

Press Release:

Dubai Islamic Bank Full Year 2020 Group Financial Results

Balance sheet up by 25% YoY to AED 289.6 billion
Financing & Sukuk investments up by 26% YoY to AED 232.0 billion
Operating revenue up by 2% YoY to AED 9.5 billion
Deposits up by 25% to AED 205.9 billion
Liquidity remains healthy with financing to deposit ratio of 96%
Net Profit of AED 3.2 billion
Noor Bank integration completed well ahead of schedule
Dividend of 20% subject to shareholder approval

Dubai, February 16, 2021

Dubai Islamic Bank (DFM: DIB), the largest Islamic bank in the UAE and the second largest Islamic bank in the world, today announced its results for the period ending December 31, 2020.

FY 2020 results highlights:

Prudent approach to risk management to ensure long term sustainable growth

- Total Income reached AED 13,142 million vs AED 13,684 million in 2019, only a marginal decline despite significantly subdued economic activity, clearly highlighting the depth and diversity of the bank's business and the strength of the relationships with its customer base.
- Operating revenue grew to AED 9,471 million up by 2%, depicting the strength of the bank's core franchise which continues to grow despite the macro-economic landscape signifying the ability to generate higher profitability as the environment improves.
- Group Net Profit declined by 38% to AED 3,160 million primarily driven by a deliberate and pointed prudent approach to provisioning ensuring that the bank is protected against any unforeseen scenarios and positioned for a strong rebound in the near future.
- NPF ratio at 5.7%, whilst in line with the market given the current conditions, drops to 4.3% excluding the credit impaired portfolio acquired from Noor Bank and a one-off isolated corporate exposure.

Strategic shift towards low risk sectors during the year supported growth in balance sheet amidst a difficult economic environment

- Total assets grew by 25% to AED 289.6 billion vs AED 231.8 billion in 2019 despite headwinds clearly showcasing the ability of the bank to unearth business opportunities using its well-entrenched franchise.

- Net financing and Sukuk investments rose to AED 232.0 billion vs AED 184.2 billion in 2019, up by 26% YoY as the bank focused on sectors with minimal risk and capital consumption – a deliberate and strategic shift to counter challenges posed by the pandemic environment.
- Customer deposits increased to AED 205.9 billion up by 25% YoY, a testament to bank’s ability to generate and manage liquidity in the testing scenario during the year.
- CASA component increased to 42% from 33% when compared to YE2019, supported by the Noor acquisition as well as the strategic focus on salary and transactional accounts.
- Cost to income ratio at 29.4% from 26.9% in 2019 marginally rising primarily due to the manpower integration cost incurred during the early part of the year - expected to improve as cost synergies start to materialize further in 2021.
- ROE at 10.4% still remains at the higher end of the market, despite the conditions underlining the focus of the bank on shareholder returns.
- Financing to deposit ratio stood at 96% clearly underpinning DIB’s consistently strong liquidity and the ability to generate the same irrespective of market challenges.
- Overall coverage, including collateral at discounted value, stands at 104% despite the general market rise in NPFs during 2020 due to adverse conditions.
- Capital adequacy (CAR) ratio improved to 18.5%, a rise of 200 bps despite significant growth in financing assets. CET 1 also remain stable at 12.0% well above the minimum regulatory requirements.

Management's comments for the full year ending December 2020:



***His Excellency Mohammed
Ibrahim Al Shaibani***

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

- *The UAE continues to lead the world in responding quickly to this pandemic and ensuring that its people are provided with the necessary healthcare and safety services to overcome this unprecedented event. We are grateful for the strong leadership of this nation in championing the fight against the pandemic as we successfully navigate ourselves through this crisis.*
- *In line with the government efforts to support the domestic economy during the pandemic, DIB has provided relief measures of nearly AED 9 billion to over 54,000 customers in retail and corporate under the UAE CB's TESS Program. These measures were extended to benefit our client base and to ensure business continuity*
- *The successful early completion of our integration with Noor Bank amidst unfamiliar working conditions is a testament to the capabilities of executing our strategic aspirations irrespective of testing economic conditions. The efficient coordination amongst all key stakeholders resulted into one of the fastest integration in the region.*
- *The DIB franchise is capable of weathering challenging situations and possesses the ability to come out as a winner, as it has done in similar situations in the past. The confidence shown by investors, stakeholders and customers alike towards the DIB Group is testament to the trust and dependability that it owns.*



