

Press Release:

Dubai Islamic Bank 3rd Quarter 2023 Group Financial Results

- Robust rise in total income by 47% YoY to AED 14.5 billion.
- Net profit of AED 4.8 billion, strong growth of 18% YoY.
- Balance sheet crossing a new milestone reaching AED 313 billion, up 9% YTD.
- Asset quality improves to 6.0% down 50 bps YTD, beating guidance.
- Continued improvement in RoTE registering 18.4%, up 140 bps YTD.

Dubai, October 31, 2023

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

9M 2023 Highlights:

- **Group Net Profit** came in at AED 4,823 million, up 17.6% YoY compared to AED 4,101 million. Growth was driven by rising core revenues, non-funded income and lower impairment charges.
- **Net financing and sukuk investments** at AED 265 billion, up 11.3% YTD. Gross new underwriting and sukuk investments during 9M 2023 reached AED 72 billion vs AED 43 billion in 9M 2022.
- **Total income** reached to AED 14,548 million compared to AED 9,873 million, a solid expansion of 47.4% YoY.
- **Net Operating Revenues** showed a robust increase of 11.7% YoY to reach AED 8,547 million.
- **Net Operating Profit** now at AED 6,286 million, a 12% YoY increase compared to AED 5,612 million in 9M 2022.
- **Balance sheet** expanded strongly by 8.7% YTD to cross to AED 313 billion.
- **Customer deposits** increased to AED 221 billion, up 11.2% YTD with CASA comprising 37% of DIB's deposit base. Traction towards investment deposits has continued increasing their contribution to total deposits to 63% from 56% in YE 2022.
- **Impairment charges** registered AED 1,409 million against AED 1,450 million in 9M 2022, down by 3.0%. Similarly, 3Q 2023 impairments are also down by 10.5% YoY and 2.7% QoQ.
- **NPF** improved to 6.04% compared to 6.46% in FY2022, lower by 42 bps YTD and 31 bps QoQ.
- **Cost to income** ratio further improved to 26.5%, down 20 bps YoY and stable QoQ.
- Liquidity remains healthy with **LCR** at 166%.
- Continued improvement on **ROA** now at 2.2% (+20 bps YTD) and **ROTE** at 18.4% (+140 bps YTD).
- **Capitalization** levels remain robust with **CET1** at 13.6% (+70bps YTD) and **CAR** at 18.1% (+50bps YTD), both well above the minimum regulatory requirement. **Total equity** now stands at AED 46 billion.

Management's comments for the period ending 30th September 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**

- *The UAE economy continues to thrive with strong fundamentals amidst the volatile global economic environment. The recent IMF growth figures on the UAE demonstrate the country's resilience and the confidence that business and investors have on the economy.*
- *The domestic banking sector remains solid with expanding balance sheets and improving asset quality and profitability. DIB's 9M 2023 performance has been remarkable generating more than AED 14.5 billion in total income, a stellar growth of 47% YoY.*
- *With the approaching COP28 here in Dubai, DIB has been progressing on its climate ambitions with strong partnerships and pledges which will pave the way for DIB to unlock further opportunities within the ESG space in line with the country's sustainability goals. We look forward to welcoming the international leaders, policy makers and delegates and DIB remains committed to this important event in helping to deliver climate solutions.*
- *Dubai' economy remained focused on the acceleration of all national projects under its Economic Agenda, D33, reflected in its 1H 2023 GDP growth of 3.2% YoY and further lifted by exceptional performance during 2Q 2023 alone of 3.6%. Remarkable growth across all sectors including transportation, retail trade, tourism, real estate and manufacturing led to this positive performance.*
- *DIB's profitability during the nine months surged with net profit reaching AED 4.8 billion, up 18% YoY, supported by higher revenues, controlled costs and lower impairments.*
- *DIB's gross new financing and sukuk underwriting has been monumental during the reporting period reaching AED 72 billion, up 69% YoY fueled by all business segments, particularly the corporate accounts, underpinning the bank's robust growth strategy.*
- *Accordingly, the bank's balance sheet crossed the AED 300 billion mark for the first time, reaching AED 313 billion a rise of 9% YTD. The financing book grew by 7% YTD to AED 199 billion (+5% QoQ) across corporate and consumer businesses reinforced by a surge in corporate cross border and private sector financing. Including Sukuk, the bank's*

financing and sukuk assets has grown 11.3%, already surpassing full year guidance.

