

Press Release:

Dubai Islamic Bank First Half 2023 Group Financial Results

- **Total Income rises by 49% YoY to AED 9.3 billion.**
- **Net profit of AED 3.1 billion, strong growth of 15% YoY.**
- **Balance sheet expansion of 4.0% YTD to nearly AED 300 billion.**
- **Continued improvement in RoTE registering 18.2%, up 120 bps YTD.**

Dubai, July 25, 2023

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE, today announced its results for the period ending June 30, 2023.

1H 2023 Highlights:

- **Group Net Profit** came in at AED 3,111 million, up 15% YoY compared to AED 2,700 million. Growth was driven by rising core revenues, controlled impairments and effective cost management.
- **Net financing and sukuk investments** at AED 251 billion, up 5.3% YTD. Gross new underwriting and sukuk investments during 1H 2023 reached AED 45 billion vs AED 33 billion in 1H 2022.
- **Total income** reached to AED 9,309 million compared to AED 6,265 million, a solid expansion of 49% YoY.
- **Net Operating Revenues** showed a robust 11% YoY to reach AED 5,580 million.
- **Net Operating Profit** now at AED 4,109 million, a 12% increase YoY compared to AED 3,684 million in 1H 2022.
- **Balance sheet** expanded by 4.0% YTD to nearly AED 300 billion.
- **Customer deposits** increased to AED 211 billion with CASA comprising 39% of DIB's deposit base. The high rate environment has led to investment deposits increasing its contribution to total deposits to 61% from 56% in YE 2022. CASA has shown an improving trend QoQ growing by AED 1.5 billion.
- **Impairment charges** registered AED 959 million against AED 948 million in 1H 2022, marginally up by 1.2%. However, 2Q 2023 impairments are down 7% QoQ and 13% YoY.
- **NPF** drops to 6.35% compared to 6.46% FY2022, lower by 11 bps.
- **Cost to income** further improved to 26.4%, down 50 bps YoY.
- Liquidity remains healthy with **LCR** at 159%.
- Continued improvement on **ROA** now at 2.1% (+13 bps YTD) and **ROTE** at 18.2% (+120 bps YTD).
- **Capitalization** levels remain robust with **CET1** at 13.4% (+50bps YTD) and **CAR** at 17.9% (+30bps YTD), both well above the minimum regulatory requirement. **Total equity** now stands at AED 44 billion.

Management's comments for the period ending 30th June 2023:



**His Excellency Mohammed
Ibrahim Al Shaibani**

**Director-General of His
Highness The Ruler's
Court of Dubai and
Chairman of Dubai Islamic
Bank**



Dr. Adnan Chilwan

**Group Chief Executive
Officer**

- *Amidst moderating global growth, the UAE economy continues to expand driven by recovering tourism, real estate and rising financial markets. With Dubai alone welcoming more than 8.5 million visitors in the first half and with DFM rising by 14% year to date, this clearly indicates a strong domestic economy supported by the UAE's non-oil sector which is estimated to grow at above 4% this year.*
- *The banking sector continue to remain resilient with rising profitability, strong and growing credit and deposit portfolio supported by the private sector, GREs as well as the retail sector. This expansion is reflected in a continued upward momentum on PMI levels, growing domestic population and increasing FDI inflows.*
- *A strong set of first half results with total income reaching AED 9.3 billion up 49% YoY with rising profitability ratios on ROA and RoTE is a clear indication of the bank's robust financial position, improved cost efficiencies and strong growth across its consumer and corporate business portfolios.*
- *Dubai has been on a remarkable recovery path during the first half of the year with most key sectors depicting strong levels of growth. Additionally, the Dubai Financial Market rose by 14% YTD mirroring the resilience of the Emirate's corporates. The various business and economic reforms placed in by government have reinforced Dubai as a leading global city and DIB's strong first half results clearly shows that the bank is at the forefront of supporting the national growth agendas.*
- *Sectors such as tourism, construction, real estate and investment in clean energy provide tailwinds to an expanding non-oil economy further reiterating DIB's strategic alignment to the UAE's expansionary agenda.*
- *DIB's profitability during the first half has once again been notable with net profit reaching AED 3.1 billion, up 15% YoY, reflecting higher revenues, controlled costs and impairments and a keen focus on executing our medium-term strategic objectives.*
- *We have reached another key historic milestone as the bank's balance sheet has now reached AED 300 billion, a strong rise of 4% YTD. The financing book grew by 2% YTD to AED 190 billion across corporate and consumer and further reinforced by a surge in our digital sales and*