Abdulla Ali Obaid Al Hamli

***Board Member and
Managing Director***

- *The continued support and guidance of the regulatory authorities has been crucial throughout this challenging year and the financial sector has been able to significantly minimize the impact of the crisis and continue to grow and remain profitable amidst a difficult operating environment.*
- *The repositioning of our institutional purpose and values to adapt to the changing landscape will ensure that our customers continue to receive unsurpassed service and experience across all our channels and branch network and will pave the way for sustained growth for DIB in the years to come.*



Dr. Adnan Chilwan

**Dubai Islamic Bank Group
Chief Executive Officer**

- *DIB has remained steadfast and continuously provided a counterbalance against the impact that the pandemic presented. The organization ensured customer impact remained minimal all though the year and also provided them with the opportunity to benefit from convenient and easy to access digital solutions to manage their financial relationship with the bank.*
- *DIB's strategic priority is aligned to that of the UAE, to focus on and plan for the future, and this is demonstrated in the prudent risk management approach and provisions taken to create cushions and to ensure the bank remains protected from any such situation that may occur in the near future.*
- *The bank's total income of more than AED 13 billion and net operating revenue of AED 9.5 billion has been remarkable considering subdued global and domestic economic activities. The growth in pre-provision profits despite the muted landscape and declining interest rates signifies the strength of the bank's franchise and its ability to grow in a tough macro environment. The focused strategic growth in 2020 will yield rich dividends generating additional income in subsequent periods as the environment improves.*
- *Our deliberate shift in strategy at the height of the pandemic and strong relationships enabled us to tap into lower-risk sectors, primarily on government related lending. This allowed us to grow our balance sheet to AED 289 billion (growing 25% year-on-year). This also ensured quality returns in the succeeding quarters with minimal use of our capital whilst maintaining strong margins and healthy liquidity.*
- *Today for DIB, as it is for the UAE and the world over, is a new day and the past is behind us. We have aligned our future vision to that of the UAE by embarking on a new journey, with a renewed purpose and revamped positioning that is called #ReadyForTheNew. The aim is to make financial solutions simple, convenient and accessible to all through engaging experiences. Supported with a new set of corporate values, this will ensure alignment to the new norms in continuing to protect and nurture our business relationships in the years to come.*

Financial Review:

Income Statement highlights:

AED million	2019	2020	YoY Change %
Total Income	13,684	13,142	(4%)
Depositors' / Sukuk holders share of profit	(4,418)	(3,672)	(17%)
Net Operating revenue	9,267	9,471	2%
Operating expenses	(2,358)	(2,728)	16%
Profit before impairment losses & income tax	6,908	6,743	(2%)
Impairment losses	(1,764)	(4,552)	158%
Gain on Bargain Purchase	-	1,015	-
Income tax	(42)	(46)	9%
Net profit for the period	5,103	3,160	(38%)

Key Ratios	Dec 2019	Dec 2020	YoY Change %
Net Profit Margin %	3.15%	2.61%	(54 bps)
Cost to income ratio %	26.9%	29.4%	250 bps
Return on average assets %	2.25%	1.22%	(103 bps)
Return on average equity %	17.0%	10.4%	(660 bps)

Statement of financial position highlights:

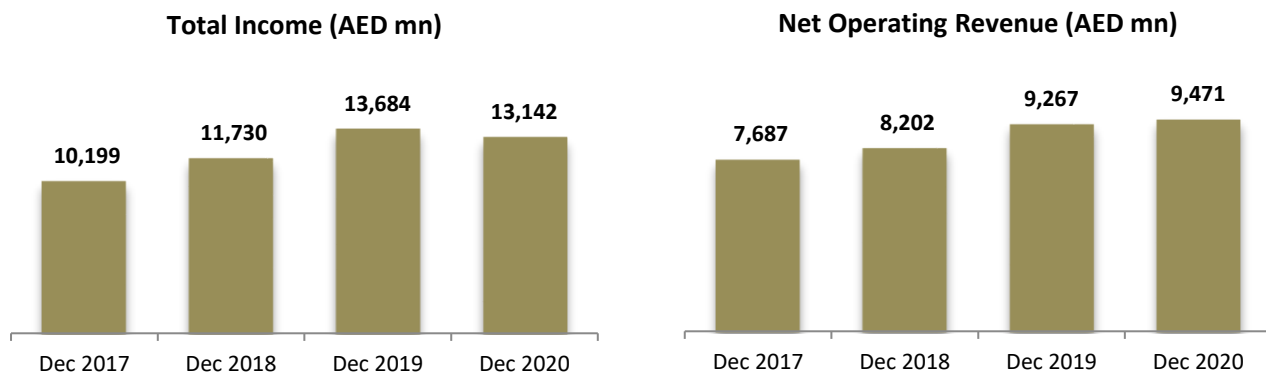
AED Million	Dec 2019	Dec 2020	Change YTD (%)
Net Financing and Sukuk Investments	184,157	232,044	26%
Interbank placement & CDs	16,275	23,949	47%
Equities & Properties Investments	9,788	10,388	6%
Cash & Other assets	21,575	23,176	7%
Total assets	231,796	289,556	25%
Customers' deposits	164,418	205,925	25%
Sukuk Financing Instruments	14,852	18,744	26%
Total liabilities	197,064	246,426	25%
Shareholder Equity & Reserve	25,565	28,606	12%
Tier 1 Sukuk	6,428	11,937	86%
Non-Controlling Interest	2,739	2,587	(6%)
Total liabilities and equity	231,796	289,556	25%