- *Our commitment to sustainability remains a top agenda for DIB with various bank-wide strategic initiatives aligned on this important theme. Our recently launched 'One Tree for Everyone', on-going collaboration with the COP28 team and regulators and our fast growing sustainable finance portfolio will help drive economic and social growth in the country.*
- *ESG and sustainability are fully embedded in the bank's growth plans which revolve around positive impact on the environment and well being of the people in line with UAE's agenda for a brighter, greener future.*

Financial Review:

Income statement summary

AED millions	Sep 2023	Sep 2022	YoY % change
Total Income	14,548	9,873	47%
Depositors' / Sukuk holders share of profit	(6,001)	(2,220)	170%
Net Operating revenue	8,547	7,653	12%
Operating expenses	(2,262)	(2,040)	11%
Profit before impairment losses & income tax	6,286	5,612	12%
Impairment losses	(1,409)	(1,450)	(3%)
Income tax	(54)	(61)	(13%)
Net profit for the period	4,823	4,101	18%

Key Ratios (%)	Sep 2023	Sep 2022	Change (bps)
Net Profit Margin %	3.1%	2.9%	20 bps
Cost to income ratio %	26.5%	26.7%	(20 bps)
Return on average assets %	2.2%	2.0%	20 bps
Return on tangible equity %	18.4%	16.8%	160 bps

Balance Sheet Summary

AED millions	Sep 2023	Dec 2022	YTD % change
Net Financing and Sukuk Investments	265,253	238,271	11%
Equities & Properties Investments	9,135	9,724	(6%)
Other Assets	8,762	9,148	(4%)
Due from banks and financial institutions	3,079	4,607	(33%)
Cash & CB Balances	27,151	26,489	3%
Total assets	313,380	288,238	9%
Customers' deposits	220,917	198,637	11%
Sukuk financing instruments	20,482	22,340	(8%)
Other liabilities	25,972	23,286	12%
Total liabilities	267,371	244,263	10%
Shareholder Equity & Reserve	34,948	33,040	6%
Tier 1 Sukuk	8,264	8,264	0%
Non-Controlling interest	2,797	2,671	5%
Total liabilities and equity	313,380	288,238	9%

Key Ratios (%)	Sep 2023	Dec 2022	Change (bps)
Liquidity Coverage Ratio (LCR)	166%	150%	1600 bps
CET 1	13.6%	12.9%	70 bps
Capital Adequacy Ratio (CAR)	18.1%	17.6%	50 bps
Non-Performing Financing (NPF)	6.04%	6.46%	(42 bps)
Coverage	84%	78%	600 bps

Operating Performance

The bank's **Total Income** rose to AED 14,548 million in 9M 2023 demonstrating a notable YoY growth of 47% compared to AED 9,873 million primarily driven by strong income from financing assets and non-funded income. Non-funded income advanced by 15% YoY over the reporting period supported by fees & commissions and income from investment properties in line with Dubai's strong property rental market. Particularly 3Q 2023 non funded income exhibited a strong quarter YoY up by 49% as commissions rose by 17% due to higher financing processing fees and rental income. This is clearly reflected in the **Net Operating Revenue** which grew by 12% YoY to reach to AED 8,547 million compared to AED 7,653 million last year.

Pre-impairment profit increased by 12% YoY reaching to AED 6,286 million compared to AED 5,612 million. **Impairment charges** stood at AED 1,409 million down by 3% YoY. Additionally, 3Q 2023 charges exhibited a declining trend both YoY and QoQ by 10% and 3% respectively.

