly to reach **AED 1.9 billion before tax** showing a **growth of 18% YoY** driven by strong topline **growth in revenue of 14%** supported by continued momentum in customer acquisition and engagement with **67,000 new customers joining the bank in Q1 only**.

This performance reflects favorable macroeconomic conditions and robust market activity which have contributed to broad-based growth across our core business.

Asset growth was exceptional this quarter, reflecting strong momentum in customer financing with **AED 33 billion increase year-on-year**. This demonstrates our ability to capture market opportunities with speed and discipline.

From quarter to quarter, we are building on our track record of progress. We remain focused on executing our strategy, which is based on a diversified business mix, integrating cutting-edge technology, and financial sustainability.

We continue to actively drive our **sustainability agenda** and led initiatives that significantly contributed to our ESG roadmap, ensuring that our growth creates value not only to shareholders but for the communities and environment we serve.

With the launch of **2035 Vision**, we are putting into place a transformative roadmap that positions us at the forefront of our industry. It is a vision that will be fueled by technological advancements, an uncompromising focus on our customers, and a deep commitment to sustainability principles.”



“Building upon the achievements of 2024, we have successfully carried forward our momentum into the new year, establishing new benchmarks with an ROE of 29% and delivering a commendable performance across all our business segments. UAE market conditions remain resilient, and our franchise is well positioned to capture business opportunities.”

Mohamed Abdelbary

Group Chief Executive Officer (GCEO)

AED **1.9bn**

Net profit before tax
up 18%



28.9%

Cost to Income Ratio

3.7%

Non-Performing asset ratio

"Our record earnings have given us a strong start to the year with solid performance across all key indicators with an **ROE of 29%**, demonstrating the depth of our capabilities and the strength of our customer franchise. We had broad-based business momentum as customer financing grew and both fee income and funded income reached new highs.

We delivered significant growth in **net profit of 18%**, driven by **double digit revenue growth of 14%** and expanding business volumes, all while maintaining strong credit quality and cost discipline.

Earnings were propelled by higher volumes in customers' financing, which drove the **funded income up by 4%** compared to Q1 2024. **Non-funded income** saw a notable **rise of 35%** compared to corresponding period last year, reflecting increased customer engagement and the strength of our diversified income streams.

We achieved an improvement in our **cost to Income ratio to 28.9% from 30.4% corresponding period last year**, reflecting our continued focus on cost efficiency and prudent resource allocation. At the same time, we continued to deliver positive jaws with revenue growth outpacing cost Increase, a clear signal of enhanced operational efficiency and productivity.

We delivered a strong **asset growth of 25% year-on-year**, driven by a record **28% year-on-year growth in customer financing**, as we gained market share in retail and closed some landmark deals in corporate banking. This growth was efficiently funded by **AED 40 billion increase in customer deposits**, including **growing our Current and Savings accounts by AED 15 billion**. The strong growth in CASA reflects the strength of our franchise and our continuous focus on driving retail account growth.

We demonstrated balance sheet strength across all key ratios, with asset quality matrix improving as our **non-performing asset ratio reaching 3.7%**, its lowest level since Q4 2016 due to active management of legacy portfolios and strong underwriting standards. At the same time, we **enhanced our coverage ratio**, reinforcing the strength of our balance sheet and our prudent approach to provisioning.

Our Digital transformation journey continues to be a key pillar of our strategy, enabling us to deliver faster, smarter and more inclusive financial solutions. The **launch of fractional sukuk** marks a significant milestone in this journey reflecting our commitment to combine technology and sharia compliant solutions to unlock new opportunities for our customers.

With our **2035 vision**, we aspire to build a future-proof bank that not only meets today's dynamic needs but also anticipates tomorrow's opportunities. UAE macroeconomic conditions remain resilient, and our franchise is well positioned to capture business opportunities."

GROUP FINANCIAL REVIEW

> Income statement

AED (Mn)	Q1 2025	Q1 2024	Δ%	Q4 2024	Δ%
Net revenue from funds	1,752	1,690	+4%	1,663	+5%
Non-funded income	1,120	827	+35%	974	+15%
Total operating income	2,872	2,517	+14%	2,637	+9%
Total operating expenses before impairment charge	(830)	(765)	+8%	(821)	+1%
Provision for impairment	(106)	(109)	-3%	(172)	-39%
Profit before tax	1,936	1,643	+18%	1,645	+18%
Tax	(226)	(192)	+18%	(178)	+27%
Profit after tax	1,710	1,451	+18%	1,467	+17%
EPS (AED)	0.417	0.346	+20%		
Net profit margin	4.31%	4.67%	-36bps		
Cost to income ratio	28.9%	30.4%	-1.5ppts		
Cost of risk	0.37%	0.38%	-1bps		
ROAE	28.8%	27.0%	+1.8ppts		
ROAA	3.12%	3.17%	-5bps		