Key ratios:	Dec 2019	Dec 2020	Change
Net Financing to customer deposit	92%	96%	400 bps
CET 1 ratio	12.0%	12.0%	-
CAR	16.5%	18.5%	200 bps
NPF ratio	3.9%	5.7%	180 bps
Coverage ratio	101%	76%	(2500) bps

Operating Performance

The bank's **total income** reached AED 13,142 million for the year 2020 compared to AED 13,684 million in 2019, a marginal decline of 4%. The decline in total income can be attributed to the pandemic impact on the domestic economic activity. Income from Islamic financing was at AED 10,370 million whilst non-funded income which included commissions and fees was at AED 2,772 million for the year.

Net operating revenue increased by 2% to AED 9,471 million supported by lower cost of fund during the year. Commission and fees continue to support income by growing 11% reaching AED 1,646 million in 2020.



Operating expenses reached AED 2,728 million for the year ended 2020 against AED 2,358 million in 2019, an increase of 16% year on year. Integration expenses and consolidation of Noor Bank earlier in 2020 is primarily attributed to the rise of operating expenses. Cost to income ratio is now at 29.4% for the year ended 2020, an increase of 250 bps compared to 26.9% in 2019. This is expected to steadily improve as synergies materialize.

The **net profits** of the bank for the year ended 2020 reached to AED 3,160 million a decline of 38% year on year stemming from subdued global and domestic economic activity due to the pandemic and taking a more prudent approach to provisioning. The growth of the balance sheet through the strategic shift towards lower risk sectors is expected to provide a more sustainable income and revenue stream for the bank in the succeeding quarters.

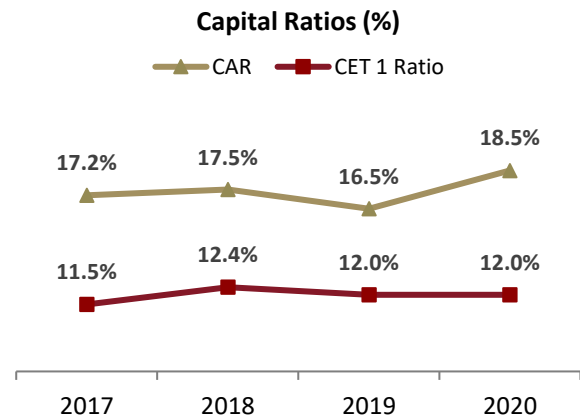
Balance Sheet Trends

The **net financing & Sukuk investments** grew to AED 232.0 billion for the year ended 2020 from AED 184.2 billion at the end of 2019, a robust rise of 26%. Realignment of strategy focusing on lower risk sectors, particularly sovereigns, and gross new consumer financing of nearly AED 13 billion continue to be key drivers of the bank's growth during 2020.

Customer deposits grew to AED 205.9 billion in 2020 from AED 164.4 billion at year-end 2019 reflecting strong rise of 25%. **CASA** rose strongly by 58% to AED 86.2 billion, growing from AED 54.6 billion in year-end 2019. This currently represents about 42% of customer deposits. Net financing to deposit ratio stood at 96%, signifying ample liquidity despite material growth in financing book. Liquidity coverage ratio (LCR) is at 129% which is currently well above the minimum requirement set by the UAE Central Bank of 70% as part of the TESS program.

Non-performing financing (NPF) ratio stood at 5.7%. Cash coverage and overall coverage ratio, including collateral at discounted value stood at 76% and 104% respectively. Normalized cost of risk for the period was 137 bps (excluding one-off charges).

Capital adequacy improved to 18.5% (+200 bps) and **CET 1 ratio** stable at 12% during the year. Despite strong growth during the year, capital levels remain intact and well above the minimum regulatory requirement.