transactions particularly on the consumer business. Including Sukuk, the bank has grown 5.3% well ahead already of the full year growth guidance.

- DIB's gross new financing and sukuk underwriting of AED 45 billion during the quarter was up by a considerable 36% compared to AED 33 billion in 1H2022 fueled by corporate and retail lending underpinning DIB's strong market position and business appetite for growth.*
- The fixed income book grew by an astonishing 18% YTD and 31% YoY now reaching at AED 61 billion from AED 52 billion in FY 2022. The portfolio is primarily invested in highly rated sovereign instruments across the region.*

Financial Review:

Income statement summary

AED millions	June 2023	June 2022	YoY % change
Total Income	9,309	6,265	49%
Depositors' / Sukuk holders share of profit	(3,730)	(1,226)	204%
Net Operating revenue	5,580	5,039	11%
Operating expenses	(1,471)	(1,355)	9%
Profit before impairment losses & income tax	4,109	3,684	12%
Impairment losses	(959)	(948)	1%
Income tax	(39)	(36)	9%
Net profit for the period	3,111	2,700	15%

Key Ratios (%)	June 2023	June 2022	Change (bps)
Net Profit Margin %	3.2%	2.8%	40 bps
Cost to income ratio %	26.4%	26.9%	(50 bps)
Return on average assets %	2.1%	2.0%	10 bps
Return on tangible equity %	18.2%	16.9%	130 bps

Balance Sheet Summary

AED millions	June 2023	Dec 2022	YTD % change
Net Financing and Sukuk Investments	250,926	238,271	5%
Equities & Properties Investments	9,425	9,724	(3%)
Other Assets	8,543	9,148	(7%)
Due from banks and financial institutions	2,734	4,607	(41%)
Cash & CB Balances	28,134	26,489	6%
Total assets	299,762	288,238	4%
Customers' deposits	210,684	198,637	6%
Sukuk financing instruments	20,479	22,340	(8%)
Other liabilities	24,138	23,286	4%
Total liabilities	255,301	244,263	5%
Shareholder Equity & Reserve	33,465	33,040	1%
Tier 1 Sukuk	8,264	8,264	0%
Non-Controlling interest	2,732	2,671	2%
Total liabilities and equity	299,762	288,238	4%

Key Ratios (%)	June 2023	Dec 2022	Change (bps)
Liquidity Coverage Ratio (LCR)	159%	150%	900 bps
CET 1	13.4%	12.9%	50 bps
Capital Adequacy Ratio (CAR)	17.9%	17.6%	30 bps
Non-Performing Financing (NPF)	6.35%	6.46%	(11 bps)
Coverage	81%	78%	300 bps

Operating Performance

The bank's **Total Income** rose to AED 9,309 million in 1H 2023 demonstrating a notable YoY growth of 49% compared to AED 6,265 million primarily driven by strong income from financing assets. This is clearly reflected in the **Net Operating Revenue** which grew by 11% YoY to reach to AED 5,580 million compared to AED 5,039 million last year.

Pre-impairment profit increased by 12% YoY reaching to AED 4,109 million compared to AED 3,684 million. **Impairment charges** reached AED 959 million, marginally up 1.2% YoY. However, 2Q 2023 charges of AED 463 million, were down 7% QoQ and 13% YoY.

