

Press Release:

Dubai Islamic Bank Nine Months 2022 Group Financial Results

- Significant increase in profitability of 34% YoY to reach to AED 4.1 billion, highest ever nine-month performance in history.
- Considerable rise in total income by 10% YoY to AED 10 billion.
- Improving impairment provision coverage to 76% (up 400 bps YTD) exhibiting DIB's prudent risk strategy.
- Substantial improvement in RoTE registering 16.8% up 380 bps YTD.

Dubai, October 25, 2022

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE, today announced its results for the period ending September 30, 2022.

9M 2022 Highlights:

- Substantial growth in **Group Net Profit** of 34% YoY to AED 4,101 million vs AED 3,069 million in same period last year. The strong growth was driven by rising core revenues and sustained lower impairments.
- **Net financing and sukuk investments** grew by 3.3% YTD to AED 236 billion. The bank attained nearly AED 43 billion YTD in gross new underwriting.
- **Total income** reached to AED 9,873 million compared to AED 8,946 million, double digit growth of 10% YoY and 11% QoQ.
- **Net Operating Revenues** showed a robust 7% YoY increase and 2% sequentially to reach AED 7,653 million.
- **Net Operating Profit** now at AED 5,612 million, a strong increase of 6% compared to AED 5,275 million in 9M 2021.
- **Balance sheet** remains robust at AED 275 billion, marginally lower by 1.5% YTD.
- **Customer deposits** now at AED 187 billion with CASA comprising 42% of the deposit base.
- **Impairment charges** continue to decline registering AED 1,450 million against AED 2,174 million in previous year, lower by 33% YoY, demonstrating resilience of the financing book.
- **NPF** ratio continues its downward momentum now at 6.5% lower by 30 bps YTD compared to 6.8% in 2021.
- **Cost to income** still strong at 26.7% down 10 bps from YE2021.
- Liquidity remains healthy with **LCR** of 123%.
- Continued healthy improvement on **ROA** now at 2.0% (+50bps YTD) and **ROTE** at 16.8% (+380bps YTD).
- **Capitalization** levels remain robust with **CET1** at 13.9% (+150bps YTD) and **CAR** at 18.6% (+150bps YTD), both well above the minimum regulatory requirement. **Total equity** now stands at AED 43 billion.

Management's comments for the period ending 30th September 2022:



**His Excellency Mohammed
Ibrahim Al Shaibani**

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

- *Business and operating conditions in the UAE continue to strengthen despite moderating global growth, driven by recovery in travel and tourism, retail business spending and the implementation of new residency reforms. The UAE financial system continues to demonstrate expansion and resilience with DIB reinforcing the sector's recovery and growth agenda through its strong financial performance to date.*
- *The bank's third quarter profitability metrics and ratios have been remarkable with 10% YoY growth in total income reaching nearly AED 10 billion and ROA 2.0% (+50 bps YTD) and RoTE 16.8% (+380 bps YTD) surpassing our full year guidance's and exhibiting its dynamic capabilities despite the on-going subdued global economic environment.*
- *The Board has full confidence in UAE's efforts in demonstrating effectiveness to the Financial Action Task Force (FATF). We continue to engage with regulators on the compliance and risk agenda and optimize investments in this critical area to ensure that the bank has the most stringent controls in place to help address financial crimes and frauds as well as money laundering, which has been a top emerging international risk on the global banking sector over the past few years.*



**Dr. Adnan Chilwan
Group Chief Executive
Officer**

- *Amidst the on-going unprecedented environment, the bank's incredible performance to date with net profits rising by 34% YoY to reach AED 4.1 billion has been the highest ever nine months performance in the bank's history. This feat is a true testament of our robust strategy that we have set at the beginning of the year where we aim to deliver further value to our shareholders and continue to unlock growth opportunities. This has led to our margins to further improve by 30 bps YTD.*
- *The strong improvements in our asset quality has been gaining momentum over the past few quarters with significantly lower impairments of 33% YoY and NPF ratio at 6.5% (-30 bps YTD). Our overall coverage ratios have been increasing depicting our strong prudent approach to risk management.*

