

Press Release:

Dubai Islamic Bank Full Year 2021 Group Financial Results

- Net Profits up by 39% YoY to reach to AED 4.4 billion
- OPEX lower by 7% YoY with a sector leading cost-income ratio of 26.8%.
- Significant decline in impairment losses of 46% YoY.
- Healthy liquidity with Finance to deposit Ratio of 91%
- Proposed dividend of 25% subject to shareholder approval in AGM.

Dubai, January 25, 2022

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, 2021.

FY 2021 Highlights:

- Despite a decline in Total Income, primarily due to the on-going lower rate environment and large corporate repayments during the year, **Group Net profits** saw a significant increase of **39% YoY** to reach **AED 4,406 million** vs AED 3,160 million in 2020
- **Operating revenues** remained stable at **AED 9,422 million** vs AED 9,471 million in 2020 following efficient management of cost-of-funds.
- Further reduction in **operating expense**, down by 7% YoY from AED 2,728 million to **AED 2,529 million** as efficiency building continues.
- **Profit before impairments** improved by **2% YoY** to reach **AED 6,892 million** vs AED 6,743 million in 2020.
- Prudent risk management led to significantly lower **impairment losses** of **AED 2,448 million**, lower by **46% YoY**.
- Marginal decline in **earning assets** of 1.5% with net financing and sukuk investments at AED 228.5 billion vs AED 232.0 billion in 2020. **Total assets** now stand at AED 279.1 billion.
- **Gross new financing** of nearly **AED 36 billion** during the year coming from both consumer and corporate were offset by large early settlements and routine repayments of more than AED 45 billion during the year.
- **Customer deposits** remained stable at **AED 205.8 billion** with **CASA** increasing by **4.4%** to over **AED 90 billion**, now forming **44%** of the customer deposit base.
- Liquidity remain healthy with **finance to deposit ratio** of **91%** and **LCR** of **136%** (+700bps YoY).
- Continued healthy improvements on **ROA** now at **1.5%** (+30bps YoY) and **ROE** at **11.8%** (+140bps YoY).
- **Capitalization** levels remain robust with CET1 at **12.4%** and CAR at **17.1%**, both well above the minimum regulatory requirement. **Total equity** now stands at AED 41.5 billion.

Management's comments for the full year ending 31st December 2021:



**His Excellency Mohammed
Ibrahim Al Shaibani**

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

- *As the world economy continues to battle its way through the pandemic, the UAE has stood out as a shining star effectively navigating the various macro challenges as recovery in tourism, hospitality, real estate, the financial markets as well as the general banking sector remains on track. Dubai's strong economic fundamentals has established the emirate amongst the best cities in the world to lead a prosperous and healthy life.*
- *Despite the on-going global market uncertainties, the UAE banking sector remains robust with rising profitability and strong capitalization. DIB has successfully navigated through the ongoing economic environment generating a significant 39% YoY growth in net profits.*
- *The Bank remains on solid ground moving into the new year as we continue to unearth business opportunities in an improving local economic climate to deliver solid returns to all our valued shareholders whilst maintaining the highest standards of governance across the bank.*



Abdulla Ali Obaid Al Hamli

**Board Member and
Managing Director**

- *Our people continue to be the driving force of the bank and the year saw significant investments into the development of our future leaders that will empower DIB to further its plans towards building not just a successful, but simultaneously, an even more sustainable business. The various human capital programs we have launched will ensure DIB has its workforce geared towards the future economy and that top talents are deployed into the critical areas of the business.*
- *We have strengthened our relationships with our customers which represent a key stakeholder group of the bank. New initiatives in terms of providing transparent information, fair and equal treatment and safeguarding their interest are now being implemented across our customer base. This will ensure our customers bank seamlessly and conveniently across our branch network and various channels.*



Dr. Adnan Chilwan

**Group Chief Executive
Officer**

- *Amidst the headwinds that the global economies are still facing, DIB has remained resilient with a remarkable 39% YoY growth in profitability. This solid underlying performance demonstrates the robustness of our strategy which allows us to deliver results irrespective of the prevailing economic conditions and climate.*
- *We have built a leaner, agile and overall efficient organization that is ready to capitalize on any opportunity with maximum insulation from environmental hurdles. This has allowed us to generate higher profitability despite a low rate environment and large repayments that kept dampened the earning assets growth.*
- *Cost management over the years has remained a key strength for the bank and 2021 proved no different with a 7% YoY decline in OPEX. A sector leading cost-income ratio of just under 27% is a clear testament to our intense efforts and focus on generating bank-wide efficiencies.*
- *We are committed towards a more sustainable future as we enter a decade of change to support the UAE's ambitions towards a low-carbon economy. Our ESG roadmap is set to unlock further efficiencies within the business as we integrate sustainability and climate risk into our operating models with the aim to ensure that the bank is safeguarded against the biggest environmental risks that are impacting the global economies today.*
- *We enter the year with a new 5-year strategy that will propel the bank to strengthen and grow the business over the period. Building on the progress that we have made, DIB will transition into a more sustainable business model and create further capacity to generate stronger returns for our shareholders whilst simultaneously ensuring a superior banking experience for all our customers.*