- ▷ **Group net profit before tax was AED 1.9 billion, up 18% YoY** compared to AED 1.6 billion in Q1 2024 reflecting strong business momentum.
- ▷ **Group net profit after tax grew 18% in Q1 2025 to AED 1.7 billion** compared to AED 1.5 billion in Q1 2024 implying earnings per share of AED 0.417.
- ▷ **Revenues increased by 14% in Q1 2025 to AED 2.9 billion** versus AED 2.5 billion in Q1 2024 on strong business volumes coupled with strength in fee-based businesses, higher Investment income and FX income.
- ▷ **Funded income rose 4% to reach AED 1.75 billion** supported by higher volumes in financing with 13% growth in average earning assets. The **net profit margin reached 4.31%** contracting 36bps only despite a cut of 100 bps in the benchmark rate. ADIB preserves one of the highest margins in the market, supported by one of the lowest cost of funds in the market.
- ▷ The bank continues to benefit from growth in diversified income streams, with **non-funded income increasing by 35% to AED 1.1 billion** during Q1 2025 and a growth of 15% quarter-on-quarter. The growth was driven by a 20% increase in investment income, 30% increase in fees and commissions from various products including card sales, and 170% increase in FX income.
- ▷ **Non-funded income represents 39% of total income**, underlining the strategic focus on revenue diversification compared to 33% in Q1 2024.
- ▷ Overall revenues were supported by growth in **new customers** of approximately **67,000 during Q1 2025**, showcasing ADIB's long-term commitment to its customers and continuous efforts to deliver superior customer service.
- ▷ **Operating expenses for Q1 2025 were AED 830 million**, reflecting **8% year-on-year increase**. This rise demonstrates cost discipline despite continued investments in talent and strategic initiatives to support business growth. Despite this, there was an overall improvement in the **cost-to-income ratio** of 1.5 percentage points to **28.9%**.
- ▷ **The net impairment charge for Q1 2025 decreased by 3% to AED 106 million**. The **cost of risk** remains stable at **0.37%**, well within the guidance.

> Balance Sheet

AED (Mn)	31 Mar 2025	31 Mar 2024	Δ%
Cash and balances with central banks	33,921	32,459	+5%
Due from financial institutions	15,280	8,584	+78%
Customer financing, net	150,133	116,943	+28%
Investments	32,157	26,271	+22%
Investment in associates	941	849	+11%
Investment and development properties	2,051	1,981	+4%
Other assets	9,046	7,561	+20%
Total assets	243,528	194,647	+25%
Due to financial institutions	6,396	3,269	+96%
Depositors' accounts	200,095	160,262	+25%
Other liabilities	8,274	5,265	+57%
Sukuk financing instrument	1,836	1,836	-
Total liabilities	216,601	170,633	+27%
Share capital	3,632	3,632	-
Retained earnings	11,926	9,850	+21%
Other reserves	5,544	4,976	+11%
Equity attributable to shareholders of the bank	21,102	18,458	+14%
Tier 1 sukuk	4,754	4,754	-
Non - controlling interest	1,071	802	+34%
Equity attributable to equity holders of the bank	26,927	24,014	+12%
Non-performing financing	5,753	6,625	-13%
NPA ratio	3.7%	5.5%	-1.7ppts
NPA coverage ratio	82.8%	73.0%	+9.8ppts
NPA coverage ratio with collaterals	161.3%	144.7%	+16.6ppts
Risk weighted assets	169,126	142,286	+19%
Common Equity Tier 1 Ratio	12.24%	12.62%	-38bps
Tier 1 Ratio	15.11%	16.00%	-89bps
Capital Adequacy Ratio	16.23%	17.15%	-93bps
Financing to deposit ratio	75.0%	73.0%	+2.1ppts
Advances to stable fund ratio (ASFR)	78.9%	76.6%	+2.4ppts
Eligible Liquid Asset Ratio (ELAR)	17.1%	20.3%	-3.2ppts

- ▷ Total assets reached AED 244 billion as of 31 March 2025, an increase of 25% from 31 March 2024 and 8% growth compared to Q4 2024. This growth was driven mainly by an increase in net financing and in the investment portfolio.
- ▷ Gross customer financing increased by 27% year-on-year to AED 155 billion, increasing by AED 33 billion, driven by growth in retail financing portfolios and wholesale financing, mainly government and public sector enterprises. This reflects our ability to gain market share across different segments.
- ▷ The bank's investment portfolio increased 22% year-on-year to AED 32.2 billion with 84% representing amortized cost portfolio.
- ▷ Customer deposits amounted to AED 200 billion as of 31 March 2025, up 25% from 31 March 2024 as CASA deposits increased by 12% to AED 139 billion, comprising 69% of total customer deposits.
- ▷ Non-performing financing reached AED 5.75 billion as of 31 March 2025, compared to AED 6.6 billion as of 31 March 2024.
- ▷ Non-performing financing ratio improved to 3.7% versus 5.5% as of 31 March 2024. The provision coverage of non-performing financing (including collaterals) improved by 16.6 percentage points to 161.3%.
- ▷ Total shareholders' equity stood at AED 26.9 billion compared to AED 24.0 billion as of 31 March 2024.
- ▷ ADIB continued to maintain a healthy liquidity position with an advance to stable funding ratio at 78.9% compared to 76.6% on 31 March 2024, while the eligible liquid asset ratio was 17.1% as of 31 March 2025 versus 20.3% on 31 March 2024.
- ▷ The bank further strengthens its capital position with the Common Equity Tier 1 ratio at 12.24%, compared to 12.62% as of 31 March 2024 on the back of strong earnings and ongoing optimization initiatives. Capital adequacy ratio of 16.23% as of 31 March 2025, exceeding regulatory requirements prescribed by the UAE Central Bank.