Operating expenses amounted to AED 1,471 million during 1H 2023 vs AED 1,355 million in 1H 2022, exhibiting 8.5% YoY increase. The bank's growth plans are well underway including continued enhancements on digital and transactional banking and further improvements on the customer experience journey. Following higher revenue growth and controlled cost growth, **cost income ratio** strengthened to 26.4%, down 50 bps YoY.

As a result, the bank's **Group Net Profit** witnessed a strong increase of 15% YoY to reach AED 3,111 million (the highest in the bank's history for the period under consideration) vs AED 2,700 million in 1H 2022. Q2 2023 net profit registered AED1,605 million up 6.6% QoQ and 18% YoY.

Net profit margin increased to 3.2% (+40bps YoY) with **ROA** and **ROTE** at a healthy 2.1% and 18.2% up by 10 bps and 120 bps YTD respectively.

Balance Sheet Trends

Net financing & Sukuk investments stood at AED 251 billion, up 5.3% YTD from AED 238 billion in FY 2022. DIB's net financing assets were up by 2% YTD while the Sukuk investments portfolio, another key focus of the bank, expanded by nearly 18% YTD to reach to AED 61 billion.

DIB witnessed healthy overall YoY growth in gross new financing and sukuk in 1H 2023 amounting to nearly AED 45 billion, up 36% compared to AED 33 billion in 1H 2022. Gross corporate financing origination of nearly AED 21 billion (+ 23% YoY) driven mainly by large corporates, while new bookings from consumer financing accounted for AED 10 billion (+19% YoY), continued to exhibit DIB's competence in deploying financing assets across all segments despite the ongoing market volatilities. Routine repayments of AED 13 billion and AED 8 billion from the corporate and consumer segments respectively kept flowing in given the elevated rate environment. Additionally, excess liquidity in the market led to early settlements from corporates of AED 6 billion. Despite this, net movement in the financing book led to a positive AED 3.5 billion in 1H 2023.

Customer deposits stood at AED 211 billion as of 1H 2023 up by 6% YTD on the back of a 5% increase in corporate deposits and an 8% increase in retail deposits. **CASA** now stands at AED 81 billion, comprising 39% of deposits. However, on a QoQ basis CASA showed an improvement by AED 1.5 billion. Migration to wakala deposits continued during the period due to the current global rate scenario. This is reflected through an increase in the wakala structure (investment deposits) which is up 16% YTD comprising a higher share of 61% of total deposits versus 56% in YE 2022. **Liquidity coverage ratio (LCR)** at 159%, up from 150% FY 2022, remains above regulatory requirement, depicting strong liquidity position.

Non-performing financing (NPF) ratio improved to 6.35%, down 11 bps compared YE 2022. Recoveries from NMC and NOOR POCI are ongoing which resulted in a decline of 10% in their NPF accounts. Additionally, coverage ratio on both accounts increased. For NMC coverage increased by 300 bps YTD to 77% and by 800 bps to 36% for the NOOR POCI account. Finally, core DIB NPF account witnessed a 1.2% uptick on a YTD basis to AED 10.9 billion well covered at 84%.

Stage 2 financing increased by 17% YTD to AED 18 billion due to normal flow between stages. On the other hand, Stage 3 coverage accordingly improved to 62.9%, (+170 bps) from FY2022 on the back of a concerted effort on recoveries.

Cash coverage ratio improved to 81% (+300 bps YTD, +700 bps vs 1H 2022) and overall coverage including collateral at 113% (+300 bps YTD and 1,000 bps vs 1H 2022) underpinning DIB's commitment to enhancing its coverage ratio. **Cost of risk** on gross financing assets stood at 74 bps compared to 84 bps for the year 2022, an improvement of 10 bps YTD.

Capital ratios continue to remain strong with **CAR** now at 17.9% (up 30 bps YTD) and **CET 1 ratio** at 13.4% (up 50 bps YTD), both well above the regulatory requirement.