Financial Review:

Income statement summary

AED millions	2020	2021	YoY % change
Total Income	13,142	11,795	(10%)
Depositors'/ Sukuk holders share of profit	(3,672)	(2,373)	(35%)
Net Operating revenue	9,471	9,422	(1%)
Operating expenses	(2,728)	(2,529)	(7%)
Profit before impairment losses & income tax	6,743	6,892	2%
Gain on bargain purchase	1,015	-	(100%)
Impairment losses	(4,552)	(2,448)	(46%)
Income tax	(46)	(38)	(17%)
Net profit for the period	3,160	4,406	39%

Key Ratios (%)	Dec 2020	Dec 2021	YoY % change
Net Profit Margin %	2.61%	2.59%	(2 bps)
Cost to income ratio %	29.4%	26.8%	(260 bps)
Return on average assets %	1.22%	1.53%	31 bps
Return on average equity %	10.4%	11.8%	140 bps

Balance Sheet Summary

AED millions	Dec 2020	Dec 2021	YTD % change
Net Financing and Sukuk Investments	232,044	228,485	(2%)
Interbank placement & CDs	23,949	20,804	(13%)
Equities & Properties Investments	10,388	10,221	(2%)
Cash & Other assets	23,176	19,571	(16%)
Total assets	289,556	279,082	(4%)
Customers' deposits	205,925	205,845	-
Sukuk financing instruments	18,744	20,563	10%
Total liabilities	246,426	237,617	(4%)
Shareholder Equity & Reserve	28,606	30,602	7%
Tier 1 Sukuk	11,937	8,264	(31%)
Non-Controlling interest	2,587	2,599	-
Total liabilities and equity	289,556	279,082	(4%)

Key Ratios (%)	Dec 2020	Dec 2021	YTD change
Net Financing to customer deposit	96.0%	91.0%	(500 bps)
CET 1 ratio	12.0%	12.4%	40 bps
CAR	18.5%	17.1%	(140 bps)
NPF ratio	5.7%	6.8%	110 bps
Coverage ratio	76.0%	72.0%	(400 bps)

Operating Performance

With strong management cost controls and lower impairment charges, the bank's **Group Net Profit** grew strongly by 39% YoY to reach to AED 4,406 million vs AED 3,160 million during 2020. This was achieved despite a decline in the bank's **total income** which stood at AED 11,795 million for the year 2021 compared to AED 13,142 million in 2020. The 10% decline in total income was a result of lower funded income due to marginal decline in earning assets and the continued subdued lower rate environment globally. Global headwinds with the re-emergence of the outbreak were witnessed during the closing quarter of the year which also impacted business volumes. **Net operating revenue** remained steady at AED 9,422 million supported by lower cost of funds during the year.

Operating expenses had a robust 7% YoY improvement to AED 2,529 million compared to AED 2,728 million in the same period of last year as cost synergies and on-going bank wide digitalization efforts continue to materialize. The lower expenses led to an improvement in cost to income ratio by 260 bps, which now stands at 26.8% vs 29.4% for FY2020, positioning DIB as a clear market leader on this metric.

Pre-impairment profit during the year increased by 2% YoY reaching to AED 6,892 million compared to AED 6,743 million in 2020. **Impairment charges** declined significantly by 46% YoY to AED 2,448 million vs AED 4,552 million in 2020, a clear result of prudent underwriting and improving general market conditions.

Net profit margin remained stable at 2.6% despite the low-rate environment and returns continue to improve with **ROA and ROE** at a healthy 1.5% and 11.8% respectively.

Balance Sheet Trends

Net financing & Sukuk investments stood at AED 228.5 billion during the year marginally lower than last year. Sukuk investments saw a robust growth of 18% YoY to reach AED 41.8 billion as the bank continues to focus investing in highly rated sovereign instruments in the Islamic capital markets space. Gross new consumer financing amounted to nearly AED 14 billion in consumer and another AED 22 billion for wholesale banking during 2021. However, this strong growth was offset by early settlements and large repayments of AED 45 billion during the year.

Customer deposits stood at AED 205.8 billion during the year with **CASA** increasing by 4.4% to AED 90.1 billion representing 44% of customer deposits. **Liquidity** coverage ratio (LCR) at 136% remains well above regulatory requirement with finance to deposit ratio of 91% depicting a healthy and comfortable liquidity position. Wholesale banking continues to be a key contributor to deposits representing 59% of the customer deposit base.

Non-performing financing (NPF) ratio now stands at 6.8%, which although is a marginal increase of 10bps QoQ (impacted also by net decrease in gross financing number due to repayments), also indicates stabilization in asset quality trend compared to the previous quarters. The above has led to a **Cash coverage ratio** of 72% and **overall coverage including collateral** at 102%. **Cost of risk** on gross financing assets continue to be on a downward trend and now stands at 99 bps compared to 137 bps in year-end 2020, an improvement of 38 bps during the year.