Strategy



ADIB 2035

Building from our strong foundations as a leading Islamic bank, operating across 5 countries and serving around 2 million customers, ADIB has strongly positioned itself for another growth phase backed by its solid financial performance, strong customer base and brand value. ADIB has announced a 2035 vision, reinforcing our ambition to be the World's most innovative Islamic Bank. Through the 2035 vision, ADIB will continue its development path for the next 10 years, with a focus on three strategic pillars that will guide our efforts to achieve this vision.

1. Building the bank of the future

ADIB is building the bank of the future by transforming operations for greater agility, transitioning to a fully AI powered model and accelerating digital asset adoption and scaling ADIB Ventures to drive FinTech collaboration

2. Revolutionize customer experience

By leveraging digital technologies and placing customers at the heart of every decision by delivering fast, simple and seamless banking solutions and experiences, we are transforming the way our customers interact with us. We are committed to creating an exceptional customer experience that sets us apart in the marketplace.

3. Advancing sustainability initiatives

We will remain committed to embed sustainability into every aspect of our business. Our commitment is to provide sustainable financing solutions and support business in their transition plan. We are also committed to foster an environment where inclusion, staff wellbeing and empowerment are at the heart of everything we do.

By aligning with these strategic pillars, ADIB is positioning itself for long term growth with the aim to be a digitally transformed regional and global Islamic financial powerhouse delivering exponential growth from diverse sources of income.

35 INDUSTRY AWARDS IN 2024

Awards	Categories
Bonds and loans and sukuk	1. Bonds, Loans & Sukuk Middle East Awards 2024
Euromoney	2. World's Best Islamic Bank for ESG 3. Middle East's Best Islamic Bank 4. UAE's Best Domestic Islamic Bank 5. UAE's Best Bank for corporate responsibility 6. UAE's Best Bank for HNWIs
Global Finance	7. Best bank for transition/ sustainability linked bonds in the Middle East 8. Safest Islamic bank in the world 9. Best Islamic Bank for ESG award 10. Best Bank for SMEs in the U.A.E.
IFN	11. IFN Social Impact, SRI ESG Deal of the Year 2023 12. IFN Sovereign & Multilateral Deal of the Year 2023 13. IFN UAE Deal of the Year 2023 14. Best Islamic Bank for Treasury Management 2023
EMEA	15. Best Islamic bank in the UAE 16. Sustainability award (Middle East level)
Meed	17. MENA Islamic Finance Bank of the Year 18. Best Islamic Bank for ESG 19. Best Retail Bank - UAE
Banker FT	20. Islamic Bank of the Year - Middle East
IJGlobal MENA	21. Renewable Energy Deal of the Year 22. Desalination Deal of the Year 23. Water Deal of the Year
Digital banker	24. Islamic Credit Card of the Year 25. Best Islamic Digital Bank – Middle East 26. Best Islamic Digital Bank – United Arab Emirates 27. Best Domestic Islamic Retail Bank – United Arab Emirates 28. Best Islamic Retail Bank – Middle East
The asset Triple A	29. Islamic Issuer of the year 30. Islamic Bank of the Year 31. Best Islamic Retail Bank 32. Best Green Sukuk (ADIB US\$500 million green sukuk) 33. Best Green Sukuk – Retail (Majid Al Futtaim Holding US\$500 million green Wakala/Murabaha) 34. Best Green Sukuk – Real Estate (Aldar Investment Properties US\$500 million Wakala/Murabaha) 35. Best New Sukuk (Ittihad International Investment US\$350 million Wakala/Murabaha sukuk)

About ADIB

ADIB is a leading bank in the UAE with AED 244 billion in assets. The bank also offers world-class online, mobile and phone banking services, providing clients with seamless digital access to their accounts 24 hours a day. ADIB provides Retail, Corporate, Business, Private Banking and Wealth Management Solutions. The bank was established in 1997, and its shares are traded on the Abu Dhabi Securities Exchange (ADX).

ADIB has a strong presence in five strategic markets: Egypt, where it has 72 branches, the United Kingdom, Qatar, and Iraq.

Named **World's Best Islamic Bank by The Financial Times** - The Banker publication, ADIB has a rich track record of innovation, including introducing the award-winning Ghina savings account, award-winning co-branded cards with Emirates airlines, Etihad and Etisalat and a wide range of financing products.

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