Business Performance (1H 2023)

Consumer Banking portfolio stood at AED 54 billion up 4% from AED 52 billion in FY2022. The portfolio's total new underwriting of AED 10 billion during the period increased from AED 8.6 billion in 1H2022. In this, all consumer segments witnessed strong growth particularly auto finance which featured a 30% jump YoY and Personal Finance up 15% YoY in gross new underwriting. The business generated AED 2.4 billion in revenues during the year up a hefty 26% YoY from AED 2 billion during 1H 2022. Blended yield on consumer financing grew by 87 bps YoY to reach to 6.6%. Separately, on the funding side, consumer deposits witnessed an 8% increase YTD to AED 85 billion as investment deposits gained traction from customers while CASA remained steady YTD at AED 49 billion.

Corporate banking portfolio now stands at AED 136 billion up 1.5% YTD driven by automobile, financial institution and the utilities sectors. Gross new wholesale lending for 1H 2023 registered AED 21 billion up 23% YoY, while repayments and early settlements came in at AED 19.5 billion. Revenues featured double digit growth reaching AED 2.3 billion, up 39% YoY compared to AED 1.6 billion in 1H 2022. Yield on corporate financing portfolio expanded by 324 bps YoY to 6.21% compared to 2.97%. Separately on the funding side, corporate deposits increased by 5% YTD while CASA was impacted as large corporate rotate their deposits into investment higher yielding accounts.

Key Business Highlights (2Q 2023)

- DIB introduced an all-digital way of banking with '**alt**'- a comprehensive digital banking solution that integrates DIB's extensive range of digital offerings and capabilities into one platform, providing customers with a seamless and hassle-free banking experience. The platform brings together more than 135 digital services via the DIB Mobile App, Online Banking, WhatsApp, and ATMs. This one-stop-shop for all banking needs enables customers to open a bank account in minutes, apply for personal finance or credit cards, remitting money locally or internationally, making payments, and much more. It has been designed to simplify banking processes and enhance convenience for customers across various touchpoints. By harnessing the power of advance technology, DIB 'alt' ensures an easy-going and efficient banking experience.
- As an organization that lives by its ICARE Values and aiming to provide further inclusive and productive environment, DIB announced the opening of **AL AMANAH** Parent Child Care Zone in Al Nahda Building to support its staff with work life balance and parenting in the workplace.
- **The launch of "Premium Service"**. The bank's Call Center Unit launched the "Premium Service for Aayan & Wajaha Customers" – wherein a service team dedicated at offering the very best across customer service and experiences. The Premium Service is an initiative aligned to the bank's strategic vision of becoming a stronger customer-centric organization, making our customers' journey with the bank more rewarding and enriching one. Customers will be connected to the agents in a much shorter time period, thereby potentially resulting in faster resolutions.
- **Tesla Event at GDRFA** (General Directorate of Residency and Foreigners Affairs – Dubai). As part of DIB's mission of being in sync with the global drive towards sustainability, DIB Auto Finance organized sales events in partnership with Tesla. The events were a great success as visitors and staff got the opportunity to experience TESLA Electric Vehicles and customers expressed their interest in DIB's Evolve Auto Finance during the event.

DCM and Syndication Deals (2023 YTD)

SUKUK				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (USD mn)	Maturity
First Abu Dhabi Bank	Financial Institution	4.581%	500	17-Jan-28
Dubai Islamic Bank	Financial Institution	4.800%	1,000	16-Aug-28
Air Lease Corp	Corporate	5.850%	600	01-Apr-28
Damac Properties	Corporate	7.750%	400	27-Apr-26
Aldar Investment Properties	Corporate	4.875%	500	24-May-30
Majid Al Futtaim	Corporate	5.000%	500	01-Jun-33
Sobha Realty	Corporate	8.750%	300	17-Jul-28