Capital ratios continue to remain strong with **CAR** now at 17.1% and **CET 1 ratio** at 12.4%, both well above the regulatory requirement.

Key Business Highlights

- DIB continued to entrench its position as market leader in the Islamic financing & capital markets with nearly USD 25 billion in combined deal value completed in 2021. During the year, DIB was appointed in more than 20 Sukuk and syndicated financing transactions for supranationals, sovereigns, quasi-sovereigns, corporates and financial institutions and has been consistently amongst the top ranked banks on the Bloomberg league tables.
- In line with the green economy and the national sustainability agenda of the UAE and alignment to the global sustainable development goals, the bank is embarking on an ESG roadmap and strategy that will embed sustainability best practices within the entire organization. The ESG roadmap is at the core of DIB's strategy and will also align to the global frameworks and reporting standards thereby providing a more positive impact of DIB's operations towards the environment, society and the general economy.
- DIB launched "rabbit" a unique digital banking experience for the connected generation. It provides simplicity, ease, agility and fun in fulfilling everyday financial needs for the new generation and millennial mindset. "rabbit" is positioned to enhance the standards in innovation in financial services with the aim to make banking effortless and fun.
- During the last quarter of 2021, Moody's revised the outlook of the bank from "negative" to "stable" reflecting the bank's sound and recovering profitability, solid liquidity and the strong retail franchise in the UAE.

2021 DCM and Syndication Deals

SUKUK				
Issuer / Obligor Name	Issuer Type	Profit Rate (%)	Amount Issued (USD mn)	Maturity
First Abu Dhabi Bank	Financial Institution	1.411	500	January 2026
UK	Sovereign	0.333	GBP 500	July 2026
Dubai Islamic Bank	Financial Institution	3.375	500	FCD: October 2026
Republic of Indonesia	Sovereign	1.500	1,250	June 2026
		2.550	1,000	June 2031
		3.550	750	June 2051
Saudi Aramco	Corporate	0.946	1,000	June 2024
		1.602	2,000	June 2026
		2.694	3,000	June 2031
Dubai Islamic Bank	Financial Institution	1.959	1,000	June 2026
Republic of Turkey	Sovereign	5.125	2,500	June 2026
Kuwait Finance House	Financial Institution	3.600	750	FCD: June 2026
Emaar Properties	Corporate	3.700	500	July 2031
Govt. of Sharjah	Sovereign	3.200	750	July 2031
Ahli United Bank BSC	Financial Institution	2.615	600	September 2026
Kuveyt Turk	Financial Institution	6.125	350	September 2031
Emirates Islamic Bank	Financial Institution	2.082	500	November 2026
Warba Bank	Financial Institution	4.000	250	Perpetual, FCD: November 2026

CLUB / SYNDICATED TRANSACTIONS - 2021			
Obligor Name	Obligor Type / Sector	Total Deal Value (USD or USD eqv. In Mn)	Closing Date
ICD Brookfield Place Limited	Real Estate	626	January 2021
Mazoon Electricity	Utility	235	March 2021
Gulf Pharmaceuticals Industries (Julfar)	Pharmaceutical	275	April 2021
Government of Pakistan	Sovereign	215	July 2021
Government of Pakistan	Sovereign	505	October 2021
Jumeirah Group	Hospitality	1,500	November 2021
Government of Egypt	Sovereign	3,000	November 2021
Government of Pakistan	Sovereign	420	December 2021

Year to Date Industry Awards (2021)

Date	Award Giving Body	Award Received
November 2021	MEA Finance Awards 2021	Best Islamic Bank – UAE Best ESG Strategy
September 2021	MEBIS+ Bank Awards 2021	Women Empowerment Excellence Award
September 2021	Finnovex Middle East Awards 2021	Excellence in Innovation Award – Islamic Banking
August 2021	The Asset Triple A Islamic Finance Awards 2021	<ul style="list-style-type: none"> • Deal of the Year • Best Green Sukuk – Sovereign • Best Green Sukuk • Best Sovereign Deal • Best Bank Capital Sukuk • Best Corporate Hybrid Sukuk
June 2021	Forbes ME	DIB ranked 15th amongst Top 100 Companies in the Middle East 2021
June 2021	Emirates Institute for Banking and Financial Studies	Dubai Islamic Bank was recognized for its efforts in the Emiratisation domain
January 2021	Islamic Finance News Awards	<ul style="list-style-type: none"> • Best Islamic Retail Bank • Commodity Murabahah / Tawarruq Deal of the Year • Indonesia Deal of the Year • Mudarabah Deal of the Year • Perpetual Deal of the Year • UAE Deal of the Year • Best Islamic Bank in Kenya • Structured Finance Deal of the Year (DIB Pakistan)

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 75bln and 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 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 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.

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

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For more PR information, please contact:

Dubai Islamic Bank

Kashif Moosa

Head of Investor Relations & Strategic Communication

Direct: +971.4.2075454

Email: kmoosa@dib.ae

Weber Shandwick

David Ross

Senior Account Director

Direct: +971.4.445 4254

Email: DRoss@webershandwick.com

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