Q4 2020 - Key business highlights:

- DIB successfully completed the integration of Noor Bank in end of October 2020 with the full migration of all banking relationships to DIB. The integration was achieved well ahead of projected deadline which was targeted by end of 2020. The entire integration was achieved in record time despite unfavorable circumstances, as majority of the teams involved worked remotely due to COVID-19 restrictions. The acquisition further enhances DIB's position as one of the largest Islamic banks in the world and a key driver towards the growth of Islamic finance globally.
- Despite a very challenging 2020, DIB continued to be at the forefront of the Islamic financing and capital markets space having completed transactions valued of over USD 27bn. DIB continued to execute high profile deals for a range of clients including sovereigns, supranationals, quasi-sovereigns, large corporates to financial institutions. DIB continues its leading position in the Bloomberg league tables in EMEA Islamic financing MLA (Mandated Lead Arranger) as well as BR (Bookrunners) and is also amongst the top of the Bloomberg Islamic finance and Sukuk league tables in the world today.

- In November 2020, DIB successfully prices a USD 1 billion Perpetual Non-Call 5.5 yrs Additional Tier 1 Sukuk with a profit rate of 4.625%. This transaction carries the lowest ever yield achieved by any bank globally on an AT1 Sukuk issue and is the only AT1 Sukuk from the GCC in 2020. Despite the turmoil witnessed in markets this year during the peak of the COVID-19 crisis, DIB's success in this landmark transaction is a testament to the bank's strong credit profile and standing with international and regional investors. It reaffirms the confidence of international investors not only in DIB but in Dubai and the UAE.
- The bank continued to support to customers impacted by the Covid-19 pandemic during 2020 by providing relief measures of nearly AED 9 billion to over 54,000 customers towards retail and corporate customers of DIB. In addition, the bank continues to support the well-being of its employees by ensuring that the standard working procedures as advised by the health authorities are being adhered to and encouraging to support the government initiative on vaccination for UAE residents both in the public and private sectors.

FY 2020 DCM and Syndication Deals

SUKUK				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (USD mn)	Maturity
First Abu Dhabi Bank	Financial Institution	2.500	500	January 2025
Dar Al Arkan	Corporate	6.875	400	February 2027
Islamic Development Bank	Supranational	1.809	2,000	February 2025
Government of Sharjah	Sovereign	2.942	1,000	June 2027
Dubai Islamic Bank	Financial Institution	2.950	1,000	January 2026
Sharjah Islamic Bank	Financial Institution	2.850	500	June 2025
Republic of Indonesia	Sovereign	2.300	750	June 2025
		2.800	1,000	June 2030
		3.800	750	June 2050
Dubai Islamic Bank (Tap)	Financial Institution	2.950	300	January 2026
DP World	Corporate	6.000	1,500	Perpetual NC 5.5yr
Dubai Department of Finance	Sovereign	2.763	1,000	September 2030
Emirates Islamic Bank	Financial Institution	1.827	500	September 2025
Islamic Corporation for the Development of the Private Sector	Supranational	1.810	600	October 2025
Government of Sharjah (Tap)	Sovereign	3.234	250	October 2029
Etihad Airways	Corporate	2.394	600	November 2025
Dubai Islamic Bank	Financial Institution	4.625	1,000	Perpetual NC 6yr
Dubai Aerospace Enterprise	Corporate	3.750	750	February 2026

CLUB / SYNDICATED TRANSACTIONS

Obligor Name	Obligor Type / Sector	Total Deal Value (USD or USD eqv. In Mn)	Closing Date
Topaz Energy & Marine Ltd.	Logistics	392	February 2020
Network International	Financial Services	525	March 2020
Port & Free Zone World FZE	Logistics	9,000	April 2020
Government of Egypt	Sovereign	2,000	August 2020
Government of Pakistan	Sovereign	405	October 2020
ENOC	Corporate	300	November 2020
Government of Pakistan	Sovereign	420	December 2020

Select 2020 Industry Awards

Date	Award Giving Body	Award Received
January 2020	The Collaborative Market Data (CMD) Portal Awards	Best Sukuk Dealer
June 2020	Forbes Middle East 2020	DIB ranked 16th amongst Top 100 Companies in the Middle East 2020
July 2020	EMEA Finance Achievement Awards 2019	Best Financial Institution Sukuk
September 2020	Islamic Finance News Awards 2019	Overall Deal of the Year
September 2020	Islamic Finance News Awards 2019	Overall Best Islamic Bank
September 2020	Islamic Finance News Awards 2019	Social Impact Deal of the Year
September 2020	Islamic Finance News Awards 2019	Sovereign Deal of the Year
September 2020	Islamic Finance News Awards 2019	UAE Deal of the Year
September 2020	Islamic Finance News Awards 2019	Best Islamic Bank in Kenya

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 7bln, the group operates with a workforce of more than 8000 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 Shari'ah-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 40% 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 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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