- ✦ *At DIB, we have always been committed to enhancing shareholder value. This is clearly reflected in our deliberate approach to building greater efficiency within our balance sheet. Today, we are at the best cost to income ratio in the market at 26.7%. This, aligned with our outstanding liquidity management, has led to the significant upside in profitability, positively impacting both RoTE at 16.8% and ROA at 2%.*
- ✦ *DIB continues to demonstrate resilience with strong capital and liquidity ratios which are expected to remain robust over the upcoming period. This is despite the CBUAE withdrawal of the liquidity schemes.*
- ✦ *Our digital aspirations continue to accelerate with double digit YoY growth across key metrics supported by enhanced journey experiences and services as well as on-going digital marketing promotions and campaigns to our large customer base.*
- *As a Domestic Systemically Important Bank (DSIB), DIB has embarked on a journey to majorly upgrade its Compliance function in line with regulatory expectations. This involves number of tactical and strategic measures that are currently in different stages of implementation. Heightened governance in this area is aimed at embedding a strong compliance culture across all levels within the organization's three lines of defense. Compliance leadership, skill set and capacity has been significantly strengthened as part of this journey.*
- ✦ *Our commitments to long term sustainable business practices has been relentless in line with UAE's global sustainability aspirations and we are now moving towards the next phase of our ESG journey with more commitments and re designing our operating model to further embed ESG across the various internal functions as well as enhanced risk monitoring.*

Financial Review:

Income statement summary

AED millions	9M 2022	9M 2021	YoY % change
Total Income	9,873	8,946	10%
Depositors' / Sukuk holders share of profit	(2,220)	(1,797)	24%
Net Operating revenue	7,653	7,149	7%
Operating expenses	(2,040)	(1,874)	9%
Profit before impairment losses & income tax	5,612	5,275	6%
Impairment losses	(1,450)	(2,174)	(33%)
Income tax	(61)	(32)	90%
Net profit for the period	4,101	3,069	34%

Key Ratios (%)	9M 2022	Dec 2021	Change (bps)
Net Profit Margin %	2.9%	2.6%	30 bps
Cost to income ratio %	26.7%	26.8%	(10 bps)
Return on average assets %	2.0%	1.5%	50 bps
Return on tangible equity %	16.8%	13.0%	380 bps

Balance Sheet Summary

AED millions	9M 2022	Dec 2021	YTD % change
Net Financing and Sukuk Investments	236,104	228,485	3.3%
Equities & Properties Investments	9,917	10,221	(3%)
Due from banks and financial institutions	2,931	3,303	(11%)
Cash & CB Balances	16,840	28,079	(40%)
Total assets	274,856	279,082	(2%)
Customers' deposits	186,512	205,845	(9%)
Sukuk financing instruments	19,592	20,563	(5%)
Total liabilities	231,709	237,617	(2%)
Shareholder Equity & Reserve	32,230	30,602	5%
Tier 1 Sukuk	8,264	8,264	-
Non-Controlling interest	2,653	2,599	2%
Total liabilities and equity	274,856	279,082	(2%)

Key Ratios (%)	9M 2022	Dec 2021	Change (%)
Liquidity Coverage Ratio (LCR)	123.0%	136.3%	(13%)
CET 1	13.9%	12.4%	1.5%
Capital Adequacy Ratio (CAR)	18.6%	17.1%	1.5%
Non-Performing Financing (NPF)	6.5%	6.8%	0.3%
Coverage	76.0%	72.0%	4%

Operating Performance

The bank's **total income** rose to AED 9,873 million in 9M 2022 demonstrating a healthy YoY growth of 10% compared to AED 8,946 million in same period of last year driven by strong income from financing assets. This is clearly reflected in the **Net Operating Revenue** which grew by 7% YoY to reach to AED 7,653 million compared to AED 7,149 million last year.

Pre-impairment profit during 9M 2022 increased by 6% YoY reaching to AED 5,612 million compared to AED 5,275 million. Underwriting quality remains robust resulting in significantly lower **impairment charges** amounting to AED 1,450 million vs AED 2,174 million last year, an improvement of 33% YoY.

Operating expenses amounted to AED 2,040 million during 9M 2022 vs AED 1,874 million in 9M 2021 exhibiting a 9% YoY increase. The bank continues to focus on scaling up critical support functions in line with increasing regulatory requirements and strengthening group wide control oversight including enhanced monitoring on the bank's subsidiaries. Following higher revenue growth, **cost income ratio** is still maintained at a sector leading position at 26.7%.

