Press Release

Emirates Islamic Announces FY 2020 Results

Dubai, 27 January, 2021: Emirates Islamic, one of the leading Islamic financial institutions in the UAE, announced its full-year financial results for 2020 with the Bank reporting a total income of AED 2.1 billion. Emirates Islamic's balance sheet remains healthy with strong impairment coverage, liquidity and capital ratios. The bank continued to increase impairment allowances in light of the challenging economic environment.

Emirates Islamic Full Year 2020 Financial Highlights:

- Total income of AED 2.1 billion, lower by 22% year-on-year.
- Funded income margins lower by 52 bps year-over-year due to lower profit rate environment.
- Net loss of AED 482 million lower by 145% year-on-year impacted by the lower rates, a decline in non-funded income due to the slowdown in the economy and an increase in impairment allowances.
- Total assets at AED 70.6 billion, increased by 9% from end 2019.
- Financing and investing receivables at AED 40.8 billion, increased by 9% from end 2019.
- Customer accounts at AED 46.9 billion, increased by 3% from end 2019.
- Current and saving accounts balances represent 69% of total customer deposits.
- Headline financing to deposits ratio at 87%, demonstrates a healthy liquidity position.
- Tier 1 capital ratio at 18% and capital adequacy ratio at 19.2%.
- Impaired financing ratio is at 9% with a strong coverage ratio of 106.9%.

Hesham Abdulla Al Qassim, Chairman of Emirates Islamic, Vice Chairman and Managing Director of Emirates NBD commented, "In 2020 Emirates Islamic played its part in supporting customers and the economy by providing financial assistance as well as actively participating in community initiatives. As a result of the low profit rate environment coupled with a more challenging business environment due to the Covid-

19 pandemic, Emirates Islamic reported a net loss of AED 482 million for 2020. The Bank's balance sheet remains strong with total assets growing by 9% during 2020 to reach AED 70.6 billion. We continued to maintain healthy liquidity and capital, demonstrating our resiliency in navigating the crisis with relatively reduced impact. We are thankful to the UAE government and the leadership of our great country for their swift and remarkable response to the pandemic."

"We continue to play a pivotal role in the growth of the Islamic banking sector in the UAE and supporting the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of UAE and Ruler of Dubai, to make Dubai the global capital of Islamic economy. Through our product and service offerings as well as our support to customers during the Covid-19 pandemic, we strengthened our position as the Islamic banking partner of choice for UAE nationals and residents in 2020. As an Islamic bank with strong roots in the UAE community, ensuring the wellbeing of all UAE residents has always been our key priority, in particular in challenging times. We offered payment deferments to nearly 40,000 customers impacted by Covid-19 through job loss, unpaid leave or reduced salary. We were also among the first financial institutions to contribute to Dubai's Community Solidarity Fund, to provide support to the most vulnerable during this period. During the year, we distributed AED 78 million through the Emirates Islamic Charity Fund to a number of charitable institutions and deserving causes, both locally and internationally."

"As we move ahead into 2021, the market expects economic growth to return and this, combined with the upcoming Expo and the UAE's golden jubilee, are expected to deliver a significant boost in economic activity. As the official Islamic banking partner of the Expo 2020 Dubai, we look forward to welcoming delegates and visitors from across the world."

Salah Mohammed Amin, Chief Executive Officer of Emirates Islamic added, "2020 has been a challenging year for the global economy and the same is true for Emirates Islamic. Despite these challenges the Bank's balance sheet remains healthy and growth-oriented with the headline financing to deposits ratio at 87%, Tier 1 capital ratio at 18%

and Capital Adequacy Ratio at 19.2%. With an increase in business activity in the last quarter of 2020, we have accelerated our sales momentum across our Retail, Business and Wholesale segments. Our customer deposits grew 3% during 2020 to AED 46.9 billion, with current and saving account balances up by 14% during the same period."

"At Emirates Islamic, a superior customer experience is at the heart of everything that we do. The Covid-19 pandemic has completely altered the way we live, work and bank. We continued to adapt and strengthen our digital solutions, enabling customers to seamlessly and conveniently bank remotely in a secure environment. We inaugurated our first digital branch with video personal tellers and self-service machines and launched our new digital business banking platform, businessONLINE, to help businesses in the UAE manage all their banking needs on a single, secure, intuitive platform, supporting the UAE's smart nation agenda. During the year, we also launched a range of Emirates Islamic Etihad Guest Credit cards in association with Etihad Airways, as well as our revamped Emarati Credit card featuring the UAE Nation Brand logo. Thanks to these initiatives, we recorded a significant improvement in customer satisfaction."

"Finally, a key success for Emirates Islamic in 2020 has been the recruitment and development of UAE Nationals, as we implement the UAE Government's agenda to empower UAE nationals to build successful careers in the Islamic banking sector."

In September 2020, the Bank successfully issued a USD 500 million 5-year Sukuk from its USD 2.5 billion Certificate Issuance Programme. The landmark issuance, rated A+ by Fitch, is listed on NASDAQ Dubai and Euronext Dublin. Investors showed strong appetite that resulted in an order book of USD 1.2 billion which was 2.4 times oversubscribed with a profit rate of 1.827%, which at the time was the lowest rate achieved by a UAE bank in the past ten years.

Emirates Islamic also received prestigious global industry accolades during 2020 in recognition of the Bank's performance, commitment to service excellence and

digitalisation, as well as its distinguished efforts in providing innovative Shari'a-compliant products and services. The Banker, a monthly publication of the Financial Times, named Emirates Islamic 'Islamic Bank of the Year – UAE 2020' for its performance on the back of an expanded product portfolio, enhanced service and technology investments. In addition, the Bank won international acclaim as the 'Most Innovative Islamic Bank' at the Islamic Finance Awards 2020 by World Finance, and it was named the 'Best Islamic Bank, UAE'. The Bank was also named 'Most Innovative Islamic Bank' by Islamic Finance News, a leading publication in global Islamic capital markets, among other industry awards.

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About Emirates Islamic:

Emirates Islamic (DFM: EIB), part of Emirates NBD Group, is one of the fastest growing banks in the UAE. Established in 2004 as Emirates Islamic Bank, the bank has established itself as a major player in the highly competitive financial services sector in the UAE.

Emirates Islamic offers a comprehensive range of Shari'a-compliant products and services across the Personal, Business and Corporate banking spectrum with a network of 41 branches and 177 ATMs/CDMs across the UAE. In the fast-growing area of online and mobile banking, the bank is an innovator, being the first Islamic bank in the UAE to launch a mobile banking app and offer Apple Pay, as well as being the first Islamic bank in the world to launch Chat Banking services for customers via WhatsApp.

Emirates Islamic has consistently received local and international awards, in recognition of its strong record of performance and innovation in banking. The Bank won international acclaim as the 'Most Innovative Islamic Bank' at the Islamic Finance Awards 2020 by World Finance, in addition to being named the 'Best Islamic Bank, UAE'. The Bank was also awarded the title of 'Most Innovative Islamic Bank' by Islamic Finance News and 'Islamic Bank of the Year – UAE 2020' by The Banker. Additionally, New York-based Global Finance magazine recognised Emirates Islamic as the 'Best Islamic Financial Institution, UAE' for a second year in a row on its list of the 'World's Best Islamic Financial Institutions'.

As part of its commitment to the UAE community, the Emirates Islamic Charity Fund provides financial aid to those in need, with a focus on food, shelter, health, education and social welfare contributions.

For further information please visit www.emiratesislamic.ae
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