CLUB / SYNDICATED TRANSACTIONS			
Obligor Name	Obligor Type / Sector	Total Deal Value (USD or USD eqv. In Mn)	Closing Date
Tecom Investments LLC	Corporate / Real Estate	2,071	Jun 2023
DP World	Logistics	3,000	Jan 2023
Merex Investment	Real Estate	463	Jun 2023
Dubai Asset Management	Real Estate	545	May 2023

Awards List (2023 YTD)

Date	Award Giving Body	Award Received
June 2023	Forbes ME	- Ranked 22nd amongst the Middle East's Top 100 Listed Companies - Ranked 10th amongst the UAE's top 10 listed companies
June 2023	Euromoney Awards for Excellence 2023	- Best Islamic Bank in the Middle East - Best Islamic Bank in the UAE
May 2023	MEA Finance Banking Technology Awards 2023	- Best Innovation in User Experience - Best Analytics System (Dubai Islamic Bank and GBM) - Best Corporate Payments Service
April 2023	Forbes ME	DIB Ranked 13th amongst the Middle East's 50 Most Valuable Banks 2023
April 2023	Achievement Awards 2022	Best financial institution Sukuk
March 2023	Islamic Finance News Awards	- Most Innovative Islamic Bank - Best Overall Islamic Bank in UAE - Best Corporate Bank in UAE - Best Overall Islamic Bank in Kenya - Best Investment Bank in Kenya - Best Corporate Bank in Kenya - Most Innovative Bank in Kenya - Syndicated Deal of the Year - Turkey Deal of the Year - Corporate Finance Deal of the Year - Pakistan Deal of the Year - Best Overall Islamic Bank
February 2023	16th Annual Best Deal & Solution Awards 2022	Best Sovereign Bond & Best Green Sukuk of the year 2022

About Dubai Islamic Bank

Established in 1975, Dubai Islamic Bank is the largest Islamic bank in the UAE by assets and a public joint-stock company listed on the Dubai Financial Market. Spearheading the evolution of the global Islamic finance industry, DIB is also the world's first full-service Islamic bank and the second-largest Islamic bank in the world. With Group assets over USD 80bln and a market capitalization of more than USD 10bln, the group operates with a workforce of more than 10,000 employees and around 500 branches in its vast global network across the Middle East, Asia and Africa. Serving over 5 million customers across the Group, DIB offers an increasing range of innovative Shariah-compliant products and services to retail, corporate and institutional clients.

In addition to being the first and largest Islamic bank in the UAE, DIB has a significant international presence as a torchbearer in promoting Shariah-compliant financial services across several markets worldwide. The bank has established DIB Pakistan Limited, a wholly-owned subsidiary that is the first Islamic bank in Pakistan to offer Priority & Platinum Banking, as well as the most extensive and innovative portfolio of Alternate Distribution Channels. The launch of Panin Dubai Syariah Bank in Indonesia early in 2017 marks DIB's first foray in the Far East, the bank owns over 25% stake in the Indonesian bank. Additionally, in May 2017, Dubai Islamic Bank PJSC was given the license by the Central Bank of Kenya (CBK) to operate its subsidiary, DIB Kenya Ltd. DIB has been designated as D-SIB (Domestic Systemically Important Bank) in 2018 in UAE. In early 2020, DIB completed the acquisition of Noor Bank, which solidifies its position as a leading bank in the global Islamic finance industry. In 2021, DIB increased its foreign ownership limit to 40% reflecting the increasing confidence of global investors towards the bank.

The Bank's ultimate goal is to make Islamic finance the norm, rather than an alternative to conventional banking worldwide. DIB has won a range of accolades that are testament to these efforts across diversified areas, including retail, corporate and investment banking, as well as CSR and consultancy services. DIB has been named the Best Islamic Bank in various prestigious ceremonies and recognized for its outstanding performance amongst the world's Islamic Banks, marking it a clear indication of the bank's leadership position in the Islamic finance sector.

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