As a result, the bank's **Group Net Profit** witnessed a significant rise of 34% YoY to reach AED 4,101 million vs AED 3,069 million in 9M 2021.

Net profit margin increased to 2.9% (+30bps YTD) with **ROA** and **ROTE** at a healthy 2% and 16.8% respectively.

Balance Sheet Trends

Net financing & Sukuk investments stood at AED 236 billion, a rise of 3% YTD from AED 228.5 billion in 2021. Sukuk investments, another key focus of the bank, grew strongly by 17% YTD to reach to AED 49 billion.

DIB witnessed YTD growth in new corporate financing origination of nearly AED 20 billion driven mainly by public and private sectors, while new bookings from consumer financing accounted for AED 13 billion, exhibiting DIB's prowess in deploying financing assets despite the ongoing market volatilities, offset by routine repayment of AED 9 billion and AED 11 billion from Corporate and Consumer financing respectively. This new underwriting has been offset by early settlements in the corporate portfolio to the tune of AED 13 billion YTD as the segment witnessed a sharp rise in settlements during the 3rd quarter on the back of a rising rate environment and excess liquidity, primarily stemming from large corporate government and related entities.

Customer deposits stood at AED 187 billion at the end of 9M 2022 with **CASA** now standing at AED 77 billion sitting comfortably at 42% of deposits. The increasing competitive environment has led to deposits declining by

9% YTD, primarily driven by DIB's deliberate policy to release high cost deposits and protect the margins. Despite this, **liquidity coverage ratio (LCR)** at 123% remains above regulatory requirement, depicting balance sheet efficiency.

Credit quality remained intact with **non-performing financing (NPF) ratio** seeing a decline of 30bps YTD to 6.5% and stable QoQ. NPF has now declined by a healthy 4% YTD to AED 13,227 million from AED 13,784 million. The main improvement came from DIB's core NPF portfolio which improved by 3% while NMC and NOOR POCI (which constitute 17% of NPFs) both declined by a combined 10%, due to ongoing recoveries. Stage 3 coverage accordingly improved to nearly 60%, (+310 bps) from YE2021. Stage 2 loans dropped to AED 17 billion versus AED 20 billion during YE2021, a 15% drop depicting improving quality of the book. Stage 2 coverage accordingly improved to 6.9% compared to 5.6% in YE2021.

Cash coverage ratio improved to 76% (+400 bps YTD) and **overall coverage including collateral** at 105% (+280bps YTD) underpinning DIB's overall prudent risk strategy. **Cost of risk** on gross financing assets now stands at 79 bps compared to 99 bps for the year 2021, an improvement of 20 bps YTD.

Capital ratios continue to remain strong with **CAR** now at 18.6% and **CET 1 ratio** at 13.9%, both well above the regulatory requirement.

Business Performance (Year to Date)

Consumer Banking remains solid with total new underwriting of AED 13 billion YTD driven by Personal Finance and Home Finance which had a combined new underwriting of AED 9 billion YTD. The consumer portfolio now stands at AED 53 billion marginally up from AED 51 billion in YE 2021. The business generated AED 3 billion in revenues during the nine-month period up 11% YoY from AED 2.7 billion during 9M 2021. Blended yield on consumer financing grew by 22bps YoY to reach to 5.81%.

Corporate banking portfolio now stands at AED 144 billion with government and service sectors contributing strongly to this portfolio. The business booked AED 20 billion in new underwriting year to date despite global market volatilities as UAE continues its economic rebound this year. YTD revenues grew strongly to reach to AED 2.7 billion, up 14% YoY compared to AED 2.3 billion during 9M 2021. Yield on corporate financing portfolio continues its upward trend now reaching 3.4%, an increase of 66 bps YoY.