Operating expenses amounted to AED 2,262 million during 9M 2023 vs AED 2,040 million in 9M 2022, exhibiting 11% YoY increase. **Cost income ratio** improved to 26.5%, down 20 bps YoY.

Group Net Profit witnessed a robust increase of 18% YoY to reach AED 4,823 million vs AED 4,101 million in 9M 2022. 3Q 2023 net profit registered AED 1,713 million up 6.7% QoQ and 22% YoY.

Net profit margin increased to 3.1% (+10bps YoY) with **ROA** and **ROTE** at a healthy 2.2% and 18.3% up by 20 bps and 130 bps YTD respectively.

Balance Sheet Trends

Net financing & Sukuk investments stood at AED 265 billion, up 11.3% YTD from AED 238 billion in FY 2022. DIB's net financing assets were up by 7% YTD while the Sukuk investments portfolio, another key focus of the bank, expanded by nearly 27% YTD (+8% QoQ) to reach to AED 66 billion.

DIB witnessed stellar overall YoY growth in gross new financing and sukuk during 9M 2023 amounting to nearly AED 72 billion, up 69% compared to AED 43 billion in 9M 2022. The bank's sukuk portfolio continued its resilience witnessing gross new investment of AED 19 billion doubling YoY compared to 9M 2022 eventually leading to net growth of AED14 billion. Separately, gross corporate financing origination surpassed AED 37 billion, (+ 85% YoY), driven mainly by large corporates and regional cross border financing, while new bookings from consumer financing followed suit up 21% to AED 16 billion driven by automotive and personal finance, underpinning DIB's strong franchise despite a competitive market. Routine repayments for the period continued to flow in at AED 18 billion and AED 13 billion from the corporate and consumer segments respectively. The momentum of early settlements has retracted over the period by 23% YoY to AED 10 billion compared to AED 13 billion last year. This

has resulted in net positive financing incremental growth of AED 13 billion in DIB's portfolio over the 9M 2023 period compared to balanced growth last year. On a YoY basis, 3Q 2023 gross new underwriting grew five folds, coupled with significantly lower early settlements compared to the same quarter last year, resulting in a positive net growth of AED 9.5 billion.

Customer deposits stood at AED 221 billion as of 9M 2023 up by 11.2% YTD equally supported by the consumer and corporate accounts. **CASA** now stands at AED 82 billion, comprising 37% of deposits. 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 24% YTD. **Liquidity coverage ratio (LCR)** at 166%, up from 150% FY 2022, remains above regulatory requirement, depicting strong liquidity position.

Non-performing financing (NPF) ratio improved to 6.04%, down 42 bps compared YE 2022. Recoveries from NMC and NOOR POCI are ongoing which resulted in a decline of 11% in their NPF exposure. Accordingly, NMC's coverage ratio increased by 600 bps YTD to 80% and by 1100 bps to 39% for the NOOR POCI account. Finally, core DIB NPF account witnessed a slight 1.2% uptick on a YTD basis (flat QoQ) to AED 10.9 billion well covered at 87% (up +400 bps YTD).

Stage 2 financing increased by 18% YTD to AED 18 billion, flat QoQ due to normal flow between stages. Stage 2 coverage ratio improved to 7.4% recovering to YE levels and also 70 bps up QoQ. On the other hand, Stage 3 coverage accordingly improved to 65.4%, (+420 bps) from FY2022 on the back of intensive efforts on recoveries.

Cash coverage ratio improved to 83% (+600 bps YTD, +800 bps vs 9M 2022) and overall coverage including collateral at 117% (+700 bps YTD and 1,200 bps vs 9M 2022). **Cost of risk** on gross financing assets stood at 71 bps compared to 84 bps for the year 2022, an improvement of 13 bps YTD.