Key Business Highlights (Year to Date)

- In line with the bank's corporate sustainability strategy demonstrating commitment to support the UAE's transformation into a green and sustainable economy, DIB unveiled new Green Auto Finance "EVolve", a

holistic solution aiming to contribute to a cleaner environment by providing solutions around buying Electric and Hybrid cars, encouraging customers to invest in environmentally friendly vehicles. With DIB's EVolve, customers can avail discounted processing fees and market leading preferential profit rates for both brand new and second-hand vehicles. Among the wide range of benefits, DIB customers will also enjoy a completely paperless and hassle-free financing experience that takes no more than a day, with the entire process of application and fulfillment executed digitally. EVolve is another one of the many initiatives the bank has taken in line with the strategy to progress towards a future-proof and sustainable bank. The bank remains committed towards launching more environmentally friendly products to further solidify and preserve the environment for future generations.

- Following on the launch of our inaugural five-year customer experience strategy in early 2022, DIB Customer Service (CS) week was launched to mark the international celebration of the importance of customer service and of the people who serve and support customers on a daily basis. This was the first time DIB celebrates the CS week in line with the initiatives under the “culture and mind shift change” pillar within the Customer Experience Strategy. The objective of the initiative is to raise awareness of the value of customer service, reinforce customer satisfaction across our branches and service centers and boost morale and teamwork. The bank also picked up three awards at the Happiness Annual Awards session in September, aimed at acknowledging and rewarding employees who have a positive impact within their organizations in spreading happiness and great service to internal and external customers.
- Dubai Islamic Bank (DIB) became the world's first bank to attain ISO 21001:2018 certification, an international standard for organizations providing educational products and services capable of meeting the needs and requirements of learners and other beneficiaries. The award is a well-earned recognition that reflects the commitment and dedication of DIB's teams of the HR- Talent Management and Learning & Development units. By becoming the first bank in the world to achieve an accredited EOMS certification, DIB has set an example for the service industry of many other countries to follow.

DCM and Syndication Deals (Year to Date)

SUKUK				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (USD mn)	Maturity
Govt. of Pakistan	Sovereign	7.950%	1,000	31-Jan-29
Dubai Islamic Bank	Financial Institution	2.740%	750	16-Feb-27
Republic of Turkey	Sovereign	7.250%	3,000	24-Feb-27
First Abu Dhabi Bank	Financial Institution	2.591%	500	02-Mar-27
Govt. of Sharjah	Sovereign	3.886%	750	04-Apr-30

Islamic Development Bank	Supranational	3.213%	1,600	28-Apr-27
Republic of Indonesia (Dual Tranche)	Sovereign	4.400%	1,750	06-Jun-27
		4.700%	1,500	06-Jun-32
Arada Development	Corporate	8.125%	350	08-Jun-27
Private Department of Skh Mohammad Bin Khalid Al Nahyan LLC	Corporate	8.750%	300	23-Sep-25

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	2,069	30-Mar-22
Abu Dhabi Oil Refining Company	Corporate / Energy	1,000	31-May-22
ICD-Brookfield Management Ltd.	Corporate/ Real Estate	708	11-Aug-22

Year to Date Awards List

Date	Award Giving Body	Award Received
August 2022	Forbes ME	DIB Ranked 10th amongst the Middle East's Top 30 Banks 2022
July 2022	Emirates Institute for Banking and Financial Studies (EIBFS)	The Best Engagement in the Training & Emiratisation Award
June 2022	GCC GOV Youth Empowerment Awards 2022	Organization of the Year for Youth Empowerment in Banking and Finance
June 2022	Forbes ME	DIB ranked amongst the Middle East's Top 100 Listed Companies 2022
May 2022	Islamic Finance News Awards	Kuwait Deal of the Year Best Islamic Retail Bank Best Islamic Bank - UAE Sovereign & Multilateral Deal of the Year Best Islamic Bank - DIB Kenya Hybrid Deal of the Year Turkey Deal of the Year Saudi Arabia Deal of the Year Overall Deal of the Year Overall Best Islamic Bank

May 2022	MEA Finance Banking Technology Awards 2022	Best Digital Innovation in Islamic Banking of the Year Best Islamic FinTech Solutions Implementation – rabbit by Dubai Islamic Bank
January 2022	Al Bayan Magazine	DIB ranked 11th amongst Top 150 Arab banks in the Middle East

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 in excess of USD 80bln and market capitalization of nearly USD 9bln, 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 3 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 a number of markets worldwide. The bank has established DIB Pakistan Limited, a wholly owned subsidiary which 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 a nearly 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.

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.

For more information, please visit us at www.dib.ae

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