Capital ratios continue to remain strong with **CAR** now at 18.1% (up 50 bps YTD) and **CET 1 ratio** at 13.6% (up 70 bps YTD), both well above the regulatory requirement.

Business Performance (9M 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 16 billion during the period increased from AED 13 billion in 9M2022, up 21% YoY. In this, all consumer segments witnessed strong growth particularly auto finance which featured a 34% jump YoY and Personal Finance up 20% YoY in gross new underwriting. Despite routine repayments of AED 13 billion, the portfolio grew by AED 3 billion over the 9M 2023 period. The business generated AED 3.7 billion in revenues during the year up a hefty 24% YoY from AED 3 billion during 9M 2022. Blended yield on consumer financing grew

by 85 bps YoY to reach to 6.7%. Separately, on the funding side, consumer deposits witnessed an 11% increase YTD to AED 87 billion as investment deposits gained traction from customers while consumer CASA remained steady YTD at AED 48 billion.

Corporate banking portfolio now stands at AED 145 billion up 8.2% YTD driven by growth in the services, automobile and financial institution sectors. Gross new corporate financing for 9M 2023 bolstered to AED 37 billion up 85% YoY, while repayments and early settlements registered AED 27 billion, leading to AED 10 billion growth in the portfolio over the 9M 2023 period. This growth features a robust recovery in the corporate portfolio as the bank's strong liquidity position enabled it to deploy financing strategically, coupled with a drop in early settlement. Revenues featured double digit growth reaching AED 3.4 billion, up 29% YoY compared to AED 2.7 billion in 9M 2022. Yield on corporate financing portfolio expanded by 300 bps YoY to 6.38% compared to 3.39%. Separately on the funding side, corporate deposits increased by 10% YTD while CASA was impacted by 8% YTD as large corporates continued to rotate their funds into higher yielding deposits.

Treasury continued to provide strong impetus to growth as the custodian of the bank's fixed income book. The sukuk investment portfolio now stands at AED 66 billion, up 26.8% YTD, constituting a significant 21% of the bank's assets. Gross new sukuk investments during the 9M 2023 amounted to AED 19 billion doubling YoY, leading to net growth of AED 14 billion for the period. The portfolio carries an attractive yield of 4.61% up 65 bps YoY.

Key Business Highlights (Q3 2023)

- **DIB will acquire 20% shareholding across Turkey's T.O.M. Group** becoming a significant minority shareholder in T.O.M. Group which includes T.O.M. Katılım Bankası A.Ş. (Türkiye's First Licensed Digital Retail Bank), T.O.M. Pay Elektronik Para ve Ödeme Hizmetleri A.Ş. (Licensed e-money company with a fast-growing customer base in Türkiye), and T.O.M. Finansman A.Ş. (Licensed financing company specialized in developing innovative digital products) and their subsidiaries. DIB's entry strategy revolves around the acquisition of a significant minority stake into the T.O.M. Group which is an integrated, comprehensive financial services group established in the digital space. DIB has an option to increase shareholding to 25% within 12 months.
- **One Tree for Everyone.** DIB has announced that it will plant one tree for every new customer who opens a DIB account. This initiative aligns to DIB's position of being a key player in the sustainability space and to the UAE's Net Zero agenda. Overall it is also DIB's pledge to make the country greener and healthier in order to reduce UAE's environmental footprint, while driving economic, social and sustainable opportunities that climate action creates.

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
Almarai	Corporate	5.230%	750	25-Jul-33
DP World	Corporate	5.500%	1,500	13-Sep-33
Gov of Sharjah	Corporate	6.092%	750	19-Mar-34
Energy Development Oman	Corporate	5.875%	1,000	21-Sep-33
IsDB	Supra National	4.906%	1,750	3-Oct-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
Telecommunication Towers Company	Telecom	1,120	Aug 2023
Lulu	Consumer Goods	2,724	Aug 2023
Air Structured Holding Company	Aviation	1,100	Sept 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 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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